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***INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES***

Mr. John Osborne  
Chief Executive Officer  
Lubbock Economic Development Alliance, Inc.  
1500 Broadway, Suite 600  
Lubbock, TX 79401

Dear Mr. Osborne:

We have performed the procedures enumerated in the attached supplement, which were agreed to by you, the specified user, solely to assist you with respect to determining the amounts payable pursuant to the Economic Development Grant Contracts with regard to job creation incentives only, for Convergys Customer Management Group, Inc. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified user of the 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 we performed and the findings as a result thereof, are enumerated in the attached supplement which is an integral part of this report.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. 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 use of the specified user listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Robinson Burdette Martin & Seright, L.L.P.*

Lubbock, Texas  
June 5, 2012

**Lubbock Economic Development Alliance, Inc. Agreement with  
Convergys Customer Management Group, Inc.  
For the period from March 1, 2011 through February 28, 2012**

**Background:**

The Lubbock City Council established the Lubbock Economic Development Alliance, Inc. (hereinafter referred to as LEDA) to promote local economic development and stimulate business and commercial activity in Lubbock and the surrounding area. To this end, LEDA entered into a performance agreement with Convergys Management Group, Inc. (hereinafter referred to as Convergys) on October 18, 2010.

The terms of the agreement provide incentives to Convergys for the creation of new jobs. The general terms of the agreement allow Convergys to receive up to \$37,500 for the creation of fifteen (15) new full-time jobs in the City of Lubbock from March 1, 2010 through February 28, 2011 and the maintenance of these jobs through February 28, 2015. Convergys will earn incentives ranging from \$2,500 to \$10,000 for each job created according to LEDA's sliding scale. The earned incentives are to be paid out in five annual installments.

**Objective, Scope and Procedures Performed:**

Our objective was to determine if Convergys met the job creation and maintenance requirements of their agreement with LEDA. A summary of the procedures used is as follows:

- Reviewed the pertinent contract.
- Reviewed employee census data indicating names, dates of hire, dates of termination, jobs titles, and compensation as of February 28, 2010 (baseline) and February 28, 2012 (measurement date).
- Obtained earnings statements for the payroll periods ending January 7, 2012, January 2, 2012, February 4, 2012, February 18, 2012, and March 3, 2012.
- Reviewed wages reported on the payroll reports to verify annual compensation levels and to corroborate dates of hire and/or termination.
- Discussed questions and issues raised as a result of the above steps with Convergys personnel.
- Discussed agreement interpretations with LEDA personnel.

LEDA personnel provided clarification regarding the definition of qualifying employees for purposes of this contract. The original intent of this contract was to allow Convergys to earn incentives on all employees promoted to and/or hired as "team leaders" during the term of this contract.

Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

## Results and Conclusions:

Per our review of the above data:

- Convergys had twenty-two (22) full-time Lubbock employees classified as team leaders as of February 28, 2010.
- Convergys had forty-five (45) full-time Lubbock employees classified as team leaders as of February 28, 2011.
- Convergys had forty-six (46) full-time Lubbock employees classified as team leaders as of February 28, 2012.
- Of the net increase of twenty-four (24) full-time team leader positions, the following met the specific job title and compensation requirements for the various levels of incentives:

<u>Number of Employees</u>	<u>Incentive per Employee</u>	<u>Total Incentive</u>
18	\$ 3,000	\$ 54,000
6	\$ 2,500	\$ 15,000
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24		\$ 69,000
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Per the terms of the Performance Agreement, the maximum incentive amount is \$37,500. As such, Convergys is currently entitled to receive the second of five installments of total earned incentives as of February 28, 2012, or \$7,500.