

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH CONVERGYS CUSTOMER MANAGEMENT GROUP, INC.

AGREED-UPON PROCEDURES REPORT

FOR THE PERIOD BEGINNING MARCH 1, 2014 AND ENDING FEBRUARY 28, 2015

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Independent Accountant's Report

To the Board of Directors and
Management of
Lubbock Economic Development Alliance

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 Performance Agreement with regard to job creation incentives only, for Convergys Customer Management Group, Inc. This agreed upon procedures engagement 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 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 information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

April 16, 2015

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
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Procedures and Results

Background:

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

The general terms of the contract allow Convergys to receive incentives for Job Creation. Specifically, Convergys will receive Job Creation Incentives of \$37,500 for the creation and maintenance of fifteen (15) new full-time jobs in Lubbock with an annual aggregate salary of \$405,000 within the period from March 1, 2010 through February 28, 2015. Convergys will earn Job Creation Incentives ranging from \$2,500 to \$10,000 for each job created according to LEDA's incentive sliding scale schedule. 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 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, work locations and compensation as of February 28, 2015.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending June 30, 2014 through March 31, 2015.
- Reviewed wages reported on the TWC to verify annual compensation levels and to corroborate dates of hire and/or termination while comparing to employee census.
- Discussed questions and issues raised as a result of the above steps with Convergys personnel.
- Discussed contract interpretations with LEDA personnel.

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 and prior year agreed-upon procedure reports:

- There were twenty-two (22) full-time Lubbock employees as of February 28, 2010.
- There were forty-five (45) full-time Lubbock employees as of February 28, 2011.
- There were forty-six (46) full-time Lubbock employees as of February 28, 2012.
- There were thirty-seven (37) full-time Lubbock employees as of February 28, 2013.
- There were thirty-one (31) full-time Lubbock employees as of February 28, 2014.

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- There were thirty-three (33) full-time Lubbock employees as of February 28, 2015. The thirty-three full-time Lubbock employees had total compensation of \$987,605 for the period end February 28, 2015.

Convergys created and maintained eighteen (18) full time positions eligible for incentives during the contract term March 1, 2010 through February 28, 2015. Of those eighteen, the top fifteen (15) highest paid employees were selected for purposes of calculating the eligible incentives for the February 28, 2015 measurement period.

Number of Employees	Incentive per Employee	Total Incentive
3	\$ 3,000	\$ 9,000
12	\$ 2,500	\$ 30,000
15		\$ 39,000

Based on the above, Convergys is currently entitled to receive one-fifth (1/5) of the maximum fifth-year earned incentives of \$37,500, or \$7,500.