

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE  
PERFORMANCE AGREEMENT WITH TYLER TECHNOLOGIES, INC.**

**AGREED-UPON PROCEDURES REPORT**

**FOR THE PERIOD BEGINNING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014**

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE**  
**PERFORMANCE AGREEMENT WITH TYLER TECHNOLOGIES, INC.**  
**AGREED-UPON PROCEDURES**

**FOR THE PERIOD BEGINNING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014**

**TABLE OF CONTENTS**

	<u>Page Number</u>
Independent Accountant's Report	1
Procedures and Results	2

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**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 Tyler Technologies, 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 23, 2015

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE  
PERFORMANCE AGREEMENT WITH TYLER TECHNOLOGIES, INC.  
FOR THE PERIOD BEGINNING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014**

**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 Tyler Technologies, Inc. (hereinafter referred to as Tyler) on June 15, 2009.

The general terms of the contract allow Tyler to receive incentives for Job Creation. Specifically, Tyler will receive Job Creation Incentives up to \$489,000 for the creation and maintenance of one hundred seven (107) new full-time jobs in Lubbock with an annual aggregate salary of \$5,004,500 within the period from January 1, 2009 through December 31, 2015. Tyler 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 over seven years. Tyler will be paid one-fifth (1/5) of total incentives earned for each of the seven measurement periods.

**Objective, Scope and Procedures Performed:**

Our objective was to determine if Tyler 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 December 31, 2014.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending March 31, 2014 through December 31, 2014.
- 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 Tyler 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:

- Tyler had one hundred eighty (180) full-time and five (5) part-time Lubbock employees as of December 31, 2008.
- Tyler had one hundred ninety-one (191) full-time and ten (10) part-time Lubbock employees as of December 31, 2009.

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE  
PERFORMANCE AGREEMENT WITH TYLER TECHNOLOGIES, INC.  
FOR THE PERIOD BEGINNING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014**

- Tyler had one hundred ninety-one (191) full-time and four (4) part-time Lubbock employees as of December 31, 2010.
- Tyler had two hundred three (203) full-time and four (4) part-time Lubbock employees as of December 31, 2011.
- Tyler had two hundred four (204) full-time and four (4) part-time Lubbock employees as of December 31, 2012.
- Tyler had two hundred four (204) full-time and five (5) part-time Lubbock employees as of December 31, 2013.
- Tyler had two hundred twelve (212) full-time and three (3) part-time Lubbock employees as of December 31, 2014.

Of the net increase from the baseline of thirty-two (32) full-time employees in Lubbock, the following met the compensation requirements based on the sliding scale for incentives:

Number of Employees	Incentive per Employee	Total Incentive
12	\$ 10,000	\$ 120,000
12	\$ 7,500	\$ 90,000
8	\$ 5,000	\$ 40,000
32		\$ 250,000

Based on the above, Tyler is currently entitled to receive one-fifth (1/5) of the total sixth-year earned incentives of \$250,000, or \$50,000.