

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Ms. Sylnovia 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 The Advisory Board Company ("Advisory Board") 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 July 5, 2011, through Ordinance No. 20110623-136 and executed by the City Manager on July 25, 2011. The City is the specified user of this report. The City's management is responsible for the determination of compliance by Advisory Board 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 1.01 of the Agreement, we obtained from the City a map printed from the City of Austin Development Web Map at [www.ci.austin.tx.us/GIS/DevelopmentWebMap/Viewer.aspx](http://www.ci.austin.tx.us/GIS/DevelopmentWebMap/Viewer.aspx). We inspected the map and confirmed the address 12357 Riata Trace Circle is in the City's Desired Development Zone. No exceptions were found as a result of the foregoing procedures.
2. With reference to Section 1.02 of the Agreement regarding Retained Full-Time Jobs:
  - a. We obtained from Advisory Board a payroll schedule listing retained full-time Advisory Board Austin employees for the March 31, 2012 payroll. We inspected the payroll schedule and confirmed the schedule included the name, hire date, and number of hours compensated for each employee hired before July 19, 2011. We also inspected the schedule and confirmed the schedule included 111 employees. No exceptions were found as a result of the foregoing procedures.

- b. Using the schedule obtained in Procedure 2a, we selected a sample of 11 items representing 10% of the employees listed in the schedule. For the sample selected, we inspected the paystub or other supporting documentation for the payroll period ending March 31, 2012, and we confirmed each paystub or other supporting documentation agreed to the report provided by Advisory Board. No exceptions were found as a result of the foregoing procedures.
3. With reference to Section 1.02 of the Agreement regarding New Full-Time Jobs:
  - a. We obtained from Advisory Board a payroll schedule listing new full-time Advisory Board employees for the March 31, 2012 payroll. We inspected the payroll schedule and confirmed the schedule includes the name, hire date, and number of hours compensated for each employee hired on or after July 19, 2011 through March 31, 2012. We also inspected the schedule and confirmed the schedule included 50 new full-time Advisory Board employees. No exceptions were found as a result of the foregoing procedures.
  - b. Using the schedule obtained in Procedure 3a, we selected a sample of 5 items representing 10% of the employees listed in the schedule. For the sample selected, we inspected the paystub or other supporting documentation for the payroll period ending March 31, 2012, and we confirmed each paystub or other supporting documentation agreed to the report provided by Advisory Board. No exceptions were found as a result of the foregoing procedures.
  - c. Using the schedule obtained in Procedure 3a, we re-calculated the average annual salary, including bonuses, but excluding benefits, for each of the 50 employees identified. We confirmed the recalculated average annual salary was at least \$90,000. No exceptions were found as a result of the foregoing procedures.
4. With reference to Section 1.03(a) of the Agreement:
  - a. We obtained from the City a copy of a report printed April 23, 2012 from [gahcc.org/mecaexpo](http://gahcc.org/mecaexpo), the website of the Greater Austin Hispanic Chamber of Commerce. We inspected the report and confirmed Advisory Board was a participating employer of the 2011 Career Expo of the Multi-Ethnic Chamber Alliance held on August 3, 2011. No exceptions were found as a result of the foregoing procedures.
  - b. We obtained from the City a copy of e-mail correspondence between Andrea Guidry of Advisory Board and Margaret Smith of the Greater Austin Hispanic Chamber of Commerce. We inspected the e-mail and confirmed a meeting was held on September 8, 2011 between Ms. Guidry and Ms. Smith. No exceptions were found as a result of the foregoing procedures.

5. With reference to Section 1.03(a) of the Agreement, we obtained verbal confirmation from Andrea Guidry, Human Resources Director at Advisory Board, that new employees are provided orientation which includes Advisory Board's expectations regarding diversity and reporting harassment. No exceptions were found as a result of the foregoing procedures.
6. With reference to Section 1.03(b) of the Agreement:
  - a. We obtained from Advisory Board a report showing the names and addresses of 50 individuals hired by Advisory Board between July 25, 2011 and December 31, 2011. We inspected the report and confirmed 49 of the 50 individuals have addresses in the Austin-Round Rock Metropolitan Statistical Area ("MSA"). No exceptions were found as a result of the foregoing procedures.
  - b. Using the report obtained in Procedures 6a, we selected a sample of 5 items representing 10% of the 49 employees with addresses in the Austin-Round Rock MSA. For the sample selected we inspected the employee's W-2 form and confirmed each employee's address on the W-2 form corresponds to the report provided or is in the Austin-Round Rock MSA. No exceptions were found as a result of the foregoing procedures.
7. With reference to Section 1.04(a) of the Agreement:
  - a. We obtained from Advisory Board a report of Advisory Board's 2011 expenditures paid to one local and certified Historically Underutilized Business. We inspected the report and confirmed Advisory Board's 2011 expenditures paid to this business totaled \$109,431.11. No exceptions were found as a result of the foregoing procedures.
  - b. Using the report obtained in Procedure 7a, we selected a sample item representing 20% of Advisory Board's reported 2011 expenditures paid to this business. For the sample selected, we inspected an invoice or other appropriate supporting documentation and confirmed the invoice or other supporting documentation agreed to the report provided by Advisory Board. No exceptions were found as a result of the foregoing procedures.
  - c. We obtained from the City a report from the business website identified in Procedure 7a. We inspected the report and confirmed the business had an Austin location per the internet report. No exceptions were found as a result of the foregoing procedures.
  - d. We obtained from the City a copy of e-mail correspondence between Brian Gildea of the City and Pete MacLeod of Advisory Board. We inspected the e-mail and confirmed a copy of Advisory Board's Austin Facility Supplier Diversity Policy was supplied to the City on September 27, 2011 as an attachment to the e-mail. No exceptions were found as a result of the foregoing procedures.

8. With reference to Section 1.05(b), 1.05(c) and 2.05(d) of the Agreement, we obtained an e-mail dated August 29, 2012 from Stella Richerson-Kinley of the City's Small and Minority Business Resources Department to Terry Franz of Economic Growth and Redevelopment Services Office ("EGRSO"). We inspected the e-mail and confirmed Advisory Board complied with the standards and principles of the City's Minority-Owned Business Enterprises and/or Women-Owned Business Enterprises Procurement Program. No exceptions were found as a result of the foregoing procedures.
9. With reference to Section 1.05 of the Agreement, we obtained a copy from the City of the query of the City of Austin Interactive Development Review Permitting and Inspection Database for a search of records with "The Advisory Board Company" in the Project Name for the period from January 1, 2011 through February 1, 2012. We inspected the query and we identified site plan or subdivision applications and/or amendments filed by Advisory Board during the period. We obtained an e-mail dated February 21, 2012 from Susan Scallon of the City's Watershed Protection Department to Terry Franz of EGRSO. We inspected the e-mail and confirmed Advisory Board did not assert any Chapter 245 rights in connection with any of its site plan or subdivision applications or amendments between January 1, 2011 and February 1, 2012. No exceptions were found as a result of the foregoing procedures.
10. With reference to Section 1.06 of the Agreement, we obtained from the City a copy of Advisory Board's 2011 Economic Development Reporting Form. We inspected the form and confirmed it was received by the City on March 31, 2012. No exceptions were found as a result of the foregoing procedures.
11. With reference to Section 1.07 of the Agreement, we obtained from the City Advisory Board's acknowledgement to the EGRSO regarding the stipulation that Advisory Board has not employed undocumented workers. We inspected the acknowledgement and confirmed, according to the acknowledgement, during the term of the Agreement Advisory Board has:
  - (1) Not been notified of any complaint alleging that 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, and
  - (3) 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.

12. With reference to Section 2.01 of the Agreement:

- a. We obtained from the City a report from [www.austintexas.gov/page/agreements-payments-information](http://www.austintexas.gov/page/agreements-payments-information). We inspected the report and confirmed total payments to Advisory Board as of August 29, 2012 totaled \$0.
- b. We recalculated and confirmed the product of \$190 multiplied by 50 is \$9,500.

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., L.L.P.*

Certified Public Accountants  
Austin, Texas  
September 13, 2012