

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Ms. Sylnovia Holt-Rabb, Financial Manager
City of Austin
Economic Development Department
301 West 2nd Street, Suite 2030
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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 2012 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:
 - a. We obtained from Advisory Board a schedule titled "2011-2012 Phase 1 Austin Leasehold Improvements" totaling \$3,761,433.33. No exceptions were found as a result of the foregoing procedures.
 - b. Using the schedule obtained in Procedure 1a, we selected a sample of two items representing 38% of the leasehold improvements listed in the schedule. For the two items selected, we inspected the invoice or other supporting documentation and confirmed each invoice or supporting documentation agreed to the report provided by Advisory Board. No exceptions were found as a result of the foregoing procedures.

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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 December 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. We also inspected the schedule and confirmed the schedule included 91 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 ten items representing 11% of the employees listed in the schedule. For the sample selected, we inspected the paystub or other supporting documentation for the payroll period ending December 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 Advisory Board employees in new full-time jobs for the December 31, 2012 payroll. We inspected the payroll schedule and confirmed the schedule includes the name, hire date, compensation rate, and number of hours compensated for each employee hired on or after January 1, 2011 through December 31, 2012. We also inspected the schedule and confirmed the schedule included 109 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 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 December 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 recalculated the average annual salary, including bonuses, but excluding benefits, for each of the 109 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, we obtained from the City a copy of the program from the 6th Annual Multicultural Career & Opportunities Expo held August 9, 2012 at the Holiday Inn Midtown, 6000 Middle Fiskville Road in Austin. We inspected the program and confirmed the program lists Advisory Board as a participating employer. 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 Joyce Ramirez of Advisory Board on May 31, 2013 that new employees are required to attend 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 95 individuals hired by Advisory Board during 2012. We inspected the report and confirmed 92 of the 95 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 Procedure 6a, we selected a sample of 10 items representing 11% of the 92 employees with addresses in the Austin-Round Rock MSA. For the sample selected, we inspected each 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 2012 expenditures paid to five local and certified Historically Underutilized Businesses. We inspected the report and confirmed Advisory Board's 2012 expenditures paid to these businesses totaled \$75,128.76. No exceptions were found as a result of the foregoing procedures.
 - b. Using the report obtained in Procedure 7a, we selected a sample of 12 items representing 22% of Advisory Board's reported 2012 expenditures paid to these businesses. 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 each of the businesses' websites identified in Procedure 7a. We inspected the reports and confirmed the businesses had an Austin location per the internet report. No exceptions were found as a result of the foregoing procedures.
 - d. We obtained verbal confirmation from Joyce Ramirez of Advisory Board on May 31, 2013 that, before making a purchase for its headquarters, Advisory Board checks the City's Small and Minority Business Resources database to identify any certified vendors that could provide the service or commodity needed. We also confirmed with Ms. Ramirez that once such vendors are identified, Advisory Board then obtains bids from three vendors, including any certified vendors identified. No exceptions were found as a result of the foregoing procedures.

8. With reference to Sections 1.04(b), 1.04(c), and 1.04(d) of the Agreement, we obtained a copy of a memorandum dated October 4, 2013 from Veronica Lara, Director of the City's Small and Minority Business Resources Department to Kevin Johns, Director of the City's Economic Development Department ("ED"), (formerly the City's Economic Growth and Redevelopment Services Office or EGRSO). We inspected the memorandum and confirmed Advisory Board complied with the standards and principles of the City's MBE/WBE Procurement Program during 2012. 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, 2012 through January 28, 2013. We inspected the query and confirmed no site plan or subdivision applications and/or amendments were filed by Advisory Board during the period from January 1, 2012 through January 28, 2013. 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 2012 Economic Development Reporting Form and e-mail correspondence from Joyce Ramirez of Advisory Board to Terry Franz of the ED. We inspected the form and e-mail correspondence, and confirmed the form was received via e-mail by the City on March 27, 2013. 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 ED regarding the stipulation that Advisory Board has not employed undocumented workers. We inspected the acknowledgement and confirmed that, 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. We inspected the report and confirmed payments to Advisory Board as of July 2, 2013 totaled \$9,500.
 - b. We recalculated and confirmed the product of \$190 multiplied by 109 is \$20,710.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

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., LLP

Certified Public Accountants
Austin, Texas
October 18, 2013