



Actual Location

Offering Memorandum

# Convergys Customer Management Group, Inc.

2451 Monarch | Laredo, TX 78045



# Confidentiality and Restricted Use Agreement

This Confidential Offering Memorandum ("COM") is provided by Stan Johnson Company ("SJC"), solely for your consideration of the opportunity to acquire the commercial property described herein (the "Property"). This COM may be used only as stated herein and shall not be used for any other purpose, or in any other manner, without prior written authorization and consent of SJC.

This COM does not constitute or pertain to an offer of a security or an offer of any investment contract. This COM contains descriptive materials, financial information and other data compiled by SJC for the convenience of parties who may be interested in the Property. Such information is not all inclusive and is not represented to include all information that may be material to an evaluation of the acquisition opportunity presented. SJC has not independently verified any of the information contained herein and makes no representations or warranties of any kind concerning the accuracy or completeness thereof. All summaries and discussions of documentation and/or financial information contained herein are qualified in their entirety by reference to the actual documents and/or financial statements, which upon request may be made available. An interested party must conduct its own independent investigation and verification of any information the party deems material to consideration of the opportunity, or otherwise appropriate, without reliance upon SJC.

The Property may be financed or withdrawn from the market without notice, and its owner(s) reserve(s) the right to negotiate with any number of interested parties at any time. The Property is offered and sold by its owner(s) as is, where is, and with all faults, without representation or warranty of any kind except for any customary warranties of title.

BY ACCEPTING THIS COM, YOU AGREE THAT: (1) all information contained herein, and all other information you have received or may hereafter receive from SJC relating to the Property, whether oral, written or in any other form (collectively, the "Information"), is strictly confidential; (2) you will not copy or reproduce, and claim as your own without attribution to SJC, all or any part of this COM or the Information; (3) upon request by SJC at any time, you will return and/or certify your complete destruction of all copies of this COM and the Information; (4) for yourself and all your affiliates, officers, employees, representatives, agents and principals, you hereby release and agree to indemnify and hold harmless SJC all of its affiliates, officers, employees, representatives, agents and principals, from and with respect to any and all claims and liabilities arising from or related to the receipt or use of this COM and/or any other Information concerning the Property; (5) you will not provide this COM or any of the Information to any other party unless you first obtain such party's acceptance and approval of all terms, conditions, limitations and agreements set forth herein, as being applicable to such party as well as to you; and (6) monetary damages alone will not be an adequate remedy for a violation of these terms and that SJC shall be entitled to equitable relief, including, but not limited to, injunctive relief and specific performance, in connection with such a violation and shall not be required to post a bond when obtaining such relief.

## Offered Exclusively by

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Section One

# Executive Summary



# The Offering

**Stan Johnson Company** is pleased to offer for sale to qualified investors this +/- 61,290 square-foot, single-tenant call center facility located in Laredo, Texas (the "Property") and leased to Convergys Customer Management Group, Inc. (the "Tenant"). Located in a booming corridor surrounded by many of the country's predominant retailers, the Property sits on 8.75 acres. The Property is located in one of the fastest-growing areas of Webb County in south Texas and has been ranked as one of the fastest growing municipalities in the U.S.

Originally constructed as a build to suit for the Tenant, the Property is constructed of concrete tilt-up panels and is 100% leased to the Tenant under a double net (NN) lease with a newly renewed five (5) year term and three (3), five (5) year option to extend.

The Tenant is a subsidiary that represents over 90% of the total revenue for Convergys Corporation (NYSE: CVG), the second-largest customer management service provider in the world, with a primary focus on growth with multinational corporations and other large companies in the communications and media, financial services, technology, healthcare, and other vertical markets. Boasting such strategic customers as AT&T, DIRECTV, and Comcast, Convergys is a member of the S&P 500, Fortune 1000, Forbes 2000, and rated Ba1 and BB+ by Moody's and Standard & Poor's, respectively. In the fiscal year of 2014, Convergys Corporation reported \$2.86 billion in revenues with a net operating income of \$116.5 million and net worth of \$1.23 billion. In March of the same year, Convergys Corporation acquired Stream Global Services, Inc., strengthening not only its position as the leading U.S. provider of outsourced customer management services, but also expanding its global footprint to now having 125,000 employees in 31 countries.

Purchase Price: \$9,900,000  
Cap Rate: 7.72%

## Investment Highlights

### Strong Corporate Guarantee

Tenant Convergys -- As of December 31, 2015, Convergys Corporation had total annual revenues of over \$2.95 Billion, annual sales growth of 3.33%, annual net income of \$169.00 Million, Annual Net income growth of 40.83%, Total Assets of \$2.36 Billion, and a publicly reported Net Worth of \$1.28 Billion US Dollars. BB+ Rated by S&P Rating service.

### Construction

The offering is constructed of quality precast concrete tilt-up panels.

### Site

The building is located in a booming corridor surrounded by many of the country's predominant retailers on a generous 8.75 acres. With abundant retail-like street frontage, the site provides an owner many alternative use options.

### Mission Critical

Laredo boasts 95% Hispanic population with recent professional studies indicating 65% prefer speaking Spanish. This location is critical to Convergys is that it is a constant supply of bilingual Spanish speaking personnel for hire.

### Replaceable Rent

At \$12.47 PSF, the Tenant's rent is in line with the market, providing the ability for an owner to meet or increase the rent with a new tenant in the future if needed.

### Location

The Property is located in one of the fastest-growing areas of Webb County characterized by strong retail growth as well as the continued expansion of the International Trade Bridge. This bridge is the only border crossing operated 24 hours a day between US and Mexico. Mexico is the US 2nd largest trading partner.

### Strong Secondary Use

Significant Retail, Office and Medical developments are located in the immediate area as well as the two of largest High Schools in the South Texas Region.

### Very Attractive "Annual" Rental Increases

The lease terms possess 3% annual rental increases which is very rare and will provide a very attractive return on investment.



Section Two

# Property Overview





# Lease Abstract

Tenant: Convergys Customer Management Group, Inc.

Square Footage: +/- 61,290 SF

Rent Commencement Date: February 15, 2002

Lease Expiration Date: February 28, 2022

Lease Term Remaining: Five (5.2) years

NOI/Rent: \$764,286.30 \*Beginning March 1, 2017

Rent Increases: 3% per annum

Lease Type: NN

Repair Responsibilities: Landlord Responsible for Structure Only. All other expenses Landlord to pay and pass through 100%

Renewal Options: Three (3), Five (5) year options

Parking: Exclusive to Tenant



Subject Property

## Rent Schedule

Years	Annual Rent	Increase
Year 1 (March 1, 2017 – February 28, 2018)	\$764,286.30	N/A
Year 2 (March 1, 2018 – February 28, 2019)	\$786,963.60	3%
Year 3 (March 1, 2019 – February 28, 2020)	\$810,866.70	3%
Year 4 (March 1, 2020 – February 28, 2021)	\$835,382.70	3%
Year 5 (March 1, 2021 – February 28, 2022)	\$860,511.60	3%

# Tenant Overview

A leader in customer management for over 30 years, **Convergys** (NYSE: CVG) is uniquely focused on helping companies find new ways to enhance the value of their customer relationships and deliver consistent customer experiences across all channels and geographies. Every day, over 80,000 employees help the clients balance the demands of increasing revenue, improving customer satisfaction, and reducing overall cost using an optimal mix of agents, technology, and analytics. The actionable insight stems from handling billions of customer interactions annually for the clients. Among Fortune 500 companies, over half of the top 50 are clients that trust their most important relationships to Convergys.

The company grew from Cincinnati Bell Information Systems and MATRIX, both subsidiaries of Cincinnati Bell, and AT&T Solutions Customer Care (formerly AT&T American Transtech), which was sold to Cincinnati Bell in 1998; an IPO in August 1998 made it a fully independent company. Since then, Convergys' headquarters in Cincinnati, Ohio, has acquired numerous companies.

Convergys sold its Human Resources Management line of business to NorthgateArinso in March 2010. On 22 March 2012, Japanese technology firm NEC announced it would buy the Information Management Business of Convergys for approximately \$449 million. In 2012, Convergys Philippines, 8 years after its entry into the country established 18 centers with 26,000 employees in all, was named "BPO Employer of the Year" at the annual International ICT Awards. One of the Convergys offices in Gurgaon, India.

Convergys has approximately 80,000 employees in 70 customer contact centers and other facilities in India (New Delhi, Gurgaon, Pune, Thane, Hyderabad, and Bangalore), the Philippines (Manila, Cebu City, Davao City, Baguio City, Santa Rosa and Bacolod), Vietnam, Indonesia, United States, Canada, Costa Rica, South America, Europe, the Middle East, Africa, and Asia.

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Visit [www.convergys.com](http://www.convergys.com) for more information.



Representative Photos



Section Three

# Market Overview





# Location Overview

**Laredo** is the county seat of Webb County, Texas, located on the north bank of the Rio Grande in South Texas, across from Nuevo Laredo, Tamaulipas, Mexico. According to the 2010 census, the city population was 236,091 making it the tenth most populous city in the state of Texas and 3rd most populated on the United States-Mexican border, after San Diego and El Paso. Its metropolitan area is the 178th-largest United States metropolitan area and covers all of Webb county, with a population of 250,304. Laredo is part of the Laredo-Nuevo Laredo Metropolitan Area with an estimate population of 636,516.

Laredo's economy is based on international trade with Mexico. Most major transportation companies have a facility in Laredo. The city's location on the southern end of I-35 close to the manufacturers in northern Mexico promotes its vital role in trade between the two nations. Laredo International Airport is within the Laredo city limits, while the Quetzalcoatl International Airport is nearby in Nuevo Laredo on the Mexican side.

Laredo has a professional soccer team, the Heat; baseball team, the Laredo Lemurs; and a women's full contact football team, the Laredo Roses. Texas A&M International University and Laredo Community College are located in Laredo.

## Laredo Top Employers

Employer	Category	Employees
United Independent School District	Education	6,179
Laredo Independent School District	Education	4,500
City of Laredo	Government	2,371
Laredo Sector Border Patrol	Immigration	2,000
H-E-B	Grocery	1,626
Webb County	Government	1,500
Laredo Medical Center	Health Care	1,300
Texas A&M International University	Education	1,215
McDonald's	Food	1,200
Walmart	Retail	937
Convergys	Call Center	860
Doctors Hospital	Health Care	811
International Bank of Commerce	Financial Services	661
Stripes Convenience Stores	Retail/ Convenience	337
Laredo Entertainment Center	Entertainment	293
Falcon International Bank	Financial Services	292



Laredo International Bridge

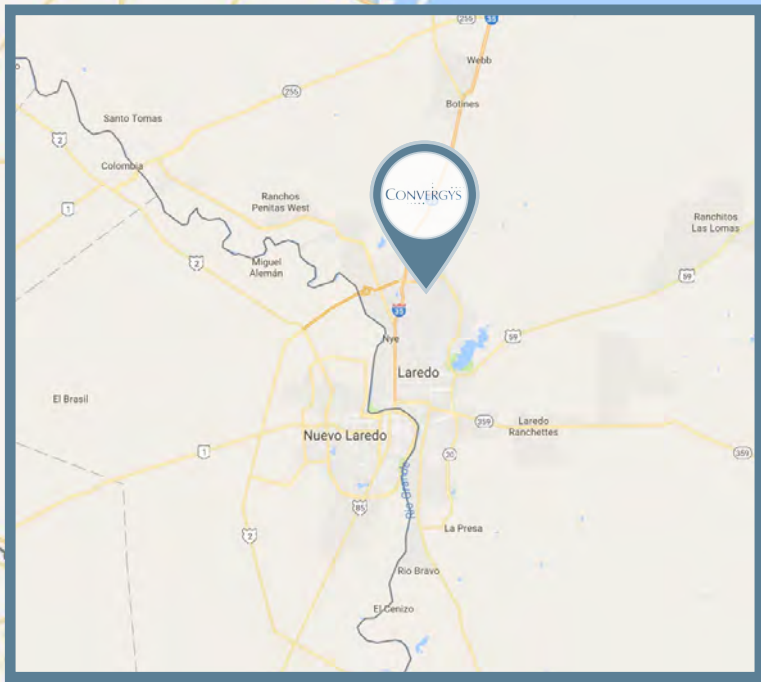
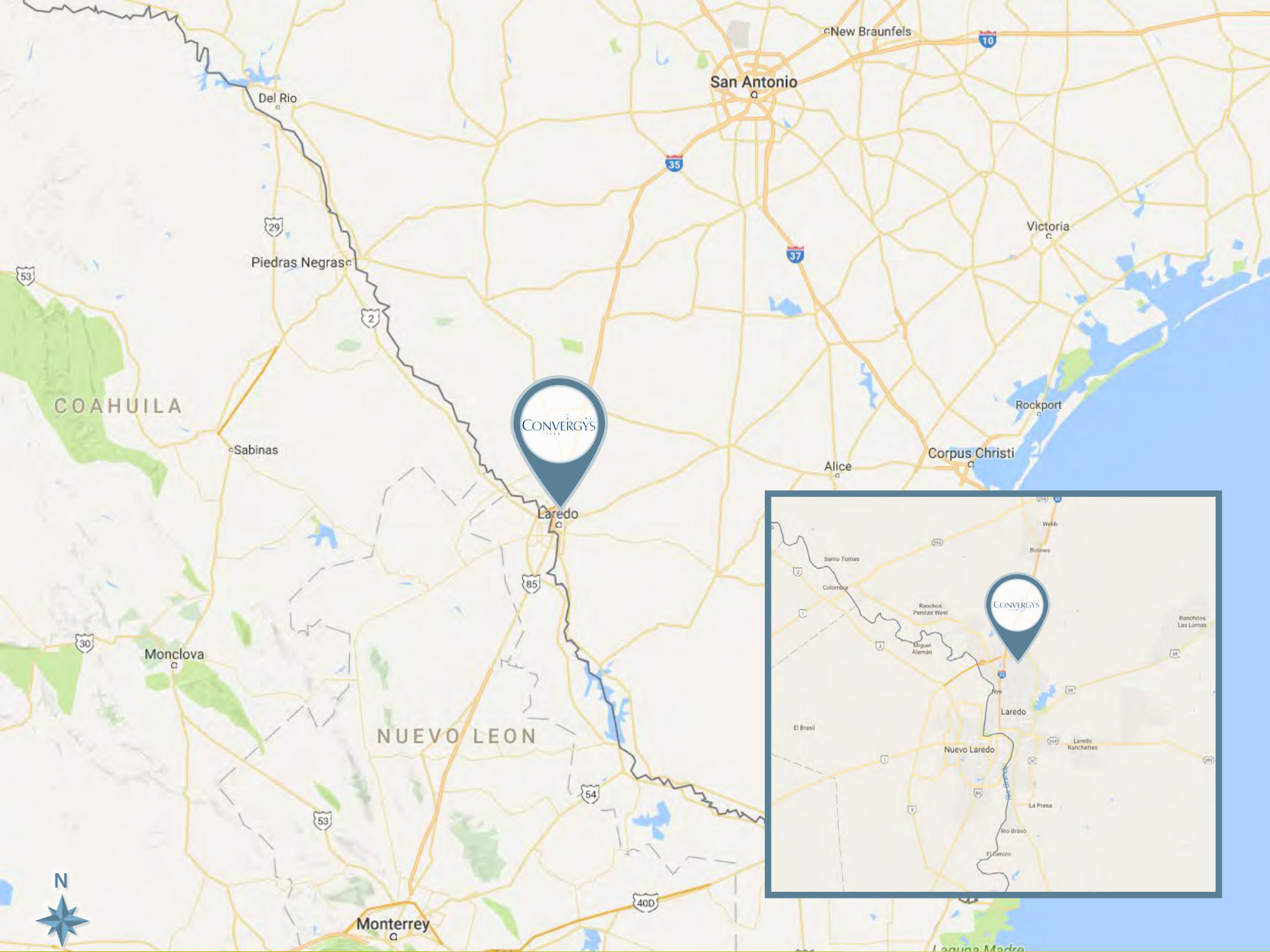


Laredo Medical Center



Laredo Courthouse









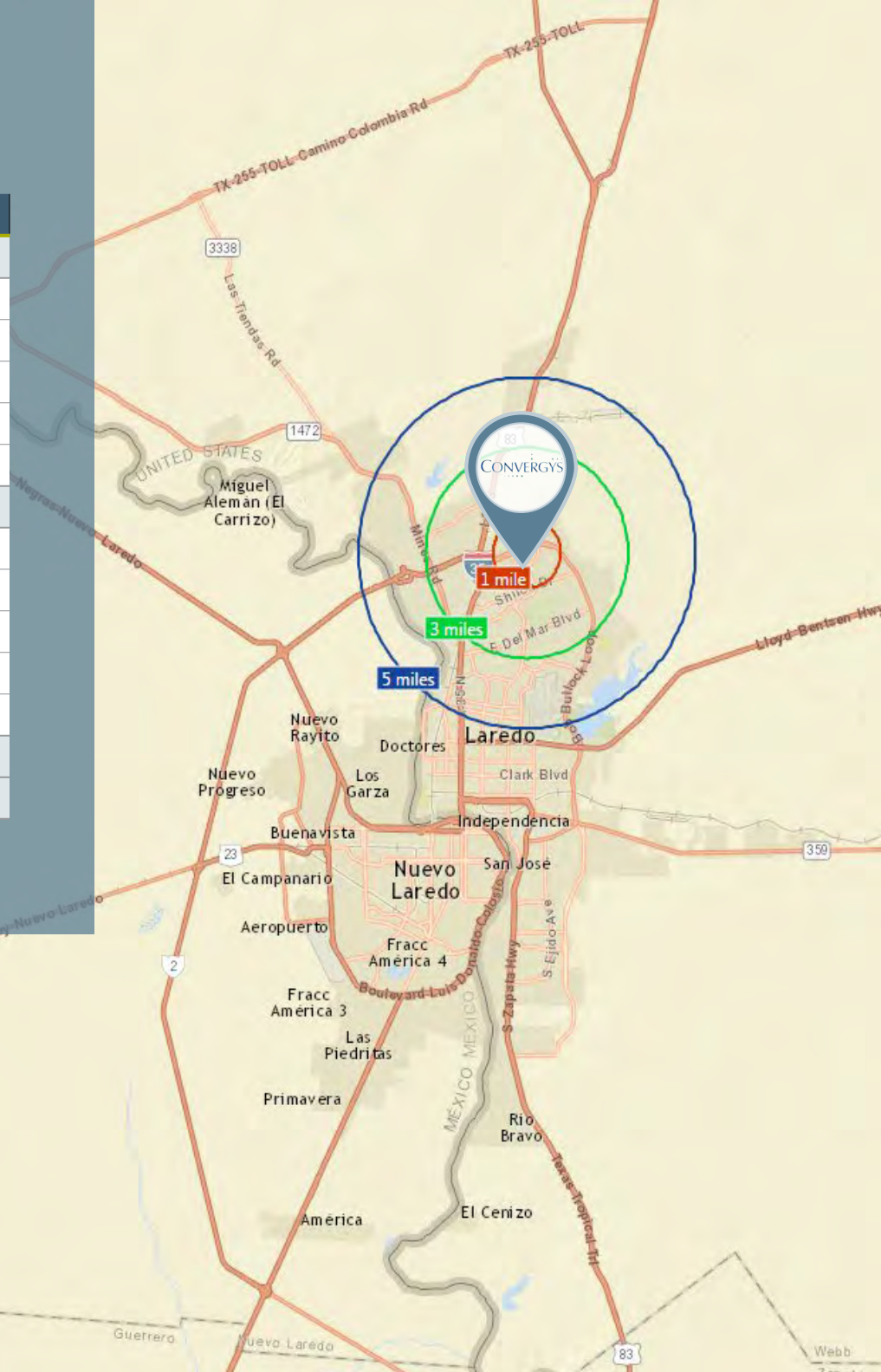






# Demographics

2451 Monarch   Laredo, TX 78045	0 - 1 mi.	0 - 3 mi.	0 - 5 mi.
Population			
2016 Population	12,667	45,169	91,424
2021 Population	14,504	50,230	99,936
2010-2016 Annual Rate	1.32%	2.51%	1.87%
2016-2021 Annual Rate	2.75%	2.15%	1.80%
Households			
2016 Total Households	3,667	13,250	26,503
2021 Total Households	4,192	14,749	28,969
2010-2016 Annual Rate	1.33%	2.52%	1.86%
2016-2021 Annual Rate	2.71%	2.17%	1.80%
2016 Average Household Income			
	\$90,102	\$93,651	\$82,398
2016 Median Household Income			
	\$80,986	\$79,056	\$64,920





going beyond

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*Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.*

# Information About Brokerage Services

**B**efore working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

## **IF THE BROKER REPRESENTS THE OWNER:**

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

## **IF THE BROKER REPRESENTS THE BUYER:**

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

## **IF THE BROKER ACTS AS AN INTERMEDIARY:**

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

## **If you choose to have a broker represent you,**

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.

