

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE**

**PERFORMANCE AGREEMENT WITH CHROMATIN, INC.**

**AGREED-UPON PROCEDURES REPORT**

**FOR THE PERIOD BEGINNING JANUARY 1, 2016 AND ENDING DECEMBER 31, 2016**

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**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 Chromatin, 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

June 23, 2017

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FOR THE PERIOD BEGINNING JANUARY 1, 2016 AND ENDING DECEMBER 31, 2016**

**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 Chromatin, Inc. (hereinafter referred to as the Company) on May 1, 2015.

The general terms of the contract allow the Company to receive incentives for Job Creation. Specifically, the Company will receive Job Creation Incentives of \$84,000 for the creation and maintenance of twenty-one (21) new full-time jobs in Lubbock County with an annual aggregate salary of \$1,116,000 within the period from January 1, 2015 through December 31, 2019. The Company will earn Job Creation Incentives in the amount of \$4,000 per job, to be paid out over a five (5) year period.

**Objective, Scope and Procedures Performed:**

Our objective was to determine if the Company 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, 2016.
- Obtained the 2016 Payroll Report and the 2016 TWC Quarterly Reports.
- Reviewed wages reported on the TWC 4<sup>th</sup> Quarter Report and the 2016 Payroll report to verify annual compensation levels and to corroborate dates of hire and/or termination while comparing to employee census.

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:

- The Company had sixty-nine (69) full-time Lubbock employees as of December 31, 2014 (baseline).
- The Company had eighty-three (83) full-time Lubbock employees as of December 31, 2015.
- The Company had eighty-nine (89) full-time Lubbock employees as of December 31, 2016.

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Based on the net increase of twenty (20) full-time employees since the beginning of the contract period, the Company earned \$80,000.

Based on the above, the Company is currently entitled to receive one-fifth (1/5) of the second-year earned incentives of \$80,000, or \$16,000.

Based on procedures performed, there were no questions or issues raised that needed to be discussed with Company personnel.