

**MARKET LUBBOCK, INC.**

**PERFORMANCE AGREEMENT WITH SOUTHWEST REGIONAL PCR, L.L.C. DBA PATHOGENIUS  
LABORATORY**

**AGREED-UPON PROCEDURES REPORT**

**FOR THE PERIOD BEGINNING MARCH 1, 2015 AND ENDING FEBRUARY 29, 2016**

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**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**

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**LUBBOCK, TEXAS 79423-1954**

**Independent Accountant's Report**

To the Board of Directors and  
Management of  
Market Lubbock, Inc.

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 Southwest Regional PCR, L.L.C. dba Pathogenius Laboratory. 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

August 22, 2016  
and October 6, 2016

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**Procedures and Results**

**Background:**

The Lubbock City Council established the Market Lubbock Economic Development Corporation (dba Market Lubbock, Inc.) (hereinafter referred to as MLI) to promote local economic development and stimulate business and commercial activity in Lubbock and the surrounding area. To this end, MLI entered into a performance agreement with Southwest Regional PCR, L.L.C. dba Pathogenius Laboratory (hereinafter referred to as "the Company") on October 29, 2012.

The terms of the agreement provide incentives to the Company for the creation of new jobs. The general terms of the agreement allow the Company to receive up to \$64,500 for the creation and maintenance of twelve (12) new full-time jobs from March 1, 2012 through February 28, 2017. The Company will earn incentives ranging from \$2,500 to \$10,000 for each job created according to MLI's sliding scale. The earned incentives will be earned in one-fifth (1/5) increments as of each annual measurement date.

**Objective, Scope and Procedures Performed:**

Our objective was to determine if the Company met the job creation requirements of their agreement with MLI. 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 February 29, 2016.
- Obtained the fiscal year-to-date payroll report and Texas Workforce Commissions (TWC) reports for quarters ending March 31, 2015 through December 31, 2015.
- Reviewed gross wages reported on the fiscal year-to-date payroll report and reviewed TWC reports 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 three (3) full-time Lubbock employees as of March 1, 2012 (baseline).
- The Company had three (3) full-time Lubbock employees as of February 28, 2013.
- The Company had five (5) full-time Lubbock employees as of February 28, 2014.
- The Company had nine (9) full-time Lubbock employees as of February 28, 2015.
- The Company had ten (10) full-time Lubbock employees as of February 29, 2016.

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Of the net increase of seven (7) full-time Lubbock positions, 7 employees are eligible for incentives, based on the terms of the performance agreement.

Number of Employees	Incentive per Employee	Total Incentive
1	\$ 5,000.00	\$ 5,000.00
5	\$ 4,000.00	\$ 20,000.00
1	\$ 3,000.00	\$ 3,000.00
7		\$ 28,000.00

Based on the above, the Company is currently entitled to receive one-fifth (1/5) of the maximum fourth-year earned incentives of \$28,000, or \$5,600.

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

**Addendum (10/6/2016):**

The census information provided by the Company for the measurement period ending February 28, 2015 was not correct. This was discovered when comparing the census information received from the Company for the current measurement period ending February 29, 2016. The baseline should have been three (3) full-time Lubbock employees, instead of the four (4) that was reported, with a net increase of six (6) full-time Lubbock employees for the third measurement period. Also, the earned incentive should have been one-fifth (1/5) of \$22,000, or \$4,400. Based on this corrected information, LEDA over paid the Company \$400.