PERFORMANCE AGREEMENT

This Performance Agreement (the "Agreement") is made effective on May 1st, 2015 by and between LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE, INC., a Texas nonprofit corporation (hereinafter referred to as "LEDA") and Chromatin, INC., a foreign for-profit corporation, (hereinafter referred to as "Recipient"), by and through their duly authorized officers and affiliate organizations under the terms and conditions that follow.

1. Applicable Law: It is understood by and between the parties that the term "Act," as used herein, is intended to mean the Development Corporation Act of 1979, as amended. (Sec 501.001 et seq, Local Government Code, formerly Sec 5190.6, VACS.) The parties hereto covenant and agree to comply with the terms of the Act applicable to this Agreement.

2. Parties:

A. LEDA, a Texas non-profit corporation as well as a tax exempt 501(c) 4 entity, was created by the City of Lubbock, Texas, as an Industrial Development Corporation under the Act for the purpose of creating and retaining positions and encouraging new businesses to be established in Lubbock, Texas, to stimulate business and commercial activities, as well as all other purposes allowed by the Act.

B. Recipient is preparing a new "Project" which will increase its activities at the existing facility located in Lubbock County, New Deal, Texas (NAICS 424910) with capital investments and projected employment of 21 new employees. Its business project is anticipated to result in 21 new Primary Jobs for Lubbock County, with a Target Annual Compensation of $1,116,000 in the aggregate, or a total of $5,580,000 over five years. Total capital investment is estimated to be $4,550,000.

C. Recipient is a Foreign Corporation authorized to do business in Texas.

3. Purpose: The purpose for this Agreement is to formalize the agreements between LEDA and Recipient for the payment of certain costs associated with Recipient's Project and specifically state the covenants, representations of the parties, and the incentives associated with Recipient's commitment to abide by the provisions of the Act and to abide by the terms of this Agreement which has been approved by the Board of Directors of LEDA as complying with the specific requirements of the Act. It is expressly agreed that this Agreement constitutes a single transaction; although, incentive payments thereunder are divided into multiple installments as annually earned. A failure to perform any obligation by Recipient may constitute a breach of the entire Agreement and terminate any further commitments by LEDA.
4. **Definitions:**

A. The "Act" shall refer to the Development Corporation Act of 1979, as amended, as Sec 501.001 et seq, Local Government Code, formerly Sec 5190.6, VACS.

B. "LEDA" shall refer to Lubbock Economic Development Alliance, Inc., a Texas non-profit corporation, created by the City of Lubbock as an "Industrial Development Corporation," pursuant to the Act.

C. "Recipient" shall refer to Chromatin, INC., a Foreign Corporation authorized to do business in Texas, and the recipient party to this Agreement.

D. "Project" shall mean the project identified in Paragraph 2B, above.

E. "Recipient Request" may include the identification of the cost of the project by Recipient to the facility or other purpose within Section 2(4) of the Act.

F. "Full-Time Equivalent Employee" shall include individuals employed in "Primary Jobs" as defined by the Act, as well as contract or leased employees performing "Primary Jobs" in the City of Lubbock on behalf of Recipient.

G. "Annual Compensation" shall mean the higher of actual compensation or annualized base pay or actual annualized payment as determined within the sole discretion of LEDA's accountants/representative.

H. "Term", as used herein, shall begin with the Start Date of January 1, 2015, and end on April 30, 2020, (the "Termination Date") unless earlier breached by Recipient's failure to perform.

I. "Payback Provisions" shall mean forfeiture of all unpaid incentives.

J. **Baseline Employment Level** is defined to mean the employee census on the day preceding the Term of the contract.

K. "Baseline Measurement Date" shall mean the day preceding the Start Date of the contract.

L. "Operations Arm" shall mean the Recipient or its affiliate in charge of day-to-day operations and hiring decisions (if different than Recipient).

M. "Census" is defined as a compilation listing of the employee name, address, date of hire, date of termination, position, base pay, and indication of full-time or part-time status. (Such information is preferred to be presented in Excel format) which shall be made available to the Accountant in performing the review.

N. "Measurement Date" shall mean the date upon which the determination is made as to whether Recipient is in compliance with creating and/or maintaining the Primary Job
positions represented by Recipient. Employees must be both employed and working on the measurement date. If an employee has been laid off but paid through the measurement date, his employment will not be counted towards incentive. Measurement Dates shall be:

(1) Year One: January 1, 2015 to December 31, 2015
(2) Year Two: January 1, 2016 to December 31, 2016
(3) Year Three: January 1, 2017 to December 31, 2017
(4) Year Four: January 1, 2018 to December 31, 2018
(5) Year Five: January 1, 2019 to December 31, 2019

O. "Layoff" is defined as an event, due to adverse or changing business conditions, that result in the loss of employment. Employees meeting this definition shall have lost their jobs through no fault of their own.

5. **Representations of Recipient:**

A. Recipient represents that it will utilize the incentive provided towards costs involved and associated with the Project.

B. Recipient represents that it is authorized to do business in Texas and has authorization to enter into this Agreement on its behalf.

C. Recipient represents that it has sought from LEDA economic assistance pursuing Recipient's Project.

D. Recipient represents that it has conferred with attorneys of its own choosing and is fully knowledgeable of the terms of the Act and understands the reporting requirements of the Act, as well as all conditions precedent and subsequent as required to be eligible for the incentives offered by LEDA, including the Payback Provisions.

E. Recipient represents that it acknowledges that its failure to perform any reporting requirements within a reasonable period of time after the request is made and/or its failure to maintain the Baseline Employment Level could result in payment adjustments.

F. Recipient understands and agrees that any variations as to any term of this Agreement or any terms or conditions of the incentives as stated must be mutually agreed to in written supplements or addenda since no oral agreements, amendments, or representations will be binding on either party.

G. Recipient certifies that all jobs for which incentives are being requested are new Primary Jobs and that none of the jobs are to fill positions that resulted from layoffs in Lubbock by Recipient during the 12 month period prior to the date of this Agreement.
H. Recipient agrees to participate in any LEDA sponsored wage and benefit surveys, as well as any marketing materials that focus on economic development for the City of Lubbock.

6. **Representations by LEDA:**

   A. LEDA represents that it is established as an Industrial Development Corporation under the Act and further represents that the costs applied toward Recipient's Project as stated in this Agreement have been found by the Board of Directors of LEDA sitting as fact finders have determined the Project to be in compliance with the requirements and purposes of the Act, the provisions of LEDA's charter, as well as for the benefit of the City of Lubbock, Lubbock County, Texas, and trade area.

   B. LEDA represents that it has authority to enter into this Agreement. LEDA understands and agrees that any variation in terms of this Agreement or the incentives offered to Recipient or commitment by Recipient will only be binding if mutually agreed to in writing.

7. (There is no Paragraph 7 since a real property conveyance incentive is not involved.)

8. **Capital Incentive to be Awarded and Terms of Award**

   **Initial Capital Investment (exclusive of Real Property, if any):**

   LEDA hereby grants to Recipient a potential incentive of $52,500 with payments to be expressly made under the following terms and conditions:

   A. LEDA agrees to pay as set forth herein up to $52,500 of Project costs, payable over five (5) years, conditioned upon the creation of Primary Jobs after Recipient's written substantiation of such employment and under the following terms and conditions:

   Recipient agrees to establish a Baseline Employment Level and Census (as defined herein) and shall timely provide such information to LEDA or its designated accounting representative when requested. Recipient agrees to maintain the Baseline Employment Level through the term of this Agreement and create and maintain the additional full-time job positions intended to qualify for the additional Project cost incentive, as offered by LEDA. Recipient shall earn one-fifth (1/5) of the additional Project cost incentive at each Measurement Date. Such earned portion shall be paid following the completion of a yearly review by LEDA or its designated representative and payment shall be made within fifteen (15) days after LEDA's board review and approval of the Accountant’s review. LEDA and its representative agree to maintain confidentiality of all of Recipient's records and to return all such records unless other mutually agreeable arrangements are made regarding record retention by Recipient or
inspection access to LEDA.

B. Recipient understands and agrees that in the event, other than as a result of a force majeure (as defined in Section 15.F below), there is a failure to meet its Target Annual Compensation in the aggregate or attain its annual Target Job Positions, then LEDA shall have the right to make all necessary adjustments, not to exceed the sums as approved by LEDA's Board of Directors.

C. In evaluating Recipient's Request and pursuant to Section 40(b) of the Act, it is the intention of the parties that, assuming Recipient is successful in total completion of Recipient's Project, its total Target Job Positions of 21 in number would ultimately result in 21 new Primary Jobs for the City of Lubbock, with a Target Annual Compensation of $1,116,000 in the aggregate, or a total of $5,580,000 over five years. Total capital investment costs estimate is $4,550,000.

Each annual incentive installment shall be considered as earned in one-fifth (1/5) increments as of each Measurement Date during the Agreement when, by review, it is confirmed that Recipient attained the annual Target Job Positions and the Target Annual Compensation.

Should Recipient fail to meet its Target Job Positions during any year or years, but ultimately meet its overall Target Job Positions, LEDA, shall, at its discretion have the right to allow recapture of forfeited incentives not to exceed the maximum amount approved by the Board.

9. **Conditions for Payment of Incentives:**

It is specifically agreed and understood by and between the parties that LEDA has agreed to make the project payments strictly upon the following terms and conditions:

A. Any use of LEDA's name for publicity in connection with Recipient's business or activities must be approved in advance by LEDA. It is understood that LEDA may make known its contributions to Recipient in whatever public manner LEDA deems appropriate.

B. Recipient shall have delivered to LEDA a certified copy of the authorization by the President, authorizing the execution and performance of this Agreement, as well as timely delivery of all other information expressly called for in this Agreement.

C. Recipient must maintain a business location in the City of Lubbock or Lubbock County and its legal status under federal and state law duly and remain qualified to do business in the State of Texas.

D. The operations or activities of Recipient and its employees shall be performed and
conducted in a professional and businesslike manner and shall be in keeping with federal and state laws and regulations, and any ordinances of the City of Lubbock and/or governmental entities which may have jurisdiction over operations and activities.

E. Recipient agrees to, in good faith; engage in a confidential review and examination of all material records by LEDA's accountants and the Parties mutually agreed that such review is necessary to insure compliance with the conditions of the incentive payments (including base salary, overtime, and fringe benefits). Recipient agrees to timely provide to LEDA's accountants all information reasonably requested by the accountants. Should Recipient fail to provide to the accountants the information necessary to complete the review within six months from the measurement date, the job creation incentives for the year being reviewed shall be forfeited by Recipient.

F. Recipient certifies that the Recipient does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. If during the Term of this Agreement, Recipient is convicted of a violation under 8 U.S.C. § 1324a(f), Recipient shall repay the amount of the public subsidy provided under this Agreement, with interest at the legal pre-judgment interest rate, with attorney's fees, not later than the 120th day after the date LEDA notifies Recipient of the violation.

G. Any information obtained by LEDA or its agents or assigns during negotiations leading up to the execution of the Agreement or otherwise about the business, have or will be returned upon the execution of this Agreement, subject to a right to a continuing examination by LEDA in order to comply with LEDA's reporting obligations, if any. Such information shall be considered confidential and beyond the scope of any Open Records request as proprietary information.

H. Recipient will notify LEDA in writing within three (3) business days of any lay-off or reduction in force greater than 20% of the existing workforce. The notification must include the number of employees being laid off, their job titles, the reasoning for the lay-off, and what the company is doing to assist the laid off employees. Likewise, if an announcement is made that the Recipient is closing its doors and ceasing business operations during the review of job creation incentives, LEDA, in its sole discretion, may elect to suspend payment to Recipient.

10. **Payback Provisions and Events of Default:** Recipient acknowledges that LEDA and Recipient are required to remain in conformance with the statutory provisions of the Act. The parties hereto agree that in the event Recipient fails to comply with the provisions of this Agreement,
including but not limited to Paragraphs 5F, 8C, 9C, 9D, 9E or 11, and after written notice and failure to cure the violation, then LEDA, in its sole discretion, may terminate this Agreement and permanently suspend all future payments to Recipient.

11. **Assignment, Merger, and Termination Due to Merger, Etc.** This Agreement shall not be assignable, either in whole or in part. Termination as the result of assignment or merger or change in business form shall not disqualify the remaining or new entity from applying to LEDA for new incentive consideration.

12. **No Privity of Endeavor Nor Joint Venture** It is specifically agreed that there shall be no privity of endeavor nor joint venture whatsoever between LEDA and Recipient and the sole connection between the parties is the contribution of the economic assistance by LEDA under the restricted conditions as set forth herein and that such contributions as stated herein are for the sole purposes as set forth herein and it shall in no way be construed as a continuing basis of financial support by LEDA to Recipient. The parties hereto have entered into this Agreement in an arms-length transaction. No agency relationship or fiduciary relationship is intended to be created by this Agreement and no such relationship shall be determined to exist.

13. **Good Faith -Normal Business Operations** The parties agree that this Agreement has been entered into in good faith and that each party shall act in good faith in complying with its provisions. The parties further agree to transact all their business under and that which relates to this Agreement in accordance with their normal business operations.
14. **Miscellaneous Provisions:**

A. **Notices:**

For the purposes of any notices to be given, pursuant to the terms of this Agreement, the parties shall use the following addresses or any other address as may be changed by the parties, upon written notice to the other party, as follows:

(1) John Osborne  
CEO and President  
LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE, INC.  
1500 Broadway, 6th Floor  
Lubbock, TX 79401

(2) With a copy to:  
Ann Manning  
UNDERWOOD LAW FIRM, P.C.  
P.O. Box 16197  
Lubbock, Texas 79490

(3) With a copy to:  
Troy D. Randolph, CFO  
CHROMATIN, INC.  
10 S LaSalle Street, Suite 2100  
Chicago, IL 60603

Notices shall be deemed to be given upon the placing in the United States Mail, Certified Mail, Return Receipt Requested, to the above-described addresses or as may be changed, pursuant to the terms and conditions hereof.

B. **Entire Agreement:** This instrument constitutes the entire agreement between the parties hereto and neither this Agreement nor any of the Exhibits attached hereto, if any, can be altered, changed, or amended in any respect except by an instrument in writing duly executed by both parties.

C. **Governing Law and Performance:** This Agreement shall be governed by the laws of the State of Texas and shall be deemed to be executed in and performance called for in Lubbock, Lubbock County, Texas.

D. **Partial Invalidity:** In the event that any portion of this Agreement should be found or declared to be invalid for any reason, the remaining provisions of this Agreement shall remain in full force and effect and shall be binding upon the parties. The parties agree that it is their intent for this Agreement to be determined as being an indivisible obligation of the parties.
F. Binding Effect: This Agreement shall be binding upon the undersigned, their successors and assigns, subject to the express terms of this Agreement concerning assignment.

F. Force Majeure: If any default or performance of any other covenant or term of this Agreement is delayed by reason of strike, riots, shortages of labor, materials, supplies, or transportation, war, civil commotion, act of God, governmental restrictions, regulations, or interference, fire, or other casualty, or any other circumstances beyond a signatory party's control, then the duty to do or perform the term or covenant, regardless of whether the circumstance is similar to any of those enumerated above or not, is excused during the delay period.

G. Time is of the Essence: The parties agree that time is of the essence in the execution of this Agreement.

EXECUTED in multiple counterparts, each of which is an original, on this ___ day of June, 2015.

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE, INC.

John Osborne, CEO and President

ATTEST: ________________

RECIPIENT:

Chromatin, INC.

By: ____________________

Its: CFO

ATTEST: ________________