

**BUSINESS INCENTIVE AGREEMENT BETWEEN
THE CORPUS CHRISTI BUSINESS AND JOB DEVELOPMENT CORPORATION AND
HAUSMAN FOODS, LLC
FOR CREATION OF JOBS**

This Business Incentive Agreement for Capital Investments and the Creation of Jobs ("Agreement") is entered into between the Corpus Christi Business and Job Development Corporation ("Corporation") and Hausman Foods, LLC ("Hausman"), a Texas limited liability corporation.

WHEREAS, the Texas Legislature in Section 4A of Article 5190.6, Vernon's Texas Revised Civil Statutes (Development Corporation Act of 1979), now codified as Subtitle C1, Title 12, Texas Local Government Code, Section 504.002 et seq, ("the Act"), empowered local communities with the ability to adopt an optional local sales and use tax as a means of improving the economic health and prosperity of their citizens;

WHEREAS, on November 5, 2002, residents of the City of Corpus Christi ("City") passed Proposition 2, New and Expanded Business Enterprises, which authorized the adoption of a sales and use tax for the promotion and development of new and expanded business enterprises at the rate of one-eighth of one percent to be imposed for 15 years;

WHEREAS, the 1/8th cent sales tax authorized by passage of Proposition 2 was subsequently enacted by the City Council and filed with the State Comptroller of Texas, effective April 1, 2003, to be administered by the Corpus Christi Business and Job Development Corporation Board;

WHEREAS, the Corpus Christi Business and Job Development Corporation exists for the purposes of encouraging and assisting entities in the creation of jobs for the citizens of Corpus Christi, Texas;

WHEREAS, the Board of Directors of the Corporation ("Board"), on October 18, 2010, amended the Corporation's Guidelines and Criteria for Granting Business Incentives ("Type A Guidelines"), which the City Council approved on November 9, 2010;

WHEREAS, Section 501.073 of the Act requires the City Council to approve all programs and expenditures of the Corporation;

WHEREAS, Hausman has been located in the City since 1939 and currently has four locations that process meat for resale to grocery stores and restaurants;

WHEREAS, Hausman proposes to invest approximately \$2,100,000 over a five year period;

WHEREAS, on January 20, 2014 the Board approved this grant and determined that it is in the best interests of the citizens of Corpus Christi, Texas that business development funds be

Handwritten signature and date, likely "2/7/14".

provided to Hausman, through this Agreement with Hausman, to be used by Hausman to add a second shift to their Beacon Street facility and will result in the creation of 52 full-time jobs, with an estimated annual average salary of \$29,000.

In consideration of the covenants, promises, and conditions stated in this Agreement, Corporation and Hausman agree as follows:

1. *Effective Date.* The effective date of this Agreement ("Effective Date") is the latest date that either party executes this Agreement.

2. *Term.* The term of this Agreement is for five years beginning on the effective date.

3. *Performance Requirements and Grants.* The Performance Requirements and Grants are listed in Exhibit A, which is attached to and incorporated into this Agreement.

4. *Job Creation Qualification.*

a. In order to count as a created job under this Agreement, a "job" must be as defined in the Type A Guidelines as a full-time employee, contractor, consultant, or leased employee who has a home address in the Corpus Christi MSA.

b. Hausman agrees to confirm and document to the Corporation that the minimum number of jobs created as a result of funding provided by this Agreement is maintained throughout the term by the Business.

c. Hausman agrees to provide Corporation with a sworn certificate by authorized representatives of each business assisted under this Agreement certifying the number of full-time permanent employees employed by the business.

d. Hausman shall ensure that the Corporation is allowed reasonable access to personnel records of the businesses assisted under this Agreement.

5. *Utilization of Local Contractors and Suppliers.* Hausman agrees to exercise reasonable efforts in utilizing local contractors and suppliers in the construction of the Project, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency in the normal course of business, with a goal of 50% of the total dollar amount of all construction contracts and supply agreements being paid to local contractors and suppliers. For the purposes of this section, the term "local" as used to describe manufacturers, suppliers, contractors, and labor includes firms, businesses, and persons who reside in or maintain an office within a 50 mile radius of Nueces County. Hausman agrees, during the construction of the Project and for four years after Completion, to maintain written records documenting the efforts of Hausman to comply with the Local Requirement, and to provide an annual report to the City Manager or designee, from which the City Manager or designee shall determine if Hausman is in compliance with this requirement. Failure to substantially comply

with this requirement, in the sole determination of the City Manager or designee, shall be a default hereunder.

6. *Utilization of Disadvantaged Business Enterprises ("DBE").* Hausman agrees to exercise reasonable efforts in utilizing contractors and suppliers that are determined to be disadvantaged business enterprises, including minority business enterprises women-owned business enterprises and historically-underutilized business enterprises. In order to qualify as a business enterprise under this provision, the firm must be certified by the City, the Regional Transportation Authority or another governmental entity in the jurisdiction of the home office of the business as complying with state or federal standards for qualification as such an enterprise. Hausman agrees to a goal of 30% of the total dollar amount of all construction contracts and supply agreements being paid to disadvantaged business enterprises, with a priority made for disadvantaged business enterprises which are local. Hausman agrees, during the construction of the Project and for four years after Completion, to maintain written records documenting the efforts of Hausman to comply with the DBE Requirement, and to provide an annual report to the City Manager or designee, from which the City Manager or designee shall determine if Hausman is in compliance with this requirement. Failure to substantially comply with this requirement, in the sole determination of the City Manager or designee, shall be a default hereunder. For the purposes of this section, the term "local" as used to describe contractors and suppliers that are determined to be disadvantaged business enterprises, including minority business enterprises women-owned business enterprises and historically-underutilized business enterprises includes firms, businesses, and persons who reside in or maintain an office within a 50 mile radius of Nueces County.

7. *Living Wage Requirement.* In order to count as a permanent full-time job under this agreement, the job should provide a "living wage" for the employee. The target living wage under this agreement is that annual amount equal or greater than poverty level for a family of three, established by the U.S. Department of Health and Human Services Poverty Guidelines, divided by 2,080 hours per year for that year.

8. *Health Insurance.* To qualify for this incentive, an employer shall certify that it has offered a health insurance program for its employees during the term of the Agreement.

9. *Warranties.* Hausman warrants and represents to Corporation the following:

a. Hausman is a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas, has all corporate power and authority to carry on its business as presently conducted in Corpus Christi, Texas.

b. Hausman has the authority to enter into and perform, and will perform, the terms of this Agreement to the best of its ability.

c. Hausman has timely filed and will timely file all local, State, and Federal tax reports and returns required by laws to be filed and all Texas, assessments, fees, and other

governmental charges, including applicable ad valorem taxes, have been timely paid, and will be timely paid , during the term of this Agreement.

d. Hausman has received a copy of the Act, and acknowledges that the funds granted in this Agreement must be utilized solely for purposes authorized under State law and by the terms of this Agreement.

e. The person executing this Agreement on behalf of Hausman is duly authorized to execute this Agreement on behalf of Hausman.

f. Hausman does not and agrees that it will not knowingly employ an undocumented worker. If, after receiving payments under this Agreement, Hausman is convicted of a violation under §U.S.C. Section 1324a(f), Hausman shall repay the payments received under this Agreement to the City, with interest at the Wall Street Journal Prime Rate, not later than the 120th day after the date Hausman has been notified of the violation.

10. *Compliance with Laws.* During the Term of this Agreement, Hausman shall observe and obey all applicable laws, ordinances, regulations, and rules of the Federal, State, county, and city governments.

11. *Non-Discrimination.* Hausman covenants and agrees that Hausman will not discriminate nor permit discrimination against any person or group of persons, with regard to employment and the provision of services at, on, or in the Facility, on the grounds of race, religion, national origin, marital status, sex, age, disability, or in any manner prohibited by the laws of the United States or the State of Texas.

12. *Force Majeure.* If the Corporation or Hausman are prevented, wholly or in part, from fulfilling its obligations under this Agreement by reason of any act of God, unavoidable accident, acts of enemies, fires, floods, governmental restraint or regulation, other causes of force majeure, or by reason of circumstances beyond its control, then the obligations of the Corporation or Hausman are temporarily suspended during continuation of the force majeure. If either party's obligation is affected by any of the causes of force majeure, the party affected shall promptly notify the other party in writing, giving full particulars of the force majeure as soon as possible after the occurrence of the cause or causes relied upon.

13. *Assignment.* Hausman may not assign all or any part of its rights, privileges, or duties under this Agreement without the prior written approval of the Corporation and City. Any attempted assignment without approval is void, and constitutes a breach of this Agreement.

14. *Indemnity.* Hausman covenants to fully indemnify, save, and hold harmless the Corporation, the City, their respective officers, employees, and agents ("Indemnitees") against all liability, damage, loss, claims demands, and actions of any kind on account of personal injuries (including, without limiting the foregoing, workers' compensation and death claims), or property loss or damage of any kind, which arise out of or are in any


manner connected with, or are claimed to arise out of or be in any manner connected with Hausman activities conducted under or incidental to this Agreement, including any injury, loss or damage caused by the sole or contributory negligence of any or all of the Indemnitees. Hausman must, at its own expense, investigate all those claims and demands, attend to their settlement or other disposition, defend all actions based on those claims and demands with counsel satisfactory to Indemnitees, and pay all charges of attorneys and all other cost and expenses of any kind arising from the liability, damage, loss, claims, demands, or actions.

15. *Events of Default by Hausman.* The following events constitute a default of this Agreement by Hausman:

- a. The Corporation or City determines that any representation or warranty on behalf of Hausman contained in this Agreement or in any financial statement, certificate, report, or opinion submitted to the Corporation in connection with this Agreement was incorrect or misleading in any material respect when made;
- b. Any judgment is assessed against Hausman or any attachment or other levy against the property of Hausman with respect to a claim remains unpaid, undischarged, or not dismissed for a period of 120 days.
- c. Hausman makes an assignment for the benefit of creditors.
- d. Hausman files a petition in bankruptcy, or is adjudicated insolvent or bankrupt.
- e. If taxes owed by Hausman become delinquent, and Hausman fails to timely and properly follow the legal procedures for protest or contest.
- f. Hausman changes the general character of business as conducted as of the date this Agreement is approved by the Corporation.
- g. Hausman fails to comply with one or more terms of this Agreement.

16. *Notice of Default.* Should the Corporation or City determine that Hausman is in default according to the terms of this Agreement, the Corporation or City shall notify Hausman in writing of the event of default and provide 60 days from the date of the notice ("Cure Period") for Hausman to cure the event of default.

17. *Results of Uncured Default by Hausman.* After exhausting good faith attempts to address any default during the Cure Period, and taking into account any extenuating circumstances that might have occurred through no fault of Hausman, as determined by the Board of Directors of the Corporation, the following actions must be taken for any default that remains uncured after the Cure Period.


2/12/14

- a. Hausman shall immediately repay all funds paid by Corporation to them under this Agreement.
- b. Hausman shall pay Corporation reasonable attorney fees and costs of court to collect amounts due to Corporation if not immediately repaid upon demand from the Corporation.
- c. Upon payment by Hausman of all sums due, the Corporation and Hausman shall have no further obligations to one another under this Agreement.

18. *No Waiver.*

- a. No waiver of any covenant or condition, or the breach of any covenant or condition of this Agreement, constitutes a waiver of any subsequent breach of the covenant or condition of the Agreement.
- b. No waiver of any covenant or condition, or the breach of any covenant or condition of this Agreement, justifies or authorizes the nonobservance on any other occasion of the covenant or condition or any other covenant or condition of this Agreement.
- c. Any waiver or indulgence of Hausman's default may not be considered an estoppel against the Corporation.
- d. It is expressly understood that if at any time Hausman is in default in any of its conditions or covenants of this Agreement, the failure on the part of the Corporation to promptly avail itself of the rights and remedies that the Corporation may have, will not be considered a waiver on the part of the Corporation, but Corporation may at any time avail itself of the rights or remedies or elect to terminate this Agreement on account of the default.

19. Hausman specifically agrees that Corporation shall only be liable to Hausman for the actual amount of the money grants to be conveyed to Hausman, and shall not be liable to Hausman for any actual or consequential damages, direct or indirect, interest, attorney fees, or cost of court for any act of default by Corporation under the terms of this Agreement. Payment by Corporation is strictly limited to those funds so allocated, budgeted, and collected solely during the grant term of this Agreement. Corporation shall use its best efforts to anticipate economic conditions and to budget accordingly. However, it is further understood and agreed that, should the actual total sales tax revenue collected for any one year be less than the total amount of grants to be paid to all contracting parties with Corporation for that year, then in that event, all contracting parties shall receive only their pro rata share of the available sales tax revenue for that year, less Corporation's customary and usual costs and expenses, as compared to each contracting parties' grant amount for that year, and Corporation shall not be liable to for any deficiency at that time or at any time in the future. In this event, Corporation will provide all

Handwritten:
2/12/14

supporting documentation, as requested. Payments to be made shall also require a written request from Hausman to be accompanied by all necessary supporting documentation.

20. The parties mutually agree and understand that funding under this Agreement is subject to annual appropriations by the City Council; that each fiscal year's funding must be included in the budget for that year; and the funding is not effective until approved by the City Council.

21. *Notices.*

- a. Any required written notices shall be sent mailed, certified mail, postage prepaid, addressed as follows:

Hausman:

Hausman Foods, LLC
Attn: Steven McClure, Sr.
PO Box 2422
Corpus Christi, Texas 78403

Corporation:

City of Corpus Christi
Business and Job Development Corporation
Attn.: President
1201 Leopard Street
Corpus Christi, Texas 78401

- b. A copy of all notices and correspondence must be sent the City at the following address:

City of Corpus Christi
Attn.: City Manager
P.O. Box 9277
Corpus Christi, Texas 78469-9277

- c. Notice is effective upon deposit in the United States mail in the manner provided above.

22. *Incorporation of other documents.* The Type A Guidelines, as amended, are incorporated into this Agreement.

23. *Amendments or Modifications.* No amendments or modifications to this Agreement may be made, nor any provision waived, unless in writing signed by a person duly authorized to sign Agreements on behalf of each party.

24. *Relationship of Parties.* In performing this Agreement, both the Corporation and Hausman will act in an individual capacity, and not as agents, representatives, employees, employers,

partners, joint-venturers, or associates of one another. The employees or agents of either party may not be, nor be construed to be, the employees or agents of the other party for any purpose.

25. *Captions.* The captions in this Agreement are for convenience only and are not a part of this Agreement. The captions do not in any way limit or amplify the terms and provisions of this Agreement.

26. *Severability.*


a. If for any reason, any section, paragraph, subdivision, clause, provision, phrase or word of this Agreement or the application of this Agreement to any person or circumstance is, to any extent, held illegal, invalid, or unenforceable under present or future law or by a final judgment of a court of competent jurisdiction, then the remainder of this Agreement, or the application of the term or provision to persons or circumstances other than those as to which it is held illegal, invalid, or unenforceable, will not be affected by the law or judgment, for it is the definite intent of the parties to this Agreement that every section, paragraph, subdivision, clause, provision, phrase, or word of this Agreement be given full force and effect for its purpose.

b. To the extent that any clause or provision is held illegal, invalid, or unenforceable under present or future law effective during the term of this Agreement, then the remainder of this Agreement is not affected by the law, and in lieu of any illegal, invalid, or unenforceable clause or provision, a clause or provision, as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable, will be added to this Agreement automatically.

27. *Venue.* Venue for any legal action related to this Agreement is in Nueces County, Texas.

28. *Sole Agreement.* This Agreement constitutes the sole Agreement between Corporation and Hausman. Any prior Agreements, promises, negotiations, or representations, verbal or otherwise, not expressly stated in this Agreement, are of no force and effect.

29. *Survival of terms of Agreement and obligations of parties.* The terms of this Agreement and the obligation of the parties relating to Section 14.a and b shall survive the termination of this Agreement.

 2/14/17

The remainder of this page intentionally left blank.

Corpus Christi Business & Job Development Corporation

By: _____
Robert Tamez
President

Date: _____

Attest:

By: _____
Rebecca Huerta
Assistant Secretary

Hausman Foods, LLC

By: *Steven R. McClure, Sr.*
Steven R. McClure, Sr.
President

Date: 2/12/14

THE STATE OF TEXAS
COUNTY OF NUECES

This instrument was acknowledged before me on February 12, 2014, by Steven R. McClure, Sr., President, for Hausman Foods, LLC, a Texas limited liability corporation, on behalf of the corporation

Meredith Darden

Notary Public
State of Texas

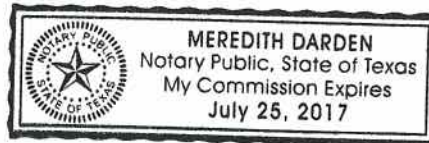


EXHIBIT A
PERFORMANCE MEASURES AND CORPORATION GRANTS

1. Hausman shall invest at least \$2,100,000 to add a second shift to their Beacon Street facility, over a five year period. Hausman shall further, over the term of this Agreement, create 52 full-time jobs, with an average annual salary of \$29,000 as described in the schedule below.

Year	Number of New Jobs	Annual Payroll	Capital Investment
1	10	290,000	300,000
2	15	725,000	300,000
3	7	928,000	400,000
4	10	1,218,000	450,000
5	10	1,508,000	550,000

a. Grants, not to exceed \$41,184 per year and a cumulative total of \$205,920 over five years, are available on a per job created basis.

b. Should the Company fall below the Performance Standards in any one year, the Company shall receive a reduced percentage of the Cash Incentive in effect that year. Such reduction will be in that percentage equal to the percentage the Company's performance falls below the Performance Standards. However if the Company falls below 70% then there is no payment for that year.

By way of example only: assume a partial Cash Incentive payment is required in the fifth year of this Agreement and the Performance Standards have not been reached. For the purposes of calculating this reduced Cash Incentive, it is agreed that 20% of the Cash Incentive is being given premised on the payroll requirements of this Agreement and 80% of yearly incentive amount is attributable to the capital investment requirements.

The reduced Cash Incentive shall be calculated as follows:

Annual payroll commitment:
 5th year: \$1,508,000
 5th year actual: \$1,305,000
 Percent of Total 86.54%

Annual Investment commitment:
 5th year: \$550,000
 5th year actual: \$555,000
 Percent of Total 100%

5th year incentive calculation:
 Reduced Cash Incentive calculation:
 $20\% \times 86.54\% \times \$41,184 = \$7,128$
 Total Cash Incentive

Economic Incentive Calculation:
 $80\% \times 100\% \times \$41,184 = \$32,947.20$
 $\$7,128.00 + \$32,947.20 = \$40,075.20$

[Handwritten signature] 2/12/14

In the 5th year, the Company would receive a reduced Cash Incentive of \$40,075.20 from the Corporation for not meeting the performance goals for annual payroll requirements.

2. The Corporation will award a grant to Hausman based on the formula above, payable not later than June 15 of each year if Hausman makes the required capital investment in buildings, furniture, fixtures and equipment, retains the minimum number of in the preceding year described in paragraph 1 above (collectively, the "annual performance benchmarks").

Handwritten: 2/12/14

