



October 18, 2018

FINANCIAL SERVICES

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Sam Kane Beef Processors, LLC
Attn: Hon. Richard S. Schmidt, Receiver
P.O. Box 9254
Corpus Christi, TX 78469

SUBJECT: Notice of Type A Board Action

Dear Judge Schmidt:

This letter is to inform you of recent action taken by the Corpus Christi Business and Job Development Corporation Board (the "Type A Board") regarding its agreement with Sam Kane Beef Processors, LLC ("Kane Beef"). On July 15, 2013, Kane Beef and the Corpus Christi Business and Job Development Corporation (the "Corporation") entered into a Business Incentive Agreement (the "Agreement") for the creation and retention of jobs at the Kane Beef facility. On February 16, 2015, the parties executed the First Amendment to the Agreement (the "Amendment"). The Amendment required the Corporation to pay the remaining incentive amount under the Agreement in full during the second year of the Agreement term. The Amendment required Kane Beef to pay back a percentage of the incentive if it fell below the performance standards listed in the Amendment. As of its letter dated August 1, 2018, Kane Beef failed to meet the performance standards, which required the creation or retention of a total of 809 jobs. In its letter, Kane Beef stated that it had 750 full-time employees. This represents 92.7% of the required full-time employees.

At its meeting on October 15, 2018, the Type A Board passed a motion directing staff to provide a letter to Kane Beef requiring payment of \$175,200, which is the amount that would be owed under the terms of the Amendment, within 60 days. At the time of the meeting, the Type A Board had not been informed of the receivership. I am sending you this letter to provide notice of the Type A Board's action and to inform you that there will be an item on the agenda in November to discuss the Kane Beef receivership. The next meeting is on Monday, November 12, 2018, at 4:30 p.m., in the City Council Chambers at City Hall. You and/or other representatives of Kane Beef are invited to attend.

Sincerely,

Constance Sanchez
Director of Financial Services
Executive Director of the Corporation