



Application for Tax Abatement by Cameron County, Texas 2015-2017 Guidelines

This application, required supporting documentation, and a \$1,000 application fee made payable to Cameron County (non-refundable) must be submitted to the Cameron County Economic Development & Community Affairs Department to be eligible for consideration for tax abatement by the Commissioners' Court of Cameron County. The mailing address and physical location for delivery is Cameron County Historic Courthouse, 1100 E. Monroe, Suite 105, Brownsville, Texas 78520. ***This application will become part of the tax abatement agreement.*** Cameron County will forward copies of this application to other taxing jurisdictions if required by the Property Redevelopment and Tax Abatement Act.

Part I. Applicant Information

Application Date 03 / 30 / 2017

Company name* (complete corporate name must be listed): _____

Rio Grande LNG, LLC & Rio Bravo Pipeline Company, LLC - Application for (Trains 1&2)

Company address: 3 Waterway Square Place, Suite 400, The Woodlands, TX 77380

Local address (if different than above): N/A

Local Phone Number: E-Mail: (713) 266-4456 gmaxim@cwlp.net

Local Fax Number: (713) 266-2333 Annual Sales: 0

State of Incorporation: TX Years in Cameron County: 0

Total number of employees worldwide: 0

Total number of employees in Texas: 0

Total number of employees in Cameron County: 0

Name and Address of Registered Agent: Ray Eisbrenner

3 Waterway Square Place, Suite 400, The Woodlands, TX 77380

*Attach a description of Applicant Company, including brief history, corporate structure, financial statement and annual report, and legal documents showing incorporation information and authority to conduct business in the State of Texas, and status with the Secretary of State. If Applicant conducts business under an assumed name, then Application must include legal documents showing authority to conduct business under assumed name.

Part II. Project Information

Project site location address: See attached map (Exhibit A) for project location

Legal description*: See attached – Exhibit B

Taxing units at project site:

School District: Point Isabel ISD College District: TX Southmost College

Municipality: N/A Other Districts South Texas ISD

Other District #2 EMS Dist. #1 Other District #3 Brownsville Nav. Dist.

Tax Account Number(s): N/A

*Attach plat survey, with a metes and bounds description, for project site.

Project description** (check applicable): ☒ New Construction ☐ Expansion

**Attach statement fully explaining project and describing existing site and all proposed improvements, and provide complete detailed (line item) Investment Schedule/Budget detailing improvements for which abatement is requested.

Type of Facility*:

- | | |
|---|---|
| <input type="checkbox"/> Convergent Technologies | <input checked="" type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Regional Distribution Center | <input type="checkbox"/> Regional Entertainment |
| <input type="checkbox"/> Regional Office | <input type="checkbox"/> Regional Service |
| <input type="checkbox"/> Research | <input type="checkbox"/> Research & Development |
| <input type="checkbox"/> Other Basic Industry | |

Describe product or service to be provided and to what purpose: _____

See Attached Narrative

*For regional facilities, provide market studies, business plans, or other materials demonstrating that the facility is intended to serve a primary market that lies at least one hundred (100) miles outside of Cameron County.

Variance

Is Applicant seeking a variance from the Cameron County Tax Abatement Guidelines and Criteria as Amended? ☒ Yes ☐ No

If yes, attach a letter requesting and justifying the variance and include documentation to support the requested variance.

Part III. Economic Information

Construction Estimate:

Start Date 3Q -2018 Contract Amount \$ Est. Invest - \$5-6 billion

Completion Date 4Q -2022 Peak Construction Jobs 2,250 FTE's

Construction Man-Years 6,600 FTE's over 53 months

If Modernization:

Estimated current economic life of structure N/A years

Added economic life of structure N/A years

Permanent Job Creation/Retention of existing permanent jobs in Cameron County:

Current employment 0

Jobs to be retained 0

Jobs to be created 200 (fully operational)

Estimated Appraisal Value on Site	Land	Improvements	Total
Value on January 1 preceding abatement (per CCAD records and account number)	0	0	0
Estimated value of new abatable investment: -Building	0	138,000,000	138,000,000
Estimated value of new abatable investment: -Fixed and in place machinery & equipment	0	4,614,777,000	4,614,777,000
Estimated value not subject to abatement (e.g., inventory)	0	4,500,000	4,500,000
Estimated value of property subject to ad valorem tax at end of abatement	0	2,884,800,000	2,884,800,000

Part IV. Copies of resolutions required

Applicant represents and warrants that the property for which abatement is sought is located within a reinvestment zone for purposes of Chapter 312 of the Texas Tax Code. Applicant must include a copy of the county resolution or resolution designating the reinvestment zone, as well as any order or ordinance subsequently amending the designation, with their Application submission. If the property for which abatement is sought is located in an enterprise zone that qualifies as a reinvestment zone for Application for purposes of Chapter 312 of the Texas Tax Code, then Applicant must include documentation from the Governor's Office showing affirmatively that the property is located within a current enterprise zone.

Part V. Designated Contact; Individual Tendering Application

Company Representative Authorized for Contact:

Name: Greg Maxim

Title: Tax Consultant

Telephone: (713) 266-4456

E-mail: gmaxim@cwlp.net

Applicant's Authorized Company Official:

Name: Ben Atkins

Title: CFO

Telephone: (823) 404-2064

E-mail: ben@next-decade.com

Signature of Applicant's Authorized Company Official tendering this Application for Tax

Abatement: _____ (Application **must** be signed)

Date Signature signed above: _____

Description of Narrative

(Narrative information must be included with Application)

Introduction to the Company. Applicant shall describe the company's business activities, locations, primary markets, history (when and where incorporated), headquarters location, parent or subsidiary company information to include a complete diagram showing names, ownership percentages, and which companies will be active and in what capacity on the project. Applicant shall also include the names of chief officers, and provide a copy of the annual report or financial statements.

Reasons for seeking abatement. Applicant shall state its reasons for seeking tax abatement and should include any special considerations. Applicant should state how the project will benefit the community where it will be located. If the Applicant is requesting any variances, it shall provide justification for the variance requested.

Describe the project. Applicant should provide facts about the proposed site (acreage, cost, location, ownership), and describe the type and value of proposed improvements. Applicant shall include a construction budget in line item format, and list fixed in place equipment to be included in the project. Applicant shall include a project timeline (running from start date through end date). Applicant shall provide environmental impact information and note any anticipated impacts of the project on the environment, including but not limited to, water quality, storm water and runoff, floodplain and wetlands, solid waste disposal, noise levels, and air quality. Applicant shall include its history of environmental compliance.

Jobs. Applicant must provide information on its current level of employment including current payroll and the breakdown of current employment by zip code. Applicant must provide a copy of the company's most recent filing with the Texas Workforce Commission or other supporting documentation that can be used to determine actual employment at time of application. Applicant must provide information on the projected job creation associated with the project, including: new employee needs (for example, skilled versus non-skilled, level of education, experience, etc.); its proposed pay scale; any training that the company will provide to its new employees; upward mobility opportunities, career tracks, etc., available to less educated and experienced workers; if this is a consolidation, then information on the number of new hires versus the number of transfers; and information on construction jobs to be created by the project.

Competition with local business. Applicant shall list any competition or similar businesses in the area and describe how abatement will impact competition with other similar businesses in the area.

Alternative site considerations. If applicable, Applicant shall provide information on alternative site considerations and/or incentives being offered to the company. Applicant shall state who the company has visited with outside of Cameron County concerning tax abatement in another county, state, or country, and provide copies of any letters of intent from the entities offering abatement/incentive(s).

Lease Agreement. If Applicant will be leasing property, it must attach a copy of the lease. If the company owns or is purchasing land, Applicant must attach a copy of deed or executed contract-option to purchase and there must be an "out clause" listed in the special provisions stating that if tax abatement is not granted, then Applicant will not be held to the terms of the contract with the lessor/owner.

Documentation showing property is located within a reinvestment zone. Applicant must submit a copy of the requirement documentation showing that the property is located within a current reinvestment zone for purposes of Chapter 312 of the Texas Tax Code.

Completeness of Submission. Applicant's application for tax abatement shall not be considered complete until all required information and payment has been provided to Cameron County. For questions, Applicant should contact the Director of the Program Development & Management (PD&M) Cameron County Department, at 1100 E. Monroe, Suite 105, Brownsville, Texas 78520, phone number (956) 544-0829.

****Title 3. Local Taxation Subtitle B. Special Property Tax Provisions, Chapter 312. Property Development Sec. 312.003. Confidentiality of Proprietary Information.--**Information that is provided to a taxing unit in connection with an application or request for tax abatement under this chapter and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the tax abatement agreement is executed. That information in the custody of a taxing unit after the agreement is executed is not confidential under this section. Added by 1989 Tex. Laws, p. 4684, ch. 1137, Sec. 2.

Narrative to Cameron County Application for Tax Abatement

Introduction to Rio Grande, LLC

NextDecade, LLC is a developer of liquefied natural gas (“LNG”) projects, providing customers access to the full LNG Value chain. NextDecade’s recent focus is for projects on the U.S. Gulf Coast. Founded in 2010, NextDecade has built a team of recognized industry and thought leaders with vast credibility and experience across the full LNG value chain. This team has developed, led, closed and operated industry-leading gas/LNG infrastructure projects around the world, as well as successfully closed many mutually beneficial long and short-term natural gas and liquefied natural gas (“LNG”) purchase and sales deals. NextDecade’s headquarters is based in The Woodlands, Texas and the company’s executive management team is comprised of the following individuals:

- Chief Executive Officer - Kathleen Eisbrenner
- Chief Operating Officer - René van Vliet
- Chief Commercial Officer - Alfonso Puga
- Chief Financial Officer – Ben Atkins
- Chief Administrative Officer – Ray Eisbrenner
- SVP, Development & Regulatory Affairs – Shaun Davison
- General Counsel – Krysta De Lima

NextDecade’s main project is on a land-based project called Rio Grande LNG (“RGLNG”). RGLNG has been formed as a Texas incorporated company, seeking to construct and operate a natural gas liquefaction facility (“Terminal”) at the Port of Brownsville. If completed LNG will be loaded onto LNG transport carriers for delivery to customers around the world. Key importing areas are Europe and Asia, but LNG demand is growing in South America, Africa, and the Middle East. To enable these activities NextDecade has formed subsidiaries—all are wholly owned by NextDecade. Rio Bravo Pipeline Company, LLC (“Rio Bravo”) will construct and operate two approximately 137-mile long pipelines to supply natural gas to the Terminal (the “Pipelines” and, together with the Terminal, the “Project”). The Pipelines will traverse the following counties: Jim Wells, Kleberg,

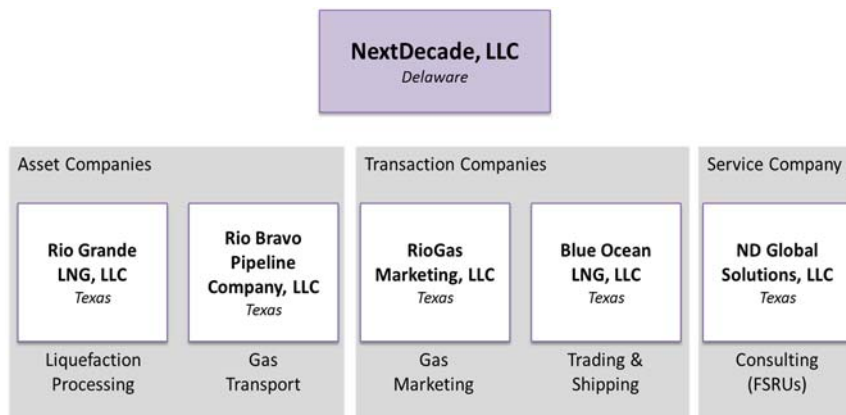


Figure 1. Company Structure

Kenedy, Willacy, and Cameron. RioGas Marketing, LLC will support customers with feedgas procurement and transportation, while BlueOcean LNG, LLC will provide trading and shipping services. ND Global Solutions, LLC will provide consulting services to prospective customers seeking to develop floating storage regasification units. While the “asset companies” are specific to the Project, the other subsidiaries may support other NextDecade projects (Figure 1). Since development activities mainly occur through NextDecade employees and vendors, RGLNG does not have financial statements. The Company has other subsidiaries not shown on Figure 1: these are related to future, potential projects and currently have limited activity.

Executive biographies and additional management team members may be found at www.next-decade.com/our-team/.

Reasons for seeking abatement

RGLNG is seeking a Chapter 312 tax abatement from Cameron County to ensure economic viability of the Terminal during a period of unprecedented competitive challenges in the global LNG market. The Company strongly believes this abatement—and other regional tax incentives—are essential and in the public interest due to the project’s significant economic benefits through its impact on employment, workforce training, and regional infrastructure enhancements.

Despite favorable long-term factors supporting the Project, it faces significant near-term headwinds and intense price pressure. As background to understanding these challenges and the importance of tax incentives: the Project will be funded through “project finance,” a form of capital where lenders and investors rely exclusively on the Project’s stand-alone economics, i.e., there is no support from a strong corporate balance sheet. Providers of project finance capital require long-term sales contracts from credit-worthy customers—typically with terms of 15-20 years.

Customers have delayed entering into long-term commitments due to an over-supply of LNG in the global market, while low, volatile oil prices further contribute to put pressure on LNG prices. Abundant liquefaction supply has entered the global market with new facilities in Australia, Papua New Guinea, and Qatar. Further, within the next several years, U.S. export facilities will significantly add to global supply. Exacerbating this condition of over-supply, demand growth in key markets (Japan and China) has fallen short of expectations. The market is expected to rebalance in the early 2020s, as the Terminal enters commercial operations, but the current over-supply has created severe pressure on pricing.

Over-supply in the global oil market also drives down LNG pricing and discourages customers from entering into long-term purchase contracts. Much of the world’s LNG is priced based on an oil index. This benefits LNG buyers today, who increasingly source their LNG through short-term (“spot”) purchases as opposed to long-term purchase commitments. Together, these near-term forces—a supply/demand imbalance in the global LNG market and low oil prices—create intense price pressure on proposed LNG liquefaction projects: tax incentives are an essential factor in equalizing a projects’ competitiveness for US exporters.

The Terminal is one of more than a dozen U.S. projects in the development stage which include competing projects along the Gulf Coast. These Gulf Coast projects currently benefit from tax

abatements. For example, Louisiana projects receive benefit from 10-year statutory exemptions from property taxes, and incentives related to wage rebates and sales tax. All LNG projects currently under construction in Texas have received tax abatements from the applicable taxing jurisdictions. RGLNG believes that maximum tax incentives are essential to compete with other liquefaction projects.

Project developers face site-specific advantages and disadvantages for any project location. For example, NextDecade values the proposed location due to Cameron County's availability of a skilled workforce and the attractiveness of the deepwater port supported by an experienced management team. However, the location has disadvantages which challenge the Project's competitiveness: most significant are the requirements to build the Pipelines and to potentially bear additional upstream gas transport costs. These project-specific costs create great pressure for cost reductions in other areas. Property tax value limitations are therefore essential to the Project's viability.

RGLNG believes that the Terminal will bring considerable benefits to Cameron County and the broader region. First, as described below, the Terminal will generate job creation—both through a 4-7 year construction period and long-term operations. (Note: RGLNG is requesting a variance to Section II (2) of the guidelines and criteria since it is too early in the planning stages to determine the percentage of economically disadvantaged individuals.) The Pipelines effectively connect the region's economy to Texas's enormous oil and gas reserves located in the Eagle Ford and Permian basins. Notably, since the Terminal's sales will be supported by long-term contracts, the Terminal's activity will be insulated from volatility in commodity prices.

Second, as described below, construction and operation of the Terminal will support workforce development activities for the region. Proactively RGLNG and its leading engineering contractor, Chicago Bridge & Iron ("CB&I"), have started these conversations with local colleges and training organizations. Many of the county's workers will benefit from training and experience at the Terminal.

Third, the region will benefit from significant infrastructure enhancements. The Pipelines could enhance (interruptible) natural gas supply to the region. As part of our preliminary studies RGLNG is working with AEP to design and construct a 138-kV power line to the Terminal, which is expected to have spare capacity to support regional growth. RGLNG is also in discussions with the Port to enhance the ship channel to support deeper draft ships. And lastly, the Terminal design includes development of LNG truck racks, which could support local truck fleets transitioning from diesel to LNG fuel. All of these activities have (or will be) considered for inclusion in the project budget, on a either a full or partial basis.

NextDecade is considering several potential sites for its major natural gas liquefaction project—within and outside Texas. All property tax incentives are determining factors for the Project as evidenced by: (1) adverse market conditions, (2) availability of incentives for competitors, (3) site-specific considerations, (4) as discussed below, NextDecade's ongoing assessment of and ability to develop alternative sites outside of Texas, and (5) the Company's consistent disclosure of the necessity of tax incentive.

Project Description

The Terminal is to be constructed on a 984-acre site located just south of SH 48 approximately five miles southwest of downtown Port Isabel, along the north side of the Brownsville Ship Channel. The facility is designed around 6 “liquefaction trains” to produce 27 million tons of LNG per year, which corresponds to approximately 3.6 billion cubic feet of natural gas per day. Its design includes numerous considerations to minimize visual and environmental impact for the surrounding communities.

Currently, NextDecade has acquired an option to enter into a long-term site lease from the Port. If the Terminal proceeds to construction, RGLNG will enter into the site lease. The parties have commenced preliminary discussions to develop the terms of the underlying lease agreement. Expected cost for the lease is not yet available.

A Tax Abatement is requested on all the proposed new improvements and equipment associated with this project as described below. The proposed project primarily consists of property classified by Cameron Central Appraisal District as real estate improvements except for associated personal property, as described below.

The Project’s real property includes facilities to support the following steps, which are integral to the liquefaction process:

- Compression – 2 electric-drive compressors with associated compressor shelters and supporting infrastructure per compressor train (i.e., gas cooling system, power supply, and controls). This will be supplemented by pig trap, gas filtration, and custody transfer metering systems for three trains capacity, installed with Trains 1 – 2; and these will be the only assets in this application to be owned by Rio Bravo Pipeline Company, LLC;
- Feed gas pretreatment (each train) - equipment to reduce impurities (H₂S, acid gas, water vapor, mercury, and natural gas liquids); and
- Refrigeration (each train) – liquefaction occurs through a multi-stage refrigeration process, making use of main compressors, natural gas-fired turbines driving the main compressors, heat exchangers, and separation vessels.

Real property also includes ancillary equipment to support the liquefaction processes, including:

- Boil-off gas system – captures gas formed through ambient heat exchange and recycles it into the fuel gas system by use of 3 BOG compressors, feeding the common fuel gas system and a low pressure vent/flare stack installed with Trains 1 – 2;
- Fuel gas system (each train) - mixes pipeline gas with boil-off gas to supply refrigeration compressors and heaters;
- Hot oil system (each train) – a closed loop system to provide heat to certain pretreatment processes;
- Pressure relief and dry- and wet flare system (each train) – protects the LNG train equipment from over-pressure and allows safe purging of gas for periodic maintenance;
- Ground-flare boxes – two units serving up to three trains installed during trains 1 – 2;

- Electric power systems – a main electric incoming station for 6 trains installed during trains 1 – 2, plus 7 substations and related electric power distribution components will transform high voltage power and distribute electricity to various consumers across the site;
- Diesel generator sets - 3 essential power diesel generator sets installed with trains 1-2;
- Utilities – water and sewage systems, installed for the total site during trains 1 – 2;
- Firewater system – includes pumps, distribution manifolds, and foam dispersion systems, installed during trains 1 – 2 (the distribution grid is extended for each new train); and
- Compressed service air - one nitrogen generation and one instrument air production units suitable to serve up to three LNG trains.

The Project's real property includes structures for safe storage and transfer of the manufactured LNG:

- Adding site fill to raise the site elevation to allow gravity drainage and placing of storm-water levees to protect the entire site against extreme storm surges, installed with Trains 1 – 2;
- 2 insulated, full containment storage tanks (i.e. concrete outer and steel inner tank) with a net capacity of 180,000 m³ each;
- 1 ship-loading berth with associated jetties, roadways, spill containment systems, loading arms, fire protection equipment, and instrumentation;
- A dredged berth pocket and turning basin to support LNG vessel maneuvering;
- 2 Truck loading racks for LNG; and
- 2 Truck loading racks for natural gas liquids.

Additional real property includes buildings for site operations:

- Security / gate house building;
- Administrative building,
- Central control building,
- Workshop,
- Warehouse Truck receiving terminal for delivery of refrigerant and storage of refrigerants (Ethylene & Propane) in mounded storage tanks, and
- Delivery and storage of other process chemicals (e.g., amine for acid gas removal).

The Project's tangible personal property includes:

- Consumables,
- Equipment spares,
- Emergency response equipment,
- Environmental monitoring equipment, and
- Security monitoring equipment.

Although not specifically described above, this application is intended to include all structural elements and equipment necessary for the safe, economical manufacture of LNG such as concrete foundations, pipe supports, piping, instrumentation, power feeds, control loops, safety systems, fire water protection, pollution control equipment, insulation, and utilities.

RGLNG has completed the Terminal's front-end engineering design activities with CB&I, but the cost estimation process is ongoing. Regardless, RGLNG is contractually prohibited from providing detailed cost information for the Terminal. In 2015 NextDecade estimated capital investment of

up to \$6 billion, but this amount is subject to change through design modifications, changes in prevailing contractor and equipment costs, and construction timing.

Timing for commencement of construction activities depends on completion of regulatory and permitting milestones, detailed design activities, consummation of customer contracts, availability of financing, and receipt of all available tax incentives. NextDecade is working to complete these requirements by early 2018 to support commencement of construction in mid-2018. Trains would reach commercial operation sequentially with Train 1 achieving initial production in the first half of 2022 and full, commercial operations mid-2022. Train 2 would follow in approximately six months.

The Company is committed to minimizing the Terminal's impact on the community's health, safety, and environment ("HSE"). NextDecade and CB&I have an excellent track record in this area, and NextDecade has no history of material non-compliance with HSE matters.

NextDecade filed its formal application for approval to construct and operate the Terminal with the Federal Energy Regulatory Commission in May 2016. As a part of this application, it undertook extensive analysis of the Project's HSE impact. RGLNG believes the FERC approval process will find that the Terminal complies with all applicable HSE laws and regulations. Due to the complexity of these matters, RGLNG respectfully refers the reader to the Project's FERC filings available online at www.elibrary.ferc.gov; docket numbers are CP16-454 (Terminal).

Jobs

RGLNG estimates that peak construction jobs (applicable to Trains 1&2) will be 2,250 FTEs. These construction labor figures do not include workers associated with the Pipeline, the impact of which will be spread across five counties in the Rio Grande Valley.

Other projects along the Gulf Coast have required significant numbers of workers from outside the region—typically 30% local, 70% non-local. RGLNG is collaborating with CB&I to increase the proportion of local hires through engagement with local businesses and support organizations such as: the UTRGV Small Business Development Center, U.S. Small Business Administration (Harlingen), and Chambers of Commerce and Economic Development Councils across the region. Additionally, RGLNG is working extensively with training and workforce development organizations such as: McAllen Career's Institute, Texas Southmost College, Texas State Technical College – Harlingen, Workforce Solutions Cameron, RGV LEAD, and Region One Education Service Center. Of particular note: RGLNG recently entered into a strategic partnership with University of Texas Rio Grande Valley (UTRGV) to foster collaborative opportunities for STEM-based educational programs, research, and job training.

It is estimated that construction will include a range of unskilled and skilled workers including laborers, civil/earthworks, electricians, mechanics, welders, project management, and executive management. It will also include specialist positions related to cryogenics and marine facilities. Workers will receive extensive training with a focus on HSE considerations. Most of the workforce will require education from trade schools or 2- and 4-year technical programs. RGLNG believes CB&I offers attractive benefits and opportunities for advancement in responsibility and compensation. With the number of LNG projects slated for the Gulf region, workers could potentially benefit from significant opportunities at follow-on construction sites.

Of course, construction is expected to have a significant indirect impact on employment levels in Cameron County and the broader region. RGLNG currently estimates, with indirect employment, Terminal construction (all six trains) will generate an average of approximately 10,000 new jobs in Cameron County over the projected 7-year construction period.

For this application (Trains 1 & 2), RGLNG anticipates the creation of more than 200 jobs when fully operational. The average wage of these jobs will be greater than the current average wage for all jobs in Cameron County. Additionally, operational jobs should realize a substantially larger percentage of local hires. The Company commissioned an economic study, which estimated total long-term employment in Cameron County of between 4,000 and 6,000 jobs (impact of all six trains).

RGLNG currently has no employees, so it has no Texas Workforce Commission filing to include with this application. At this stage in planning, RGLNG has not developed its expected pay scale, but it believes average annual compensation should be in excess of \$50,000 based on industry standards.

RGLNG's FERC filing includes a detailed analysis of the Project's socioeconomic impact on the county and region. The reader is respectfully encouraged to consult this document, Resource Report 5, available among the public documents available at the FERC site (see website and docket numbers above).

Competition with local businesses

RGLNG does not foresee any competition with local businesses.

Alternative site considerations

While NextDecade prefers to site its first LNG liquefaction facility in Cameron County, it has developed options in the event that the site is not viable (for economic, technical, or regulatory reasons). For example, it has identified a comparable tract at another site in Texas. Additionally, it has conducted feasibility analyses and related, development activities for sites in Louisiana and Mexico. The site at the Port is preferred due to its scale and infrastructure considerations, but the alternative sites are viable and would be reconsidered in the event that the Project's economics are unsatisfactory. The Company believes that a significant portion of its previously incurred development costs can be utilized to defray development costs at an alternative site.

In its communications to third parties and the public, NextDecade has consistently emphasized the importance of tax incentives for its decision to construct the Project. For example:

- The Company's and Project's websites both state "any development of the project remains contingent upon . . . securing all financing commitments and potential tax incentives."
- On December 15, 2015, NextDecade published a press release highlighting the findings of an independent consultant's analysis of the Project's socioeconomic impact on the county, Texas, and the U.S. In the press release, the Company noted that the study assumed the Project received tax incentives "consistent with current law and in line with those provided to similar projects in recent years."

- In January 2016, the Project published a reference manual and overview presentation, which it provided to various public officials. These materials included a disclaimer related to tax incentives identical to that provided on the Company and Project websites.
- On May 5, 2016, NextDecade filed its application with the Federal Energy Regulatory Commission for approval of the Project. In its application, the Company stated that it intended to pursue customary tax incentives pursuant to Texas tax code Chapters 312 and 313.
- From July through September 2016, the Company met with the Point Isabel Independent School District, seeking a Chapter 313 value limitation. In all discussions, the Company emphasized that tax incentives are essential for Project viability.
- On September 29, 2016, the Company provided a status update to the community at an event organized by the South Padre Island and Port Isabel chambers of commerce. In response to a question, the Company's representative provided a detailed explanation of the necessity of maximum tax incentives for Project viability.
- In view of a recently-announced letter of intent to for the Company to pursue a potential business combination with Harmony Merger Corp., a publicly traded company, certain filings will be made with the Securities and Exchange Commission which will contain explicit references to economic assumptions based on the availability of tax abatements for the project.

The proposed Project is still in an evaluation stage; only preliminary development activities have begun. The Company acknowledges that it has undertaken certain development and permitting activities, has made public statements about the Project and has hosted meetings in the Rio Grande Valley to provide information to the public and to address communities' concerns. Additionally, NextDecade has entered into contracts for customary development activities such as facility design, environmental analyses, market studies, financial advisory services, and an option to lease the site. Additionally, the Company is commencing work to acquire land options for key tracts related to the feedgas supply pipeline. NextDecade has not entered into contracts, which preclude moving the Project to another state, and a considerable portion of development work would be transferable to such alternative site.

The Company faces a challenging competitive environment for developing the Project and it very much wants to partner with the Rio Grande Valley to provide a safe, environmentally-responsible facility, which complements existing industries and generates an enormous economic stimulus for the region and state. However, notwithstanding any public statement, ongoing development activity, or any action by DOE or FERC, no final decision to invest in the Project has been made by the Company. The ability to secure available property tax incentives, including a Chapter 312 abatement, is therefore critical to the successful development of the Project.

Lease Agreement

Please see attached lease agreement for a site located at the Port, demonstrating the Company's commitment to the location and an executed lease agreement for a portion of this site .

Documentation showing property is located within a reinvestment/enterprise zone

Section 2303.101 of the Texas Administrative Code provides that areas within distressed counties qualify as Enterprise Zones. Section 312.2011 of the Texas Tax Code allows Enterprise Zones under Chapter 2303 to meet the Chapter 312 requirement for establishment of an Enterprise Zone. Please see attached table, indicating that Cameron County qualifies as a Distress County.

Exhibit A1) Vicinity Map of Project



Exhibit A2) Map of Qualified Investment and Qualified Property

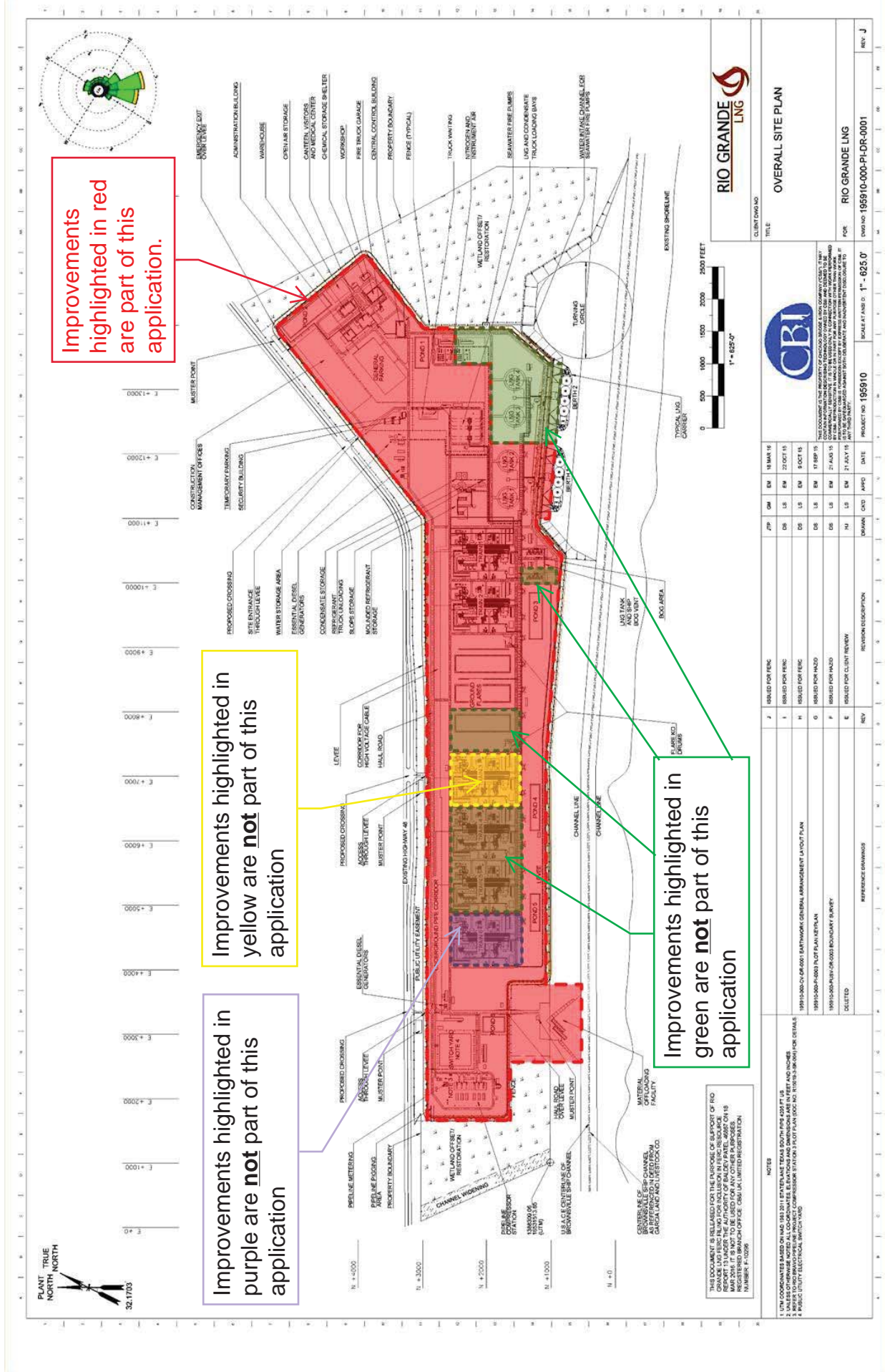


EXHIBIT B - LEGAL DESCRIPTION

**NEXT DECADE, LLC
METES AND BOUNDS DESCRIPTION
500.0 ACRE TRACT**

November 26, 2013

BEING 500.0 ACRES of land out of Share 3, San Martin Grant, Cameron County, Texas, said 500.0 Acre Tract being more particularly described as follows:

BEGINNING at the intersection point of the U.S.E.D. Station 40+626.52 and the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, said point being the Southeast corner of the 200.0 Ft. Gayman Channel Easement, for the Southwest corner and **PLACE OF BEGINNING** of this tract;

THENCE along the East line of said 200.0 Ft. Gayman Channel Easement, North 55 deg. 54 min. 55 sec. West, 2,225.49 feet to the Northeast corner of said Gayman Channel Easement, said point being on the South Right-of-Way line of State Highway No. 48, for the Northwest corner of this tract;

THENCE along the South Right-of-Way line of said State Highway No. 48, North 57 deg. 38 min. 35 sec. East, 1,728.00 feet to a point for a corner of this tract;

THENCE South 86 deg. 49 min. 22 sec. West, 205.11 feet to a point on the South Right-of-Way line of said State Highway No. 48, for a corner of this tract;

THENCE along the South Right-of-Way line of said State Highway No. 48, North 57 deg. 38 min. 35 sec. East, 8,375.96 feet to a point for the Northeast corner of this tract;

THENCE South 55 deg. 54 min. 55 sec. East, 2,690.41 feet to a point on the North 6+00 Reference Line from the original centerline at the Brownsville Ship Channel, for the Southeast corner of this tract;

THENCE along the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, South 62 deg. 25 min. 27 sec. West, 3,647.96 feet to the point of curvature of a curve to the left for a corner of this tract;

THENCE continuing along the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel and along said curve to the left having a radius of 6,354.65 feet, a delta of 04 deg. 46 min. 52 sec. and a total length curve of 530.29 feet, to the point of tangency on the Corps of Engineers Station 34+680.76 for a corner of this tract;

THENCE continuing along the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, South 57 deg. 38 min. 35 sec. West, 5,945.76 feet to the **PLACE OF BEGINNING**, containing 500.0 Acres of land more or less.

This description is not based on an on-the-ground survey.

EXHIBIT B

**NEXT DECADE, LLC
METES AND BOUNDS DESCRIPTION
500.0 ACRE TRACT "B"**

January 16, 2015

BEING a 500.0 Acre Tract of land out of Santa Isabel Grant, Cameron County, Texas, said 500.0 Acre Tract being more particularly described as follows:

COMMENCING at the intersection point of U.S.E.D. Station 40+626.52 and the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, said point being the Southeast corner of the 400.0 Ft. Gayman Channel Easement, thence along the North 6+00 Reference line from the original centerline of the Brownsville Ship Channel, North 57 deg. 38 min. 35 sec. East, 5,945.76 Ft. to the point of curvature of a curve to the right having a radius of 6,354.65 feet, a delta of 04 deg. 46 min. 52 sec. and a total length curve of 530.29 feet to the point of tangency for a corner, thence along the North 6+00 Reference line from the original centerline of the Brownsville Ship Channel, North 62 deg. 25 min. 27 sec. East, 3,647.96 feet for the Southwest corner and **PLACE OF BEGINNING** of this tract;

THENCE along the East line of a 500.00 Acre Tract leased to Next Decade, LLC North 55 deg. 54 min. 55 sec. West, 2,690.41 feet to a point on the South Right-of-Way of State Highway No. 48, for the Northwest corner of this tract;

THENCE along the South Right-of-Way line of said State Highway No. 48, North 57 deg. 38 min. 35 sec. East, 470.30 feet to the point of curvature of a curve to the left for a corner of this tract;

THENCE continuing along the South Right-of-Way line of said State Highway No. 48 and along said curve to the left, having a radius of 1,532.79 feet, a delta of 38 deg. 39 min. 00 sec. and a total length curve of 1,033.98 feet to the point of tangency for a corner of this tract;

THENCE continuing along the South Right-of-Way line of said State Highway No. 48, North 18 deg. 59 min. 26 sec. East, 3,229.89 feet to a point for a corner of this tract;

THENCE continuing along the South Right-of-Way line of said State Highway No. 48, North 22 deg. 08 min. 24 sec. East, 505.99 feet to a point for a corner of this tract;

THENCE South 60 deg. 24 min. 32 sec. East, 4,510.94 feet to a point for a corner of this tract;

THENCE South 31 deg. 28 min. 34 sec. East, 1,582.41 feet to a point on the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel for the Southeast corner of this tract;

THENCE along the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, South 62 deg. 25 min. 27 sec. West, 5,402.16 feet to the **PLACE OF BEGINNING**, containing 500.0 Acres of land more or less.

This description is not based on an on-the-ground survey.

Lease Option

Cameron County
Sylvia Garza-Perez
County Clerk
Brownsville, TX 78520



70 2015 00009449

Instrument Number: 2015-00009449

As

Recorded On: March 20, 2015

Real Property

Billable Pages: 7

Number of Pages: 8

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Real Property	50.00
Total Recording:	50.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2015-00009449
Receipt Number: 723604
Recorded Date/Time: March 20, 2015 03:40:43P
Book-Vol/Pg: BK-OR VL-20832 PG-305
User / Station: H Perez - Cash Station #4

Record and Return To:

RENTRO LAW FIRM
PO BOX 6355
BROWNSVILLE TX 78523



I hereby certify that this instrument was filed on the date and time stamped hereon and
was duly recorded in the Official Public Records in Cameron County, Texas.

Sylvia Garza-Perez
Cameron County Clerk

Exhibit D

MEMORANDUM OF FIRST AMENDMENT TO OPTION TO LEASE

THE STATE OF TEXAS §

§ KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF CAMERON §

This MEMORANDUM OF FIRST AMENDMENT TO OPTION TO LEASE (this "Memorandum of Option") is made and entered into effective as of the 6th day of November, 2014 by and between the **BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS**, a navigation district organized, created and existing under and by virtue of the laws of the State of Texas, with its domicile in Brownsville, Cameron County, Texas, ("Optionor") and the **NEXT DECADE, LLC** ("Optionee").

Optionor and Optionee are parties to the Option to Lease dated as November 6, 2013 (said Option to Lease, as heretofore amended, the "Option Agreement"), covering certain real property situated in Cameron County, Texas, and more particularly described on Exhibit "A" attached hereto and incorporated for all purposes (the "Property"). Pursuant to the terms of the Option Agreement, Optionor granted to Optionee an option to lease the Property, as more particularly described in the Option Agreement. Optionor and Optionee agreed on November 6, 2014 to increase the size of the optioned Premises under the Agreement by 500.00 acres. Said 500.00 acre tract is described in the attached Exhibit "B" attached hereto and incorporated for all purposes (the "Increased Property"). The Option Agreement as amended expires on May 5, 2015; however, Optionee may extend the term of the Option Agreement through November 5, 2017 pursuant to the terms of the amended Option Agreement.

NOW, THEREFORE, the parties hereto have entered into this Memorandum of Option to acknowledge and place as a matter of public record the aforementioned Option Agreement. Nothing in this Memorandum of Option shall alter or amend any of the terms of the Option Agreement.

EXECUTED effective as of the date first above written.

OPTIONOR:

Brownsville Navigation District
Of Cameron County, Texas

By:

Ralph Cowen, Chairman

Attested to:

By:

Secretary

OPTIONEE:

Next Decade, LLC

By:

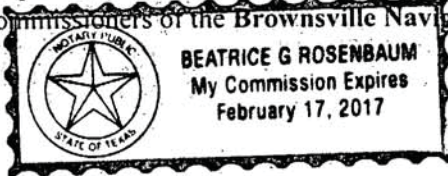
Name: KATHLEEN EISBRENNER

Its:

CEO

STATE OF TEXAS §
COUNTY OF CAMERON §

This instrument was acknowledged before me on the 4th day of March, 2015, by Ralph Cowen, in his capacity as Chairman of the Board of Navigation and Canal Commissioners of the Brownsville Navigation District of Cameron County, Texas.



Beatrice G. Rosenbaum
Notary Public in and for the State of Texas

STATE OF TEXAS §
COUNTY OF Montgomery

This instrument was acknowledged before me on the 3rd day of March, 2015, Kathleen Eisbrenner in his capacity as CEO of Next Decade, LLC.



Christine Marie Coit
Notary Public in and for the State of Texas

Exhibit A to Memorandum

EXHIBIT "A"

NEXT DECADE, LLC
METES AND BOUNDS DESCRIPTION
500.0 ACRE TRACT

November 26, 2013

BEING 500.0 ACRES of land out of Share 3, San Martin Grant, Cameron County, Texas, said 500.0 Acre Tract being more particularly described as follows:

BEGINNING at the intersection point of the U.S.E.D. Station 40+626.52 and the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, said point being the Southeast corner of the 200.0 Ft. Gayman Channel Easement, for the Southwest corner and **PLACE OF BEGINNING** of this tract;

THENCE along the East line of said 200.0 Ft. Gayman Channel Easement, North 55 deg. 54 min. 55 sec. West, 2,225.49 feet to the Northeast corner of said Gayman Channel Easement, said point being on the South Right-of-Way line of State Highway No. 48, for the Northwest corner of this tract;

THENCE along the South Right-of-Way line of said State Highway No. 48, North 57 deg. 38 min. 35 sec. East, 1,728.00 feet to a point for a corner of this tract;

THENCE South 86 deg. 49 min. 22 sec. West, 205.11 feet to a point on the South Right-of-Way line of said State Highway No. 48, for a corner of this tract;

THENCE along the South Right-of-Way line of said State Highway No. 48, North 57 deg. 38 min. 35 sec. East, 8,375.96 feet to a point for the Northeast corner of this tract;

THENCE South 55 deg. 54 min. 55 sec. East, 2,690.41 feet to a point on the North 6+00 Reference Line from the original centerline at the Brownsville Ship Channel, for the Southeast corner of this tract;

THENCE along the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, South 62 deg. 25 min. 27 sec. West, 3,647.96 feet to the point of curvature of a curve to the left for a corner of this tract;

THENCE continuing along the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel and along said curve to the left having a radius of 6,354.65 feet, a delta of 04 deg. 46 min. 52 sec. and a total length curve of 530.29 feet, to the point of tangency on the Corps of Engineers Station 34+680.76 for a corner of this tract;

THENCE continuing along the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, South 57 deg. 38 min. 35 sec. West, 5,945.76 feet to the **PLACE OF BEGINNING**, containing 500.0 Acres of land more or less.

This description is not based on an on-the-ground survey.

Exhibit B to Memorandum

EXHIBIT B

**NEXT DECADE, LLC
METES AND BOUNDS DESCRIPTION
500.0 ACRE TRACT "B"**

January 16, 2015

BEING a 500.0 Acre Tract of land out of Santa Isabel Grant, Cameron County, Texas, said 500.0 Acre Tract being more particularly described as follows:

COMMENCING at the intersection point of U.S.E.D. Station 40+626.52 and the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, said point being the Southeast corner of the 400.0 Ft. Gayman Channel Easement, thence along the North 6+00 Reference line from the original centerline of the Brownsville Ship Channel, North 57 deg. 38 min. 35 sec. East, 5,945.76 Ft. to the point of curvature of a curve to the right having a radius of 6,354.65 feet, a delta of 04 deg. 46 min. 52 sec. and a total length curve of 530.29 feet to the point of tangency for a corner, thence along the North 6+00 Reference line from the original centerline of the Brownsville Ship Channel, North 62 deg. 25 min. 27 sec. East, 3,647.96 feet for the Southwest corner and **PLACE OF BEGINNING** of this tract;

THENCE along the East line of a 500.00 Acre Tract leased to Next Decade, LLC North 55 deg. 54 min. 55 sec. West, 2,690.41 feet to a point on the South Right-of-Way of State Highway No. 48, for the Northwest corner of this tract;

THENCE along the South Right-of-Way line of said State Highway No. 48, North 57 deg. 38 min. 35 sec. East, 470.30 feet to the point of curvature of a curve to the left for a corner of this tract;

THENCE continuing along the South Right-of-Way line of said State Highway No. 48 and along said curve to the left, having a radius of 1,532.79 feet, a delta of 38 deg. 39 min. 00 sec. and a total length curve of 1,033.98 feet to the point of tangency for a corner of this tract;

THENCE continuing along the South Right-of-Way line of said State Highway No. 48, North 18 deg. 59 min. 26 sec. East, 3,229.89 feet to a point for a corner of this tract;

THENCE continuing along the South Right-of-Way line of said State Highway No. 48, North 22 deg. 08 min. 24 sec. East, 505.99 feet to a point for a corner of this tract;

THENCE South 60 deg. 24 min. 32 sec. East, 4,510.94 feet to a point for a corner of this tract;

THENCE South 31 deg. 28 min. 34 sec. East, 1,582.41 feet to a point on the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel for the Southeast corner of this tract;

THENCE along the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, South 62 deg. 25 min. 27 sec. West, 5,402.16 feet to the **PLACE OF BEGINNING**, containing 500.0 Acres of land more or less.

This description is not based on an on-the-ground survey.

Doc Bk Vol Ps
00009449 OR 20832 312

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
On: Mar 20, 2015 at 03:40P

Document Number: 00009449

By
Hilda Perez
Sylvia Garza-Perez, County Clerk
Cameron County

Lease Agreement

STATE OF TEXAS §
 §
COUNTY OF CAMERON §

THIS LEASE AGREEMENT (the "Lease" or "Agreement") between the **BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS**, a navigation district organized, created and existing under and by virtue of the laws of the State of Texas, with its domicile in Brownsville, Cameron County, Texas, hereinafter styled the "District", and **NEXTDECADE, LLC**, a Texas limited liability company with its domicile in The Woodlands, Montgomery County, Texas, hereinafter styled as "Lessee" or "NextDecade".

WITNESSETH:

The said **BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS**, does by these presents lease and demise unto the aforementioned Lessee the property described on **Exhibit A**, and as further depicted on **Exhibit A-I**, attached hereto and made a part hereof for all purposes, for a primary term of eight (8) months with options for subsequent renewal terms for a total term of up to forty-four (44) months, commencing March 6, 2017 for and upon the following terms and conditions:

I. Consideration

As consideration for this Lease and as rental for the real property making up said leased premises, the Lessee agrees to pay a rental for the eight (8) month primary term of THIRTY-NINE THOUSAND ONE HUNDRED SIXTY DOLLARS AND NO CENTS (\$39,160). Following the expiration of the primary term, Lessee agrees to thereafter pay a semi-annual rental of TWENTY-NINE THOUSAND THREE HUNDRED SEVENTY DOLLARS AND NO CENTS (\$29,370.00) (based on ten (10) acres at \$5,874 per acre per year) due and payable on or before the first day of the renewal term, during the balance of the lease term and any extension thereof. Said rent is subject to adjustment as provided in paragraph III below.

All rentals shall be paid not later than ten (10) days from the date when due; they shall thereafter bear interest at the rate of fifteen percent (15%) per annum from the date due until paid.

In the event such fifteen percent (15%) rate at any time shall be illegal or usurious under applicable law, it shall be automatically reduced to the highest lawful rate.

II. Renewal Options

Lessee is hereby granted the option during the term of this Lease, provided this Lease is then in full force and effect, and that Lessee is not in default under any of the provisions of this Lease, of extending and renewing this Lease for six (6) additional terms of six (6) months each, upon the same terms and conditions except for the rent which shall be at the standard rental rate established by the Board of Commissioners as of the commencement date of such option term. The exercise of each such option shall be by written notice to the District on or before thirty (30) days prior to the expiration of the primary or then-effective term. Failure to exercise any option shall automatically extinguish all remaining options. In no event, however, will the rent for any renewal term be lower than the rent for the primary term multiplied by a fraction, the numerator of which is the "Consumer Price Index for All Urban Consumers" published by the Bureau of Labor Statistics of the United States Department of Labor, for the South Urban area, All Items, (1982-84+100) or any renamed local index covering the metropolitan Brownsville area or any other successor or substitute index number for the first month of the renewal term and the denominator of which is the index number for March 2017. Furthermore, in no event will such an adjustment result in a reduction in the rent from the immediately preceding term. The exercise of said option shall be by written notice to the District on or before thirty (30) days prior to the expiration of the primary or applicable renewal term.

III. Rental Rate Adjustments

The District, acting through its Board of Commissioners and in the sole discretion of such Board, shall have the right to adjust the standard rental rates for land leases other than Fishing Harbor leases. Any such change shall not be applied to this Lease until the commencement of the option term following the date of rental rate adjustment.

The District agrees to give notice of the meeting at which an adjustment to rental rates will be considered and acted on and to afford Lessee an opportunity to be heard at such meeting.

IV. Purpose

It is an express condition of this Lease that the property leased hereby is for the purposes of providing support of the development, construction and operation of a natural gas liquefaction facility in Cameron County, Texas (the "LNG Facility"). This Lease may be terminated without judicial ascertainment by the District at any time Lessee discontinues the use of the premises for the purposes named, or uses the premises for a prohibited purpose, or uses such premises for any other purpose, provided that in the case of nonuse such default of said Lessee shall exist for a continuous period of ninety (90) days at any time after commencement of the operation of said described business.

V. Construction and Improvements

All construction of improvements and facilities of Lessee on the leased tract of land shall be subject to the approval of the District prior to the beginning of any construction and shall conform to the most current editions of the various applicable Standard Codes as published by the Southern Building Code Congress International and the National Electrical Safety Code as published by the National Fire Protection Association for such occupancy and facilities. The Lessee shall construct, maintain and operate its facilities on the leased property so as not to conflict with the regulations of any federal, state or municipal authority having jurisdiction thereof, nor with the rules and regulations prescribed by the District in the official Tariff of the Port of Brownsville. All private fire protection which may be installed by the Lessee shall conform in all respects to the standards of the private fire protection facilities installed and maintained by the District.

VI. Assignments

Lessee may not assign this Lease, in whole or in part, or sublet the leased premises without the written consent of the District, such consent not to be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Lessee may assign this Lease, in whole or in part, without the consent of the District, to any (i) entity that, directly or indirectly, owns or controls, is owed or controlled by, or is under common ownership or control of, Lessee, (ii) entity to whom Lessee has assigned has assigned all or substantially all of its assets, or (iii) bank, financing institution or other

lender, or groups thereof, pursuant to the terms of any financing agreements. Further, Lessee may not assign this Lease or sublet the leased premises for any use other than as stated in Paragraph IV of this Lease.

VII. Notices

All notices required hereunder shall be in English and deemed to have been served if hand delivered or sent by registered or certified mail or by commercial overnight courier, to the District at the address below or to Lessee at the address below:

To the District:

Brownsville Navigation District of Cameron County, Texas
1000 Foust Road
Brownsville, Texas 78521
Attn: Port Director/Chief Executive Officer

To Lessee:

NextDecade LLC
3 Waterway Square Place, Suite 400
The Woodlands, Texas 77380
Attn: Shaun Davison

VIII. Erection and Use of Utilities

Lessee shall have the right to erect electric lights, power, water and gas lines over and across lands belonging to the District, including the premises leased herein, incidental to the rights and privileges herein given, and shall have the further right to connect said lines to main lines maintained by the District; provided and except, however, that the rights in this paragraph defined shall be, and the same are, specifically made subject to the following conditions and restrictions:

1. The location and construction by Lessee of all or any of said lines shall be subject to the approval of the District and after the same are installed, no change shall be made without the written consent of the District.

2. The District may at any time require a change in location of any wires, poles, water or gas mains or pipelines, accessories or other facilities laid on or across any land or facilities of the District other than the leased premises, if it is deemed by the District necessary that the same be changed, by giving Lessee thirty (30) days' written notice of such requirements, and such changes so made shall be at the cost and expense of Lessee; provided such right shall not be exercised arbitrarily by the District, but only when such action is made necessary for improvements then on said property or the construction thereof being immediately contemplated, and provided that, where any changes are required to be made under this provision, the District shall furnish Lessee with a new location therefor; such new location to be the most convenient and direct available at such time.

3. Lessee agrees to pay the District for all water used and all applicable standby charges, at rates customarily charged to other industries on the District's property. In the event Lessee fails to pay such charges, District shall have the right to discontinue Lessee's utility services in accordance with the District's "Port Service Discontinuation Policy." The District shall have no obligation to restore service until Lessee pays all charges owed to the District by Lessee, including without limitation all current and past due rent.

4. Connection to the District's water main must be of standard installation, installed to the satisfaction of the District, and with a meter of adequate size properly operating and equipped with a check valve. The meter shall be furnished by Lessee and installed immediately at the point of connection with District's main.

5. All electrical and power line connections, extensions and installations are to be made in accordance with the rules and regulations of the National Electrical Safety Code.

6. Lessee agrees to pay to the District as and when they accrue, wharfage, port, harbor, and other charges for the use of its facilities at the rates published in the District's then effective official Port Tariff containing authorized rates, rules, and regulations governing the Brownsville Ship Channel and its publicly-owned wharves, piers, and docks, as well as other lawful charges incurred to the District by reason of Lessee's operations on the demised premises. In addition, Lessee agrees to report any and all cargos loaded or unloaded to or from the docks at the lease site as required in the Port of Brownsville Tariff No. 6 in writing to the Harbormaster's Office upon immediate arrival or departure of the vessel as required of the shipping agents and other Port

lessees. In the event Lessee undertakes loading or unloading cargos for a third party, not Lessee's own cargo or cargo belonging to a parent, sister, or subsidiary of Lessee, Lessee shall be required to obtain a stevedore license before any operations can occur. All Tariff rates apply to any activity on the demised premises, including but not limited to wharfage.

7. In the event that Lessee's activities involve aboveground and/or underground petroleum storage tank facilities, bulk transfer operations or marine transfer facilities, the Lessee agrees to abide by the rules listed in subparagraph A below. In addition, copies of applicable permits, applications, notifications and related documentation shall be maintained at the Lessee's office and upon request be made available to the District for inspection and copying as necessary.

A. All Lessees having aboveground and/or underground petroleum storage tank facilities, bulk transfer operations or marine transfer facilities shall:

1. Install, register, operate and maintain all aboveground and underground petroleum and chemical storage tanks and related appurtenances in bulk transfer operations or marine transfer facilities, in accordance with applicable federal, state and local regulations, including the Clean Water Act, National Contingency Plan, Oil Pollution Act, 40 Code of Federal Regulations (CFR) Parts 112, 280, and 300, 33 CFR Part 154, and 30 Texas Administrative Code (TAC) Chapter 334.

2. Develop and implement a Spill Prevention, Control, and Countermeasure Plans (SPCC) for the facility prepared in accordance with federal, state and local regulations, as applicable, including 40 CFR Part 112, and provide a copy of the SPCC to the District.

3. Develop and implement an Oil Spill Response Plan (OSRP) for the facility prepared in accordance with federal, state and local regulations, as applicable, including 33 CFR Part 154, and provide a copy of the OSRP to the District.

4. Develop and implement a Storm Water Pollution Prevention Plan (SWPPP), and Notice of Intent (NOI) registration for the facility prepared in accordance with federal, state and local regulations, as applicable, including the Environmental Protection Agency National Pollution Discharge Elimination

System (NPDES – 40 CFR Part 122) and Texas Pollution Discharge Elimination System programs, and provide a copy of the SWPPP and NOI to the District.

5. For existing petroleum storage tank facilities provide a copy of the applicable registration information, construction and spill/pollution prevention plans to the District upon submittal to the appropriate agency. For new or proposed petroleum storage tank facilities, the applicable registration information, construction and spill/pollution prevention plans shall be provided to the District prior to the beginning of construction.

6. In the event of a spill or release, the Lessee shall comply with all applicable federal, state and local reporting, investigation and remediation requirements, including 30 TAC Chapter 334 and 30 TAC Chapter 350.

B. In addition, for facilities in which a reportable spill has occurred, the Lessee agrees to install groundwater monitoring wells to assess potential environmental impacts to subsurface soils and groundwater to the extent required by applicable law or regulation. A total of up to four (4) monitoring wells shall be installed on the perimeter of the potentially affected facility or area and shall be placed at strategic locations to define the potential extent and migration of contaminants. Wells shall be constructed to comply with current USEPA standards for monitoring wells.

The wells shall be fully developed upon installation. Lessee shall monitor the groundwater when the wells are developed and once a year thereafter; the annual sampling results must be submitted to the District within thirty (30) days following receipt of reports. Parameters to be typically analyzed shall include TPH (Total Petroleum Hydrocarbons), PAH (Polynuclear Aromatic Hydrocarbons), and total Lead (Pb) for all facilities. In addition, BETX (Benzene, Ethylbenzene, Toluene and Xylene) shall also be included in the analysis for all facilities handling crude oil and light distillates. Other parameters may be requested to be analyzed depending on the characteristics of the material released. Facilities handling Hazardous Materials, as defined by USDOT regulations in 49 CFR 100-199 (subpart C) shall also install groundwater monitoring wells as described above, and shall monitor for all chemicals stored in tanks with a capacity in excess of five hundred (500) gallons.

C. The District has the right to conduct environmental audits and assessments as deemed necessary. For this purpose, the District has the right to access the site and premises to conduct the necessary field activities. Field activities may include, but are not limited to, soil sampling, monitoring well installation(s), groundwater and effluent discharge sampling, stack testing, etc. At the request of the District, the Lessee shall provide to the District documentation regarding environmental reports, notices, and permits that may be applicable to the facility as part of regulatory compliance. The District will provide a twenty-four (24) hour advance notification to the Lessee of the intention to conduct the environmental audits and assessments and will coordinate all efforts with the Lessee so as not to interfere with any operations on the leased premises.

IX. Default

If any of the rent or other sums of money to be paid by Lessee shall not be paid as and when the same becomes due or if Lessee shall default in the performance of any of the other agreements, conditions, covenants or terms herein contained, or if Lessee shall abandon the premises as described in Paragraph IV; or if a petition or answer for reorganization of Lessee or the then owner of Lessee's interest hereunder shall be filed; or if Lessee or the then owner of Lessee's interest hereunder shall make a general assignment for the benefit of creditors, or shall take any benefit under any insolvency or bankruptcy act, or have a receiver or trustee or other fiduciary appointed for its property; or if Lessee's leasehold interest shall be taken on execution or other process of law; or if this Lease or the estate of Lessee hereunder shall be transferred or passed to or devolve upon any other person, firm, association or corporation except in the manner provided hereunder; then and in any of said events, District shall have the right to terminate this Lease and the term hereby granted, as well as the right, title and interest of Lessee hereunder; provided, however, that the District shall first give Lessee thirty (30) days' notice in writing of such default, specifying in particularity the nature of the default, and shall give Lessee the opportunity to cure such default within such thirty (30) day period. If Lessee should fail to cure such default within such thirty (30) day notice period, the District may terminate this Lease; and it is agreed that upon the expiration of the term fixed in such notice, if the nonpayment, default or other cause of termination specified in such notice shall not have been made good or removed, this Lease and the term hereby granted and created, as well as all the right,

title and interest of Lessee hereunder shall, at the option of the District, terminate in the same manner and with the same force and effect as if the expiration of time in such notice were the end of the term herein originally demised; and the District may immediately, or at any time thereafter, and without further notice or demand, enter into and upon said premises, or any part thereof, in the name of the whole, and repossess the same as of its first and former estate and expel the Lessee and those claiming under it, and remove its effects (forcibly, if necessary) without being taken or deemed guilty of any manner of trespass, and without prejudice to any remedies which might be otherwise used for arrears of rent or preceding breach of covenants. Notwithstanding the termination of this Lease and possession regained by the District, Lessee will indemnify District against all loss of rent which may accrue to District by reason of such termination during the remainder of the Lease term. Lessee specifically agrees that this paragraph supersedes its rights under Section 93.002 of the Texas Property Code.

In the event the District does not exercise the right hereinabove given it, it may accept rent from the receiver, trustee or other officer in possession thereof for the term of such occupancy without impairing or affecting in any way the right of the District against Lessee hereunder. Any neglect or failure to enforce the right of forfeiture of this Lease or re-entry upon breach of any of the conditions, covenants, terms and agreements herein contained, shall not be deemed a waiver of such right upon any subsequent breach of any such or any other condition, covenant, term and/or agreement herein contained.

It is understood and agreed that no part of the time of the discontinuance or cessation in operation referred to in Paragraph IV which is caused by the interference of *force majeure* such as military authorities, strikes, floods, fires, navigation hazards, embargoes, or limitations on production instituted by state, national or local authorities, or any other act not within the control of either party hereto, shall be counted in the ninety (90) day period mentioned in said Paragraph IV.

X. Termination

This Lease shall immediately terminate upon the execution by Lessee and the District of any new lease agreement which includes and incorporates the leased premises as part of a larger tract of land that surrounds or is adjacent to the leased premises (the "**Rio Grande Lease**"). Should

this Lease terminate in accordance with execution by the Parties of the Rio Grande Lease, Lessee will be entitled to a pro-rated credit of the rental paid pursuant to this Lease, to be applied against the rental fee agreed to by the Parties pursuant to the terms of the Rio Grande Lease.

XI. Removal of Improvements

If the Lessee complies with all the conditions or covenants of this Lease, upon the expiration of the term of this Lease, Lessee shall have the right for a period of up to thirty (30) days from the date of said expiration, and not thereafter, to remove all of its improvements of every kind and character, except all water mains, gas mains, railroad tracks, power lines, fences, wharves or bulkheads, which are hereby agreed shall become the property of the District upon said expiration, cancellation or forfeiture, from the leased premises; provided, however, that the leased premises shall be restored to their present condition after the removal of said improvements, all excavations, (except slips) filled and all refuse of every kind and character removed from said premises. Until such removal and restoration is completed, Lessee shall pay to the District on a month-to-month basis the then current rental for the premises. Such rental shall be due monthly in advance and Lessee shall pay a full month's rental for any fraction of a month during which it completes such removal and restoration. Notwithstanding the foregoing, Lessee shall have no obligation to remove any of its improvements of any kind if this Lease is terminated pursuant to the provisions of Article X.

In the event of the breach of any such conditions or covenants, and after the revocation or forfeiture of this Lease by the District as in Article IX provided, all improvements owned by Lessee and placed upon the premises shall be considered as part of the real estate and shall become the property of the District.

XII. Payment of Taxes and Assessments

Lessee shall pay all taxes and assessments legally levied and assessed against its leasehold interest and its improvements on said property during the term of this Lease and any extension thereof before such taxes and assessments become delinquent. If Lessee, by legal proceedings, contests the legality of same, such taxes and assessments shall be promptly paid upon the judicial determination thereof.

XIII.
Condition of the Property, Indemnity, and Insurance Coverage

Lessee shall keep buildings, improvements, sidewalks, roads and passageways, if any, on or over said leased premises in good repair, and shall indemnify and hold harmless the District against any and all claims, damages, liabilities, costs (including reasonable engineering and/or attorneys' fees) arising out of, in connection with, or incident to any act or omission or condition (excluding the negligent, reckless or intentional acts of the District or its agents or employees) in connection with the ownership, operation, maintenance or repairs of the premises covered by the Lease including any additions to or extensions of the same. Lessee agrees to repair any damage, reasonable wear and tear alone excepted, to the District's road contiguous to the leased premises caused by tank trucks conveying petroleum products to or from the leased premises.

Lessee accepts the leased premises in their present condition, "as-is," such premises being currently suitable for Lessee's intended use.

Lessee shall keep in full force and effect Bodily Injury Liability, Property Damage Liability covering its operations to be carried out upon or in connection with this Lease and Pollution Control Insurance covering third party bodily injury and property damage plus on-site remediation and clean up expenses, and without a terrorism exclusion. Lessee shall also carry replacement cost Fire and Extended Coverage Insurance on all improvements to the leased premises owned by the District and leased to Lessee. The policy or policies shall name the District as additional insured and contain a clause that the insurance will not be canceled or changed without giving the District thirty (30) days prior written notice. Certificates of insurance shall be furnished to the District. The limits of liability and other insurance policy particulars required are attached hereto as **Exhibit B** and incorporated by reference.

XIV.
Rights-Of-Way and Easements

The District reserves the right to have rights-of-way and easements on, over and across the premises for underground water lines, pipelines, power lines, telegraph and telephone lines, necessary or proper for the purposes of developing and serving lands adjacent to the tract leased by the Lessee; said rights-of-way and easements, however, to be so located and said water lines, pipelines, power lines, telegraph and telephone lines so constructed and maintained as not to impair or interfere with

any of the existing or anticipated improvements on said tract leased by the Lessee, or with the maintenance or operation thereof.

**XV.
Construction and Maintenance, Deposit**

In construction of its improvements on the leased premises and in its operation and maintenance of said improvements and the conduct of its business thereon, Lessee agrees and hereby obligates itself to conform to and be bound by the following:

1. No building or other similar improvements shall be constructed within twenty (20) feet from the theoretical top of all bank lines and all road right-of-way lines, nor within ten (10) feet from all other property lines.

2. All septic systems installed on said leased premises shall be subject to the approval of the District's Engineer and the County Health Officer of Cameron County, Texas.

3. All waste water, rain water, etc., not containing noxious, odorous or otherwise harmful substances may be disposed of through direct underground drains into the basin, except that such drains must leave the bank at least 8" below the top line of rip rap rock to prevent erosion of the bank. In no event shall any such drain water be shunted or passed over banks of the harbor, nor shall any noxious, odorous or otherwise harmful substance be discharged into such harbor or basin.

4. Lessee agrees to connect its septic system to any sanitary sewer system constructed by the District for the purpose of serving the leasehold, among other lands, and paying the District its customary charge for such sewer service.

5. Lessee agrees to maintain and return the leased premises in a clean and well maintained condition. All fences will be kept in good repair, grass mowed, and all scrap metal, trash or other litter removed.

6. Lessee agrees to return the leased premises in the same condition as Lessee received them, ordinary wear and tear excepted, and except for any improvements or remediation required of Lessee by this Lease. At a minimum, Lessee shall return the premises to a condition complying with federal, state and local regulations, including 30 TAC Chapter 350, with concurrence from the Port as to the specific standard. A security deposit of FOURTEEN

THOUSAND SIX HUNDRED EIGHTY-FIVE DOLLARS AND NO CENTS (\$14,685.00) will be required to be submitted to the District by Lessee upon execution of this Lease. An inspection of the premises will be conducted prior to occupancy and upon termination of the Lease unless the Lease is terminated pursuant to Article X, in which case no inspection is required. The District will conduct the inspections, but Lessee will be permitted to have a representative present. In the event that any of the leased premises is not returned in the proper condition as defined above, the District will have the right to use any or all of the deposit to restore the condition of the items in question. The District does not release the Lessee from liability for the condition of the items in question nor does it limit its right of recovery of the security deposit.

XVI. Security Interest in Personal Property

In addition to the District's statutory lien, the District shall have at all times a valid security interest to secure payment of all rentals and other sums of money becoming due hereunder from Lessee, and to secure payment of any damages or loss which the District may suffer by reason of the breach by Lessee of any covenant, agreement or condition contained herein, upon all goods, wares, equipment, fixtures, furniture, improvements and other personal property of Lessee currently or which may hereafter be situated on the premises, and all proceeds therefrom, and such property shall not be removed therefrom without the consent of the District until all arrearages in rent, as well as any and all other sums of money then due to the District hereunder shall first have been paid and discharged and all the covenants, agreements and conditions hereof have been fully complied with and performed by Lessee. Upon the occurrence of an event of default by Lessee, the District may, in addition to any other remedies provided herein, after giving thirty (30) days' notice of the intent to take possession and giving an opportunity for a hearing thereon, enter upon the premises and take possession of any and all goods, wares, equipment, fixtures, furniture, improvements and other personal property of Lessee situated on the premises, without liability for trespass or conversion, and sell the same at public or private sale, with or without having such property at the sale, after giving Lessee reasonable notice of the time and place of any public sale or of the time after which any private sale is to be made, at which sale the District or its assigns may purchase unless otherwise prohibited by law. Unless otherwise provided by law, and without intending to exclude any other manner of giving Lessee reasonable notice, the requirement of reasonable notice shall be met if such notice is given at least ten (10) days before the actual time

of sale. The proceeds from any such disposition, less any and all expenses connected with the taking possession, holding and selling of the property (including reasonable attorneys' fees and other expenses), shall be applied as a credit against the indebtedness secured by the security interest granted in this section. Any surplus shall be paid to Lessee or as otherwise required by law, and the Lessee shall pay any deficiencies forthwith. Upon request by the District, Lessee agrees to execute and deliver to the District a financing statement in form sufficient to perfect the security interest of the District under the provisions of the Uniform Commercial Code in force in the State of Texas. The statutory lien for rent is not hereby waived, the security interest herein granted being in addition and supplementary thereto. Anything to the contrary notwithstanding, said security interest shall be subject and subordinate to a security interest granted by the Lessee to a third party in and to any property owned by Lessee and located upon the leased premises ("Lessee's Property") to the extent such security interest was granted for the purpose of securing payment (i) to the Seller for the purchase price paid by Lessee for Lessee's Property or any portion of such purchase price, or (ii) to a lender advancing funds for such purchase price or any portion of such purchase price or for the construction of improvements upon the leased premises by Lessee.

XVII. Compliance with Tariff and Regulations

Lessee agrees to comply with all provisions of the official Tariff of the Port of Brownsville as it now exists or hereafter may be amended. In the event of a conflict between the provisions of this Lease and the provisions of such Tariff, the provisions of the Tariff shall control. Lessee further recognizes that the Port of Brownsville is considered a "waterfront facility" within the meaning of the Marine Transportation Safety Act and regulations promulgated thereunder; that the provision of said Act and regulations require District to adopt and enforce a "Facilities Security Plan;" and that the provisions of said Act, regulations, or plan may restrict access to the leased premises.

XVIII. Representations

The District expressly represents and warrants that it is the sole owner of the leased premises, that it has the full right, power and authority to make this Lease, and that no other person

needs to join in the execution thereof in order for the Lease to be binding upon all parties having an interest in the leased premises.

Lessee represents and warrants that it is duly formed and in good standing, and has full power and authority to enter into this Lease and has taken all action necessary to carry out the transaction contemplated herein, so that when executed, this Lease constitutes a valid and binding obligation enforceable in accordance with its terms. Lessee shall provide the District with resolutions or other proof in a form acceptable to the District, authorizing the execution of this Lease at the time of such execution.

XIX.

Enforcement of District Rights and Attorney Fees

In the event Lessee breaches any of the terms of this Lease, whereupon the District employs attorneys to protect or enforce its rights hereunder, or in the event Lessee files a petition in bankruptcy and the District employs attorneys to protect its rights, then Lessee agrees to pay the District's reasonable attorneys' fees if Lessee is found to be in default in any such enforcement action.

XX.

Hazardous Materials and Remediation Work

As used in this article, the term "Hazardous Materials" means any hazardous or toxic substances, materials or wastes, including, but not limited to, those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 C.F.R. 172.101) or by the Environmental Protection Agency as hazardous substances (40 C.F.R. Part 302) and amendments thereto, or substances, materials and wastes which are or become regulated under any applicable local, state or federal law, rule, or regulation, including, without limitation, any material, waste or substance which is: (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls; (iv) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. 251, et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. 1317); (v) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., (42 U.S.C. 6903); or (vi) defined as a "Hazardous Substance" pursuant to Section 101 of the

Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601, et seq. (42 U.S.C. 9601).

Lessee covenants and agrees from the date hereof, and as long as the provisions of this Lease shall remain in effect, to remove from the leased premises, if and as required by law, any Hazardous Materials placed in or on the leased premises by Lessee, its agents, its employees or its independent contractors, and to comply in all respects with all federal, state and local governmental laws and regulations governing such removal. Lessee promises to give notice to the District of any claim, action, administrative proceeding (including, without limitation, informal proceedings), or other demand by any governmental agency or other third party involving the existence of Hazardous Materials on the leased premises, and copies of any notice of any releases of Hazardous Materials given by Lessee pursuant to any law, rule or regulation, and any report of and response to any such incident.

Lessee agrees to indemnify, pay and protect, defend and save the District harmless from and against any and all claims (including, without limitation, third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims), interest, or losses, including reasonable attorneys' and paralegals' fees and expenses, consultant fees, and expert fees, together with all other costs and expenses of any kind or nature (collectively, the "Costs") that arise directly or indirectly from or in connection with the release or suspected release by Lessee or its agents, its employees or its independent contractors of any Hazardous Materials in or into the air, soil, ground water, or surface water at, on, about, under, or within the leased premises, or any portion thereof, or elsewhere in connection with Lessee's operations on or in connection with the leased premises. The indemnification provided in this Lease shall specifically apply to and include claims or actions brought by or on behalf of employees of Lessee. In the event the District shall suffer or incur any such costs, Lessee shall pay to the District the total of all such costs suffered or incurred by the District upon demand therefor by the District. Without limiting the generality of the foregoing, the indemnification provided in this Lease shall specifically cover costs, (including capital, operating and maintenance costs), incurred in connection with (1) any investigation or monitoring of site conditions, (2) any cleanup, containment, remedial, removal, or restoration work required or performed by any federal, state or local government agency or

political subdivision or performed by any nongovernmental entity or person because of the presence, suspected presence, release, or suspected release of any Hazardous Material in or into the air, soil, ground water, or surface water at, on, about, under, or within the leased premises or any portion thereof, or elsewhere in connection with Lessee's operations on or in connection with the leased premises and (3) any claims of third parties for loss or damage due to such Hazardous Materials.

In the event Lessee is required to conduct or perform any investigation or monitoring of site conditions for any cleanup, containment, restoration, removal or other remedial work (collectively the "Remedial Work") under any applicable federal, state or local law or regulation, by any judicial order or by any governmental entity, or in order to comply with any agreements affecting the leased premises because of or in connection with any occurrence or event described in this Lease, Lessee shall perform or cause to be performed the Remedial Work in compliance with such law, regulation, order or agreement; provided that Lessee may withhold such compliance pursuant to a good faith dispute regarding the application, interpretation, or validity of the law, regulation, order or agreement, subject to the requirements of the following paragraph. All Remedial Work shall be performed by one or more contractors selected by Lessee and approved in advance in writing by the District, and under the supervision of a consulting engineer selected by Lessee and approved in advance in writing by the District. All costs and expenses of such Remedial Work shall be paid by Lessee, including, without limitation, the charges of such contractors and/or the consulting engineer, the District's reasonable attorneys and paralegals' fees and costs incurred in connection with monitoring or review of such Remedial Work. If Lessee shall fail to timely commence or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, the District may, but shall not be required to, cause such Remedial Work to be performed, and all costs and expenses thereof or incurred in connection therewith shall be Costs within the meaning of this Lease. All such Costs shall be due and payable upon demand therefor by the District.

Lessee shall be permitted to contest or cause to be contested, subject to compliance with the requirements of this paragraph, by appropriate action any Remedial Work requirement, and the District shall not perform such requirement on its behalf, so long as Lessee has given the District written notice that Lessee is contesting or shall contest or cause to be contested the

application, interpretation, or validity of the governmental law, regulation, order or agreement pertaining to the Remedial Work by appropriate proceedings conducted in good faith with due diligence; provided that such contests shall not subject the District or any assignees of the District's interest in the leased premises to civil liability and does not jeopardize any such parties' interest in the leased premises. Lessee shall give such security or assurances as may be reasonably required by the District to insure compliance with the legal requirements pertaining to the Remedial Work (and payment of all Costs in connection therewith) and to prevent any sale, forfeiture, or loss by reason of such nonpayment or noncompliance.

In addition, promptly after termination of this Lease Lessee shall perform, at its sole expense, an environmental site assessment reasonably acceptable to the District to determine the extent, if any, of contamination of the Premises and shall, at its sole expense, clean up, remove, and remediate (i) all Hazardous Substances in, on, or under the leased premises, (ii) any petroleum in, on, or under the leased premises in excess of allowable levels, and (iii) all contaminants and pollutants in, on, or under the leased premises that create or threaten to create a substantial threat to human health or the environment and that are required to be removed, cleaned up, or remediated by any applicable federal, state, or local statute, regulation, standard, or order. This obligation does not apply to a Release of Hazardous Substances, pollutants, contaminants, or petroleum caused solely by the act or omission of a third party other than an employee or agent of Lessee or a person having a contractual relationship to Lessee, provided that Lessee can establish that it exercised due care to prevent such act or omission of a third party or to minimize the damages therefrom, as provided in 42 U.S.C. § 9607(b) (3) (1988). Notwithstanding the foregoing, in the event this Lease is terminated pursuant to Article X, Lessee shall not be required to perform or pay for an environmental site assessment.

XXI.

Liens Filed Against the Leased Premises

If any contractor, subcontractor, or anyone else who may furnish any material, service or labor to Lessee files any lien against the leased premises for work performed or materials furnished or obligations incurred by or on behalf of Lessee, Lessee within thirty (30) days after notice from the District thereafter shall cause the lien to be discharged or satisfied of record by payment or bond or in any manner pursuant to law. Lessee agrees to indemnify, defend and hold harmless the

District against any and all loss, liability, costs, damage, reasonable attorney fees, and expenses incurred by reason of any such lien.

XXII.

Successors and Assigns; Severability; No Waiver; No Third-Party Beneficiaries

1. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the District and Lessee, and their respective legal representatives, successors and assigns, including, without limitation, any assignee or purchaser of all or any portion of the District's interest in the leased premises.

2. The parties hereto agree that no partnership, agency, joint venture, employment, or fiduciary relationship shall be deemed to exist or arise between them with respect to this Agreement.

3. If any term or provision of this Agreement or any application thereof shall be found by a court of competent jurisdiction to be invalid, illegal, or unenforceable, that term or provision will be modified to the extent necessary to make it valid and enforceable and if it cannot be so modified, it shall be deemed deleted and the remainder of this Agreement shall continue and remain in force and effect.

4. No delay or omission in exercising any right hereunder shall operate as a waiver of such right or any other right. The provisions of this sub-paragraph shall survive the termination or expiration of this Lease.

5. Notwithstanding anything to the contrary set forth in this Agreement, there are no third-party beneficiaries to this Lease.

XXIII.

Governing Law and Venue, Waiver of Jury Trial; Waiver of Consequential Damages; Litigation Expenses

1. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO CONFLICTS OF LAW RULES THAT WOULD OTHERWISE DIRECT THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION. EACH OF THE PARTIES HEREBY SUBMITS TO THE JURISDICTION OF THE UNITED STATES**

DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS AND OF ANY TEXAS STATE DISTRICT COURT SITTING IN CAMERON COUNTY, TEXAS FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

2. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT.

3. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, SPECIAL OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES ARISING OUT OF ACTIONS UNDER THIS AGREEMENT EITHER BY STATUTE, IN TORT OR IN CONTRACT.

4. Should litigation be instituted to enforce any provision hereof, the prevailing party shall be entitled to recover all reasonable costs of such successful litigation, including reasonable attorneys' fees.

XXIV.

Miscellaneous

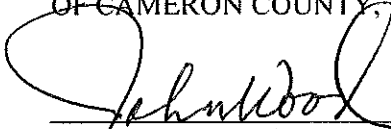
1. This instrument contains the entire agreement between the parties hereto, and neither party shall be bound by any representation or agreement, oral or written, made by either party or any of their agents, representatives or employees, not set forth herein.

2. This Agreement may be executed in counterparts, each of which shall be deemed to be the original instrument for all purposes, but all of which taken together will constitute only one agreement. A facsimile transmission, electronic transmission of a portable document format

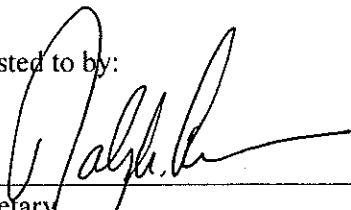
(.pdf) or photocopy of an executed counterpart of this Agreement will have the same force and effect as an executed original counterpart of this Agreement.

IN WITNESS WHEREOF, said BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS and said NEXTDECADE LLC have each caused these presents to be executed by its proper officers thereunto duly authorized on this 8 day of March, 2017.


BROWNSVILLE NAVIGATION DISTRICT
OF CAMERON COUNTY, TEXAS


Name: John Wood
Title: Chairman, Board of Commissioners

Attested to by:


Secretary

NEXTDECADE, LLC


Name: Kathleen Eisbrenner
Title: Chief Executive Officer

STATE OF TEXAS §
 §
COUNTY OF CAMERON §

This instrument was acknowledged before me on the 8th day of March, 2017 by JOHN WOOD, in his capacity as Chairman of the Board of Commissioners of the BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS.



Beatrice G. Rosenbaum
Notary Public in and for the State of Texas

STATE OF TEXAS §
 §
COUNTY OF Montgomery §

This instrument was acknowledged before me on the 8th day of March, 2017 by KATHLEEN EISBRENNER, in her capacity as Chief Executive Officer of NextDecade, LLC.



Christine Marie Coit
Notary Public in and for the State of Texas

Exhibit A
Legal Description of the Premises

EXHIBIT "A"
NEXTDECADE, LLC
METES AND BOUNDS DESCRIPTION
10.0 ACRE TRACT

March 7, 2017

BEING 10.0 ACRES of land out of Share 3, San Martin Grant, Cameron County, Texas, and said 10.0 Acre Tract being more particularly described as follows:

BEGINNING at the intersection point of USACE Station 40+516.95 and the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, said point being the Southeast corner of the 400.0 Ft. Gayman Channel Easement, for the Southwest corner and **PLACE OF BEGINNING** of this tract;

THENCE along the East line of a 400.0 Gayman Channel Easement, North 56 deg. 28 min. 24 sec. West 2235.14 feet to the Northeast corner of said Gayman Channel Easement, said point being on the South Right-of-Way of State Highway No. 48, for the Northwest corner of this tract;

THENCE along the South Right-of-Way line of said State Highway No. 48, North 57 deg. 37 min. 50 sec. E, 213.50 feet to a point for the Northeast corner of this tract;

THENCE South 56 deg. 28 min. 24 sec. East, 2,235.20 feet to a point on the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, for the Southeast corner of this tract;

THENCE along the North 6+00 Reference Line from the original centerline of the Brownville Ship Channel, South 57 deg. 38 min. 45 sec. West, 213.53 feet to the **PLACE OF BEGINNING**, containing 10.0 Acres of land more or less.

This description is not based on an on the ground survey.

Exhibit A-1
Aerial Depiction of the Premises



2016 Distressed Counties

County	2016 Distressed County	2010 Decennial Adults without High School Diploma or Equivalent					2012 Unemployment Rate					2011 Unemployment Rate				
		2010 Decennial Population	2010 Decennial Poverty	2010 Decennial School Diploma or Equivalent	2015 Unemployment Rate	2014 Unemployment Rate	2013 Unemployment Rate	2012 Unemployment Rate	2011 Unemployment Rate	2010 Decennial Population	2010 Decennial Poverty	2010 Decennial School Diploma or Equivalent	2015 Unemployment Rate	2014 Unemployment Rate	2013 Unemployment Rate	2012 Unemployment Rate
Anderson	no	58,458	16.50%	25.20%	4.00%	4.80%	7.20%	7.70%	9.10%							
Andrews	no	14,756	17.10%	27.30%	3.50%	2.90%	3.70%	3.70%	5.00%							
Angellina	no	86,771	17.80%	22.00%	5.60%	5.20%	6.30%	6.70%	7.70%							
Aransas	no	23,158	17.40%	14.80%	5.10%	5.50%	6.10%	6.10%	8.00%							
Archer	no	9,054	10.00%	16.00%	4.40%	4.50%	4.90%	4.90%	5.90%							
Armstrong	no	1,901	10.70%	8.50%	2.70%	3.20%	4.10%	4.80%	4.90%							
Atascosa	no	44,911	18.80%	26.20%	4.80%	4.90%	6.20%	6.60%	7.90%							
Austin	no	28,417	8.80%	18.80%	4.60%	4.70%	5.80%	6.00%	8.20%							
Bailey	no	7,165	17.30%	26.60%	4.30%	5.10%	6.90%	6.60%	7.30%							
Bandera	no	20,485	18.40%	11.00%	4.00%	4.70%	5.50%	6.00%	6.80%							
Bastrop	no	74,171	14.10%	19.40%	3.90%	4.80%	6.10%	6.40%	7.80%							
Baylor	no	3,726	17.30%	15.30%	3.60%	4.30%	4.90%	4.30%	5.80%							
Bee	yes	31,861	19.00%	30.50%	6.30%	5.70%	6.50%	7.00%	8.60%							
Bell	no	310,235	14.10%	11.40%	4.70%	5.80%	7.00%	7.30%	8.00%							
Bexar	no	1,714,773	16.90%	18.60%	3.80%	4.70%	6.00%	6.60%	7.60%							
Blanco	no	10,497	11.70%	11.70%	3.10%	3.70%	5.00%	5.50%	6.10%							
Borden	no	641	4.30%	14.90%	2.90%	3.10%	3.10%	3.00%	3.90%							
Bosque	no	18,212	16.20%	19.90%	4.50%	5.20%	6.60%	7.40%	8.50%							
Bowie	no	92,565	16.80%	16.50%	4.80%	6.30%	7.20%	6.80%	7.70%							
Brazoria	no	313,166	10.60%	15.70%	4.60%	5.00%	6.60%	7.00%	8.60%							
Brazos	no	194,851	29.70%	15.50%	3.40%	4.90%	5.30%	5.50%	6.40%							
Brewster	no	9,232	16.50%	19.80%	4.00%	4.70%	5.30%	4.70%	5.30%							
Briscoe	no	1,637	19.90%	19.00%	3.80%	4.30%	6.50%	6.30%	6.80%							
Brooks	yes	7,223	34.00%	46.30%	10.00%	7.60%	7.00%	7.10%	8.90%							
Brown	no	38,106	16.20%	18.30%	4.40%	5.10%	5.70%	6.00%	7.20%							
Burleson	no	17,187	13.50%	23.20%	4.40%	4.70%	6.10%	6.00%	6.80%							
Burnet	no	42,750	13.70%	16.50%	3.70%	4.20%	5.00%	5.40%	6.20%							
Caldwell	no	38,066	19.60%	24.40%	4.30%	5.10%	6.70%	7.00%	8.50%							
Calhoun	no	21,381	16.30%	21.80%	3.90%	4.80%	6.30%	7.00%	9.10%							
Callahan	no	13,544	13.90%	13.70%	4.30%	4.40%	4.90%	5.10%	6.20%							
Cameron	yes	406,220	34.70%	37.70%	7.10%	8.30%	10.10%	10.50%	11.80%							
Camp	no	12,401	20.40%	25.30%	6.20%	6.00%	7.10%	7.70%	8.80%							
Carson	no	6,182	5.70%	12.10%	3.20%	3.30%	4.50%	4.50%	5.00%							
Cass	no	30,464	19.30%	17.70%	6.90%	7.60%	9.20%	9.10%	10.60%							
Castro	no	8,062	23.30%	31.90%	3.50%	4.00%	5.50%	5.10%	5.70%							
Chambers	no	35,096	10.50%	15.20%	5.30%	5.70%	7.00%	7.70%	8.90%							
Cherokee	yes	50,845	22.40%	25.80%	5.20%	5.80%	7.50%	7.70%	8.90%							
Childress	no	7,041	16.20%	17.90%	3.20%	3.70%	5.20%	5.30%	6.10%							
Clay	no	10,752	11.70%	10.80%	4.40%	4.60%	5.10%	5.10%	6.10%							
Cochran	yes	3,127	24.90%	33.50%	5.10%	5.20%	7.00%	7.70%	9.00%							
Coke	no	3,320	15.10%	13.70%	4.10%	4.20%	6.20%	6.20%	7.00%							
Coleman	no	13,544	29.40%	22.20%	5.60%	6.00%	6.00%	5.90%	7.10%							

