

CAMERON COUNTY, TEXAS
CHAPTER 312, TAX CODE TAX ABATEMENT
AGREEMENT WITH
RIO GRANDE LNG, LLC FOR TRAINS 1 & 2

THIS TAX ABATEMENT AGREEMENT FOR TRAINS 1 & 2 (“**Agreement**”), dated this 3rd day of October, 2017 is entered into by and between Rio Grande LNG, LLC, a Texas limited liability company (the “**Company**”) and the County of Cameron, Texas, acting by and through its County Judge or his designee (the “**County**”).

WHEREAS, the County adopted Resolution No. 2016R12073 governing Chapter 312 tax abatement agreements and Chapter 381 economic development grant programs within the County on December 13, 2016, and amended by Resolution No. 2017R09073 adopted on September 5, 2017 and this Agreement is consistent with such Resolutions and applicable state laws, including Chapter 312 of the Texas Tax Code;

WHEREAS, the aforementioned resolutions set forth Guidelines and Criteria governing Chapter 312 tax abatement agreements and Chapter 381 economic development grant agreements within the County (the “**Guidelines**”) and this Agreement is consistent with the Guidelines;

WHEREAS, the County has been duly designated as an Enterprise Zone pursuant to Chapter 2303 of the Texas Local Government Code and consistent with Section 312.4011 of the Texas Tax Code (the “**Enterprise Zone**”);

WHEREAS, the Chapter 312 tax abatement program established by the Guidelines was created by the County to assist companies in establishing operations in the County to provide economic benefits to the County, stimulate increased economic activity, and provide job opportunities for residents of the County;

WHEREAS, Company submitted an application for tax abatement to the County concerning contemplated improvements and investment;

WHEREAS, the County believes the Company represents significant potential to increase economic activity and job opportunities for residents in the County and wishes to offer the Company participation in its tax abatement program to encourage the Company to site their operations in the County, in the location more specifically described in Exhibit 1;

WHEREAS, as further described herein, Company proposes to construct and operate a project to manufacture liquefied natural gas (“**LNG**”) for export and will be

engaged in the active conduct of a trade or business, a substantial portion of which is located within the County;

WHEREAS, in accordance with the Guidelines, the Commissioners Court finds that Company's contemplated investment (i) is significantly impactful to the County, and (ii) has the potential to exceed an aggregate investment of \$100 million;

WHEREAS, the Company's and its Affiliates' (as defined herein) investments are contemplated to be phased over a period of time, and this Agreement applies to a portion of the Company's total investment;

WHEREAS, the Commissioners Court finds that the terms of this Agreement are consistent with encouraging development in the County and are in compliance with the Guidelines and applicable law; and, thus deems that it is in the best interest of the County to assist the Company in establishing operations in Cameron County;

NOW, THEREFORE, the County and the Company agree as follows:

Article I

BASIC TERMS

The following understanding forms the basis of this Agreement:

1.01 The Company presently leases real property from the Brownsville Navigation District of Cameron County, Texas (the "**BND**") as described in Part A of Exhibit 1. Additionally, the Company's Affiliate has an option agreement with the BND to enter into a ground lease for the real property described in Part B of Exhibit 1 (together with the leased real property, the "**Site**").

1.02 The Company, together with its Affiliates, proposes to construct and operate a project to manufacture LNG for export (the "**Facility**") at the Site. The Company expects the entire Facility to be in operation for at least twenty (20) years. The Facility's operations at the Site are contemplated to comprise up to six LNG liquefaction trains, each of which is an independent processing unit for gas liquefaction (each such train at the Facility, a "**Train**").

1.03 This Agreement pertains to the tax incentives applicable to (i) Trains 1 & 2 (as defined herein) and any associated infrastructure at the Facility; and (ii) the compressors and related equipment for Trains 1 & 2 at the inlet pipeline compressor station at the Site (the "**Compressor Station**"), including the real estate improvements, fixtures, personal property, and any new additional value after the Base Year Value associated with such improvements. In view of the complex legal and financial structure of the Facility, multiple agreements substantially similar in all material respects to this Agreement will be implemented simultaneously by and between the Company and the County and each such agreement should be referred to, and taken as a whole, for the entirety of the Company's (and, over time, its Affiliates') tax abatement benefits and

