



**Application for Tax Abatement by Cameron County, Texas
2017-2019 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 11/8/2017

Company name* (complete corporate name must be listed):
Texas LNG Brownsville LLC ("Texas LNG")

Company address:
Texas LNG
700 Louisiana Street, Suite 3950
Houston, TX 77002

Local address (if different than above):
Royston, Rayzor, Vickery & Williams, LLP
Keith N. Uhles
Partner
55 Cove Circle
Brownsville, TX 78521

Local Phone Number: (956) 542-4377
Local Fax Number: (356) 542-4370

E-Mail: keith.uhles@roystonlaw.com

Annual Sales: 0

State of Incorporation: Delaware

Years in Cameron County: 0

Total number of employees worldwide: 7

Total number of employees in Texas: 7

Total number of employees in Cameron County: 0

Name and Address of Registered Agent: See local address above

*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: Port of Brownsville: a 625.00 Acre Tract of Land out of Santa Isabel Grant, Cameron County, Texas. See Exhibits for more information.

Legal description*: See Exhibits

Taxing units at project site:

Cameron County

Point Isabel I.S.D

Texas Southmost College District

South Texas ISD

Brownsville Navigation District

Tax Account Number(s): EIN: [REDACTED]

*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 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 checked="" type="checkbox"/> Other Basic Industry | |

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

Production of Liquefied Natural Gas ("LNG") for export to global markets. See attached Narrative for more information.

*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 2019 Contract Amount Train 1: \$1.5 billion (estimate)

Completion Date 2023 Peak Construction Jobs Train 1: 1,100

Construction Man-Years Train1: 1920

If Modernization: NA

Estimated current economic life of structure NA years

Added economic life of structure NA years

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

Current employment NA

Jobs to be retained NA

Jobs to be created 80

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	300,000,000	300,000,000
Estimated value of new abatable investment: -Fixed and in place machinery & equipment	0	700,000,000	700,000,000
Estimated value not subject to abatement (e.g., inventory)	0	17,000,000	17,000,000
Estimated value of property subject to ad valorem tax at end of abatement	0	739,000,000	739,000,000

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: Keith N. Uhles

Title: Partner, Royston Rayzor

Telephone: 956-542-4377

E-mail keith.uhles@roystonlaw.com

Applicant's Authorized Company Official:

Name: Langtry Meyer

Title: Chief Operating Officer

Telephone: 832-398-2960

E-mail: lmeyer@txlng.com

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

Abatement: /s/ Keith N. Uhles (Application must be signed)

Date Signature signed above: 11/8/2017

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.



**Application for Tax Abatement by Cameron County, Texas
2017-2019 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 11/8/2017

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

Texas LNG Brownsville LLC ("Texas LNG")

Company address:

Texas LNG

700 Louisiana Street, Suite 3950

Houston, TX 77002

Local address (if different than above):

Royston, Rayzor, Vickery & Williams, LLP

Keith N. Uhles

Partner

55 Cove Circle

Brownsville, TX 78521

Local Phone Number: (956) 542-4377

E-Mail: keith.uhles@roystonlaw.com

Local Fax Number: (356) 542-4370

Annual Sales: 0

State of Incorporation: Delaware

Years in Cameron County: 0

Total number of employees worldwide: 7

Total number of employees in Texas: 7

Total number of employees in Cameron County: 0

Name and Address of Registered Agent: See local address above

*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: Port of Brownsville: a 625.00 Acre Tract of Land out of Santa Isabel Grant, Cameron County, Texas. See Exhibits for more information.

Legal description*: See Exhibits

Taxing units at project site:

Cameron County

Point Isabel I.S.D

Texas Southmost College District

South Texas ISD

Brownsville Navigation District

Tax Account Number(s): EIN: [REDACTED]

*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 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 checked="" type="checkbox"/> Other Basic Industry | |

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

Production of Liquefied Natural Gas ("LNG") for export to global markets. See attached Narrative for more information.

*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 2019 Contract Amount Estimated: \$ 1 billion
Completion Date Estimated: 2025 Peak Construction Jobs 900

Construction Man-Years 1330

If Modernization: NA

Estimated current economic life of structure NA years

Added economic life of structure NA years

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

Current employment NA

Jobs to be retained 80

Jobs to be created _____

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	255,000,000	255,000,000
Estimated value of new abatable investment: -Fixed and in place machinery & equipment	0	595,000,000	595,000,000
Estimated value not subject to abatement (e.g., inventory)	0	17,000,000	17,000,000
Estimated value of property subject to ad valorem tax at end of abatement	0	629,000,000	629,000,000

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: Keith N. Uhles

Title: Partner, Royston Rayzor

Telephone: 956-542-4377

E-mail keith.uhles@roystonlaw.com

Applicant's Authorized Company Official:

Name: Langtry Meyer

Title: Chief Operating Officer

Telephone: 832-398-2960

E-mail: lmeyer@txlng.com

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

Abatement: /s/ Keith N. Uhles (Application must be signed)

Date Signature signed above: 11/8/2017

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.



Texas LNG Brownsville LLC
700 Louisiana Street, Suite 3950
Houston, TX 77002

November 8, 2017

Cameron County Economic Development & Community Affairs Department
Cameron County Historic Courthouse
1100 E. Monroe, Suite 105
Brownsville, Texas 78520

TEXAS LNG NARRATIVE & SUPPLEMENTAL INFORMATION

Introduction to Texas LNG

Texas LNG Brownsville LLC ("Texas LNG") is an independent, Houston-based developer of a start-up, greenfield liquefied natural gas ("LNG") project, providing customers access to the full LNG Value chain. Texas LNG proposes to construct its facility in South Texas on a 625-acre site strategically located on the Port of Brownsville's deepwater ship channel near plentiful natural gas supplies and pipelines.

The facility will enable the export of 4 million tonnes per annum (MTA) of LNG to established and developing markets. The facility will be built in 2 phases – each phase having 1 LNG train with a 2 million tonne per annum ("MTA") capacity.

The Texas LNG team comprises leading technical, commercial, financial, environmental, and legal experts including Samsung Engineering, KBR, Braemar Technical Services, Air Products and Chemicals, Honeywell, Third Point LLC, BNP Paribas, Environmental Resources Management (ERM), K&L Gates, Greenberg Traurig, Andrews Kurth Kenyon LLP, and Royston Rayzor. Samsung Engineering Co., Ltd. is a minority equity owner in Texas LNG and strategic partner responsible for engineering, construction, and procurement.

Founded in 2013, Texas LNG has harnessed an engineering team of recognized industry leaders. Texas LNG's headquarters is based in Houston, Texas, and the company's executive management is comprised of the following individuals:

- Founder & Chief Executive Officer - Vivek Chandra
- Founder & Chief Operating Officer & Chief Financial Officer - Langtry Meyer

Executive biographies may be found at www.texaslng.com/about/management.html.

Reasons for Seeking Abatement

Texas LNG is seeking a Chapter 312 tax abatement from Cameron County to ensure economic viability of the liquefaction facility during a period of unprecedented competitive challenges in the global LNG market. Texas LNG 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 Texas LNG Project, the company faces significant near-term headwinds and intense price pressure. As background to understanding these challenges and the importance of tax incentives: the Texas LNG Project will be funded through "project



Texas LNG Brownsville LLC
700 Louisiana Street, Suite 3950
Houston, TX 77002

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 the current 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 Texas LNG liquefaction facility 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 (especially in Asia). 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 Texas LNG liquefaction facility is one of several 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. Texas LNG 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, Texas LNG 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 engineering management team. However, project-specific costs create great pressure for cost reductions in other areas. Property tax value limitations are therefore essential to the Project’s viability.

Texas LNG believes that its facility in the Port of Brownsville will bring considerable benefits to Cameron County and the broader region. First, as described below, the liquefaction facility will generate job creation—both through a 44 month construction period and long-term operations for twenty years beginning in 2023. (Note: Texas LNG 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 many interconnecting 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 facility’s sales will be supported by long-term contracts, its commercial activity will be insulated from volatility in commodity prices.

Second, construction and operation of the liquefaction facility will support workforce development activities for the region. Many of the county’s workers will benefit from training and experience at the Texas LNG facility.



Texas LNG Brownsville LLC
700 Louisiana Street, Suite 3950
Houston, TX 77002

Third, the region will benefit from significant infrastructure enhancements. Texas LNG will receive feed gas from an expanded intrastate pipeline currently under construction. Texas LNG is also working with AEP to design and construct a 138-kV power line to the facility, which is expected to have spare capacity to support regional growth. All of these activities have (or will be) considered for inclusion in the project budget, on either a full or partial basis.

Texas LNG's facility also supports the Port of Brownsville's ("POB") plan to enhance the ship channel to accommodate deeper draft ships. In 2006, the Brownsville Navigation District ("BND") and the POB began a feasibility study with the United States Army Corps of Engineers ("USACE") to assess the deepening and widening of the POB channel. The POB expects to commence channel construction shortly after any one of the Brownsville LNG projects reaches Final Investment Decision ("FID"). Thus, the POB deepening will be completed as a result of Texas LNG's project reaching FID.

Texas LNG 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) Texas LNG'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

Texas LNG will be located on the north side of the deepwater Brownsville ship channel, on an approximately 625-acre parcel of land inside the Port of Brownsville, exclusively available through a lease option agreement between Texas LNG and the Port of Brownsville authorities. The location has an extensive waterfront to the Brownsville ship channel capable of accommodating conventional Liquefied Natural Gas (LNG) carriers, and is approximately 5 miles along the deepwater channel to the Gulf of Mexico. The Brownsville - Port Isabel highway (Texas state highway 48, a 4-lane divided road) runs along the northwest boundary of the site.

Texas LNG will construct, own, and operate the LNG liquefaction facility to be constructed at the Port of Brownsville in Brownsville, Texas. The facility will have a planned capacity to produce 2 MTA permitted capacity of LNG from approximately 355 MMcf/d of feed gas sourced from the extensive US natural gas system (Train 1). Train 2, to be developed at a later date, will increase capacity by additional 2 MTA permitted capacity.

Currently, Texas LNG has acquired an option to enter into a long-term site lease from the POB. If the facility proceeds to construction, Texas LNG will enter into the site lease. The parties have commenced in several discussions to develop the terms of the underlying lease agreement.

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.

Final Investment Decision ("FID") is expected to occur 2H 2018 and start-up is anticipated in 2023. In addition to supporting utilities, infrastructure, and control-safety flare systems, the proposed development will include construction of the following major LNG installations:

- Approximately 355 MMcf/d per train of natural gas at 615 psig from a receiving and interconnection station tied into an intrastate pipeline.



Texas LNG Brownsville LLC
700 Louisiana Street, Suite 3950
Houston, TX 77002

- Gas pre-treatment facilities.
- Fully commissioned liquefaction trains for Trains 1 & 2, each to be equipped with: proprietary propane precooled mixed refrigerant technology ("C3MR"); and a main cryogenic heat exchanger ("MCHE") from Air Products & Chemicals Inc. ("APCI"). This is the most widely used liquefaction process in operation globally, and is the standard used by major LNG producers such as Shell, Exxon, Qatar petroleum, Total, and others.
- One-210,000 cubic meter aboveground single-containment LNG storage tank for Train 1 and an additional albeit smaller tank subsequently constructed for Train 2, both with cryogenic pipeline connections to the liquefaction plant and to the berthing dock to load LNG ships at a design rate of 12,000 m³/hr.
- An LNG ship dock area equipped to receive LNG ships with capacities between 138,000-180,000 cubic meters.
- A materials-offloading facility ("MOF") to enable ongoing waterborne deliveries of construction materials and temporary mooring of tug boats while an LNG ship is at berth during operations.
- A recessed maneuvering basin extending into the Brownsville Ship Channel that provides deep-water access to the LNG ship berthing dock and allows for LNG ship turnaround.

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.

Texas LNG has completed the facility's front-end engineering design activities with Samsung Engineering. However, the cost estimation process will be ongoing with the soon to be formalized



Texas LNG Brownsville LLC
700 Louisiana Street, Suite 3950
Houston, TX 77002

joint venture ("JV") between Samsung Engineering and KBR. The JV will perform the pre-FID detailed engineering work. That work will eventually culminate into a guaranteed lump sum turnkey EPC contract.

It is currently estimated that the project capital investment will be in the \$1 billion range, 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. It is anticipated that Train 1 will achieve initial 2 MTA LNG production in 2023 and full, commercial operations would follow for Train 2, another 2 MTA, as the market permits.

Texas LNG is committed to minimizing the facility's impact on the community's health, safety, and environment ("HSE"). Braemar Engineering (Texas LNG's owner's engineer), Samsung Engineering and KBR have excellent track records in this area.

Texas LNG filed its formal application for approval to construct and operate the facility with the FERC in March 2016. As a part of this application, it undertook extensive analysis of the project's HSE impact. Texas LNG believes the FERC approval process will find that the facility complies with all applicable HSE laws and regulations. Due to the complexity of these matters, Texas LNG respectfully refers the reader to the project's FERC filings available online at www.elibrary.ferc.gov; docket number is CP16-116-000.

Jobs

Train1 Construction

The estimated increase in economic activity during the three-year construction period for Train 1 is more than \$250 million and will add approximately 3% to the county's current GRP and an average of 600 jobs per year with a peak of over 1,000 jobs. The estimated payroll compensation during construction is approximately \$59 million over the 44 month construction period.

Train 2 Construction

Construction from Phase 2 of the Project will contribute \$97.44 million in value-added to the local economy. Construction from the second phase will add 3.3% to the county's current GRP, 1,766 direct and indirect jobs, and another 309 induced jobs. The direct average salary associated with the construction and capital investment phase is \$52,600, indirect is \$43,600, and induced is \$36,700.

Operations

During the operation phase, the proposed Project will generate about \$310 million of output and will contribute over 3.5% to the county's GRP, which is the market value of all final goods and services produced within the county during the year, and will add a total of 219 permanent jobs (80 direct, 68 indirect and 71 induced). The 80 direct jobs will be high quality jobs which would competitively merit an average hourly rate of over \$25, which represents almost twice the current average hourly rate, however, Texas LNG will offer an average compensation of \$70,000 year to attract a skilled and stable work force.



Texas LNG Brownsville LLC
700 Louisiana Street, Suite 3950
Houston, TX 77002

Downstream Benefits

The Project is anticipated to create numerous positive downstream effects by infusing communities with additional spending power and providing workers with high-skill, high-paying jobs. The Project's contractors will purchase needed products locally (e.g., fuel, building materials, construction supplies). Workers will spend a portion of their earnings in the project area, supporting local economies by purchasing goods and services and paying rents and mortgages, thereby generating indirect socioeconomic benefits for the Cities of Brownsville, Port Isabel, Harlingen, and Matamoros.

Local Workforce

Texas LNG expects a significant portion (at least 35 percent) of workers hired for the project to be sourced from within the project area. The project will employ a number of unemployed, underemployed, and recently graduated local residents. Some portion of the construction payroll would be spent locally by both local and non-local workers for the purchase of housing, food, fuel entertainment, and luxury items, etc. Worker spending will also generate state sales tax revenue.

Support of Educational Institutions

Additionally, Texas LNG has taken the lead to coordinate with local institutions of learning to support training for Science, Technology, Engineering, and Math ("STEM") jobs. Texas LNG met with the Regional Representative for the Economic Development and Tourism Division of the Governor's Office to discuss the Skills Development Fund--a state program that provides grant monies to community colleges for workforce training needs. Additionally, Texas LNG has visited with Texas State Technical College and Texas Southmost College President to discuss workforce training, curriculum alignment, and the timing of when jobs with specific skillsets will be needed to construct and operate the Texas LNG facility. To further workforce training in South Texas, Texas LNG wrote a letter of support to the Texas House of Representatives Committee on Higher Education to establish an innovative workforce training center in the Rio Grande Valley at Texas Southmost College. At the high school level, Texas LNG in partnership with Brownsville Independent School District's Career & Technical Education Department, has created the STEM Student of the Month initiative, to highlight students who excel in STEM subjects and encourage students to pursue STEM degrees and gain employment in high-skill, high-wage jobs.

Competition with Local Businesses

Texas LNG does not foresee any competition with local businesses.

Alternative Site Considerations

While Texas LNG prefers to site its first LNG liquefaction facility in Cameron County, it is developing options in the event that the site is not viable (for economic, technical, or regulatory reasons). For example, it has identified and evaluated other sites in Texas and outside Texas. The site at the Port of Brownsville is preferred due to its scale and infrastructure considerations, but 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, Texas LNG has consistently emphasized the importance of tax incentives for its decision to construct the Project. For example:

- The Project's website both states any development of the project remains contingent "Upon receipt of FERC permits, Texas LNG plans to reach Final Investment Decision (FID) in 2018,



Texas LNG Brownsville LLC
700 Louisiana Street, Suite 3950
Houston, TX 77002

contingent on many factors such as completing the required commercial agreements, securing all necessary permits and approvals, obtaining financing and incentives, and other factors associated with commercial viability of the investment.

- In data requests from the Federal Energy Regulatory Commission for approval of the Project, the Company stated its estimate of potential tax abatements.

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 Cameron County to provide information to the public and to address communities' concerns.

Additionally, Texas LNG 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. Texas LNG 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 Cameron County 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 of Brownsville, demonstrating the Company's commitment.

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.



Texas LNG Brownsville LLC
700 Louisiana Street, Suite 3950
Houston, TX 77002

Attachments

- Texas LNG Site Metes and Bounds Description
- Proposed Project Facilities
- Proposed Facilities at Terminal Site
- Proposed Temporary Workspace and Laydown Areas
- Cameron CAD - Property Details
- Texas LNG Community Brochure
- Texas LNG Certificate of Formation
- Texas LNG Certificate of Good Standing
- Port Lease Option Agreement and, First, Second, and Third Amendment to Port Lease Option Agreement

EXHIBIT "A"
TEXAS LNG BROWNSVILLE, LLC
METES AND BOUNDS DESCRIPTION
625.00 ACRE TRACT

January 14, 2015

BEING a 625.00 Acre Tract of land out of Santa Isabel Grant, Cameron County, Texas, said 625.00 Acre Tract being more fully described as follows;

COMMENCING at the intersection point of U.S.E.D. Station 30+552.57 and the North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, said point being the Southwest corner of a certain 500.00 Acre Tract, 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, 5,402.16 feet to a point for the Southwest corner and **PLACE OF BEGINNING** of this tract;

THENCE along the East line of a certain 500.00 Acre Tract, North 31 deg. 28 min. 34 sec. West, 1,582.41 feet to a point for a corner of this tract;

THENCE continuing along the East line of said 500.00 Acre Tract, North 60 deg. 24 min. 32 sec. West, 4,510.94 feet to a point on the East Right-of-Way line of State Highway No.48 (recorded in volume 11459 page 239, Official Deed Records) for the Northwest corner of this tract;

THENCE along said East Right-of-Way line of State Highway No.48 North 22 deg. 08 min. 24 sec. East, 495.52 feet to a point for a corner of this tract;

THENCE continuing along the East Right-of-Way line of said State Highway No.48, North 18 deg. 59 min. 26 sec. East, 2,300 feet to a point for a corner of this tract;

THENCE continuing along the East Right-of-Way line of said State Highway No.48, North 15 deg. 50 min. 29 sec. East, 1001.44 feet to a point for a corner of this tract;

THENCE continuing along the East Right-of-Way line of said State Highway No. 48, North 18 deg. 59 min. 26 sec. East, 297.95 feet to a point for the Northeast corner of this tract;

THENCE leaving the East Right-of-Way line of said State Highway No.48, South 60 deg. 24 min. 32 sec. East, 4,415.86 feet to a point for a corner of this tract;

THENCE South 31 deg. 28 min. 34 sec. East, 4,497.79 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 said North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, South 61 deg. 08 min. 00 sec. West, 230.02 feet to a point for a corner of this tract;

THENCE along said North 6+00 Reference Line from the original centerline of the Brownsville Ship Channel, South 62 deg. 25 min. 27 sec. West, 2,872.28 feet to the **PLACE OF BEGINNING**, containing 625.00 Acres of land, more or less.

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

①

EXHIBIT A



- Proposed Terminal Site
- U.S. or State Highways

1:130,000

0 1 2 Miles



Proposed Project Facilities Regional Location Port of Brownsville, Texas



an ERM Group company

FILE: M:\Clients\IS-UTX\Texas LNG\ArcGIS\2015\08\13_Project_Overview_Basic\TXL_LNG_Project_Regional_Location.mxd | REVISED: 08/13/2015 | SCALE: 1:130,000

DRAWN BY: Thohn

EXHIBIT B



Figure 1.3-3
Proposed Facilities at Terminal Site
Port of Brownsville, Texas

TEXAS LNG

0 0.1 0.2 Miles

FILE: \\M:\Clients\US-ATX\Texas LNG_ArcGIS\Resources\Report\2018\Figures\Fig_1.3-3_Terminal_Facilities_Aerial.mxd | REVISED: 06/14/2016 | SCALE: 1:17,000

Proposed Terminal Site

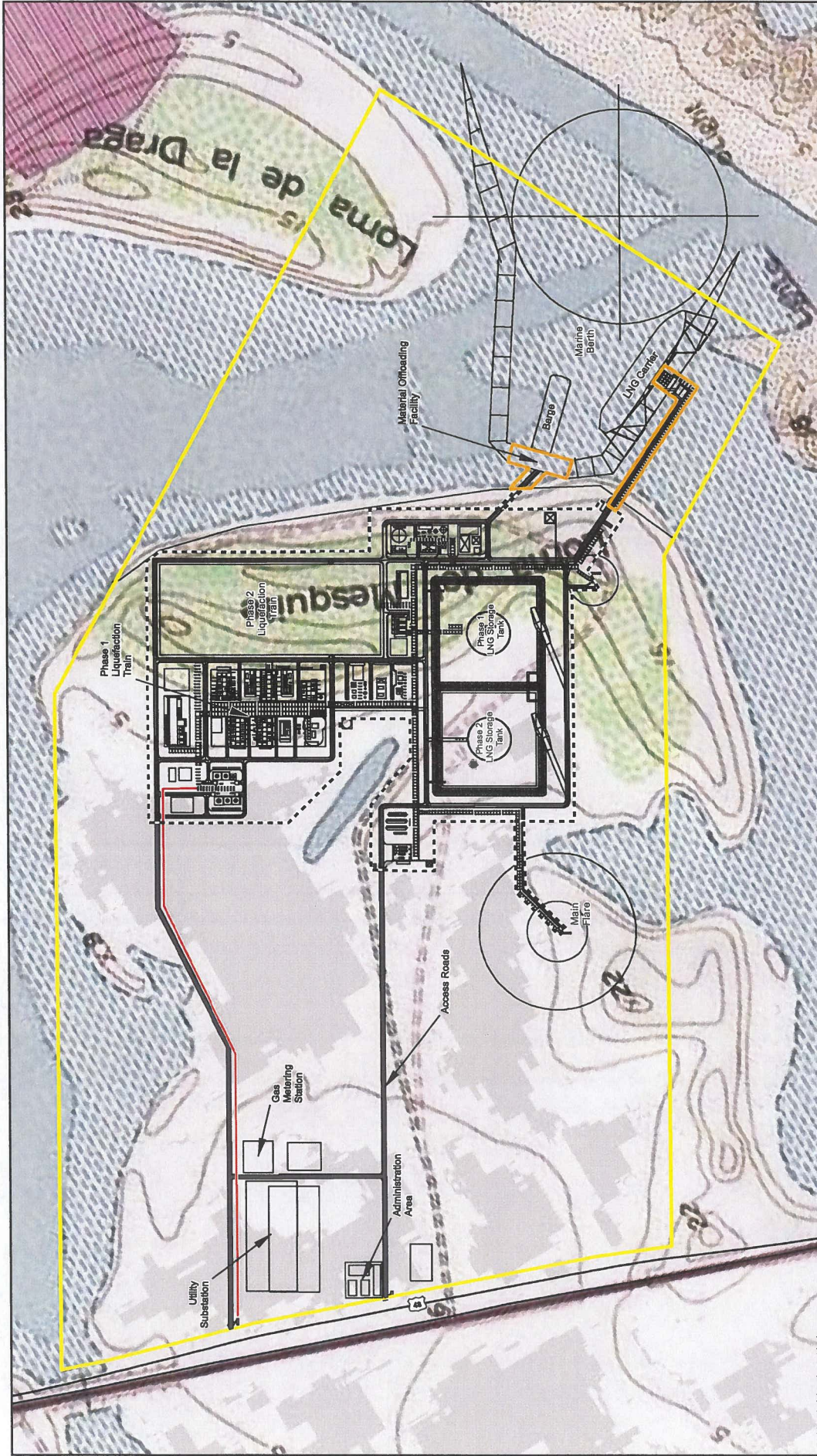
Pipeline

 Docking Area

15-ft Elevated Facility Footprint

U.S. or State Highways

DRAWN BY: TNA



This information is for environmental review purposes only.

- Proposed Terminal Site
- Pipeline
- Docking Area

- 15-ft Elevated Facility Footprint
- U.S. or State Highways

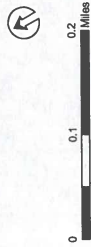


Figure 1.3-4
Proposed Facilities at Terminal Site
Port of Brownsville, Texas





Figure 1.3-5
Proposed Temporary Workspace and Laydown Areas
 Port of Brownsville, Texas

Laydown Area

Phase	Legend
Phase 1 & 2	[Red Hatched Box]
Phase 2	[Blue Hatched Box]

Legend

- Proposed Terminal Site
- Site Pipeline
- 15-ft Elevated Facility Footprint
- Docking Area
- U.S. or State Highways
- Access Roads
- Wellands

Scale: 0 500 1,000 Feet

TEAC INC.

PREPARED BY: T&E

FILE: MCLandIS-UTL\Texas LNG_AirGISResource Reports\01 EIP\Figure 1.3-5_Temp_Workspace_Laydown.mxd | REVISED: 05/17/2016 | SCALE: 1/2"=100'

Cameron CAD

Property Search Results > 118413 BROWNSVILLE NAVIGATION DISTRICT for Year 2015

Property			
Account			
Property ID:	118413	Legal Description: SANTA ISABEL GRANT 3,260 ACRES OUT OF 9,3320.03 ACRES R GARCIA TRACT C	
Geographic ID:	72-9300-0030-1510-00	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			
Location			
Address:	HWY 48	Mapsc:	
Neighborhood:	conv neighborhood	Map ID:	10-07-00
Neighborhood CD:	729300		
Owner			
Name:	BROWNSVILLE NAVIGATION DISTRICT	Owner ID:	104407
Mailing Address:	1000 FOUST RD BROWNSVILLE, TX 78521-1000	% Ownership:	100.0000000000%
		Exemptions:	EX

Values			
(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$489,009	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
<hr/>			
(=) Market Value:	=	\$489,009	
(-) Ag or Timber Use Value Reduction:	-	\$0	
<hr/>			
(=) Appraised Value:	=	\$489,009	
(-) HS Cap:	-	\$0	
<hr/>			
(=) Assessed Value:	=	\$489,009	

Taxing Jurisdiction						
Owner: BROWNSVILLE NAVIGATION DISTRICT						
% Ownership: 100.0000000000%						
Total Value: \$489,009						
Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax	
CAD	CENTRAL APPRAISAL DISTRICT	0.000000	\$489,009	\$0	\$0.00	
GCC	CAMERON COUNTY	0.399291	\$489,009	\$0	\$0.00	
IPI	POINT ISABEL I.S.D	1.081634	\$489,009	\$0	\$0.00	
SES	EMERGENCY SERVICE DISTRICT #1	0.100000	\$489,009	\$0	\$0.00	
SPN	PORT ISABEL NAV	0.000000	\$489,009	\$0	\$0.00	
SST	SOUTH TEXAS I.S.D	0.049200	\$489,009	\$0	\$0.00	
STS	TEXAS SOUTHMOST COLLEGE DISTRICT	0.164094	\$489,009	\$0	\$0.00	
Total Tax Rate:		1.794219				
					Taxes w/Current Exemptions:	\$0.00
					Taxes w/o Exemptions:	\$8,773.89

Improvement / Building								
No Improvements exist for this property.								
Land								
#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	100700MU-4	100700MU-4	3260.0600	142008213.60	0.00	0.00	\$489,009	\$0

Roll Value History								
Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed		
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	\$0	\$489,009	0	489,009	\$0	\$489,009		
2014	\$0	\$489,009	0	489,009	\$0	\$489,009		
2013	\$0	\$489,009	0	489,009	\$0	\$489,009		
2012	\$0	\$489,009	0	489,009	\$0	\$489,009		
2011	\$0	\$489,009	0	489,009	\$0	\$489,009		
2010	\$0	\$489,009	0	489,009	\$0	\$489,009		
2009	\$0	\$489,009	0	489,009	\$0	\$489,009		
2008	\$0	\$489,009	0	489,009	\$0	\$489,009		
2007	\$0	\$489,009	0	489,009	\$0	\$489,009		
2006	\$0	\$489,009	0	489,009	\$0	\$489,009		
2005	\$0	\$489,009	0	489,009	\$0	\$489,009		

2004	\$0	\$489,009	0	489,009	\$0	\$489,009
2003	\$0	\$489,009	0	489,009	\$0	\$489,009
2002	\$0	\$489,009	0	489,009	\$0	\$489,009
2001	\$0	\$489,009	0	489,009	\$0	\$489,009

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	10/27/2000 12:00:00 AM	SWD	SPECIAL WARRANTY DEED	GARCIA/DOUGHEF	BROWNSVILLE NA'	6627	193	

2016 data current as of Jul 22 2015 5:07AM.
2015 and prior year data current as of Jul 16 2015 3:21PM

Website version: 1.2.2.2

Database last updated on: 7/22/2015 5:07 AM
This site only supports Internet Explorer 6+, Netscape 7+ and Firefox 1.5+.

© 2015 True Automation, Inc. All Rights Reserved. Privacy Notice

Delaware

PAGE 1

The First State

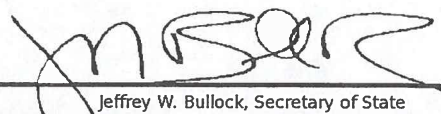
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "TEXAS LNG BROWNSVILLE LLC", FILED IN THIS OFFICE ON THE FOURTEENTH DAY OF NOVEMBER, A.D. 2014, AT 3:12 O'CLOCK P.M.



5640229 8100

141413441

You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 1868846

DATE: 11-17-14

CERTIFICATE OF FORMATION

OF

TEXAS LNG BROWNSVILLE LLC

This Certificate of Formation of Texas LNG Brownsville LLC (the "**Company**"), dated November 14, 2014, has been duly executed and is filed pursuant to Section 18-201 of the Delaware Limited Liability Company Act (the "**Act**") to form a limited liability company under the Act.

1. **Name.** The name of the Company is Texas LNG Brownsville LLC.
2. **Registered Office; Registered Agent.** The address of the registered office required to be maintained by Section 18-104 of the Act is:

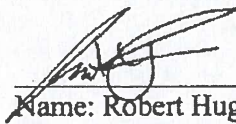
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801.

The name and the address of the registered agent for service of process required to be maintained by Section 18-104 of the Act are:

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate of Formation as of the date first written above.

By:



Name: Robert Hughes
Title: Authorized Person

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "TEXAS LNG BROWNSVILLE LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIRST DAY OF MAY, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "TEXAS LNG BROWNSVILLE LLC" WAS FORMED ON THE FOURTEENTH DAY OF NOVEMBER, A.D. 2014.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.




Jeffrey W. Bullock, Secretary of State

5640229 8300

SR# 20172933466

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202461928

Date: 05-01-17