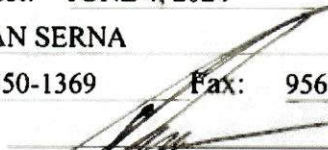


Cameron County Commissioners' Court Agenda Request Form

No. 4-G

Date: MAY 24, 2024 Meeting Date Request: JUNE 4, 2024
 Deadline for Action: JUNE 4, 2024 Contact Person: DAN SERNA
 Department: ADMINISTRATION Phone: 956-550-1369 Fax: 956-550-1373
 Department Head Name: DAN SERNA Signature: 

Caption:

CONSIDERATION AND POSSIBLE APPROVAL OF THE TEXAS TAX CODE CHAPTER 312, TAX ABATEMENT AGREEMENT CONTRACT #2024C03111 WITH TEXAS LNG BROWNSVILLE LLC AND RELATED AGREEMENTS

Background: *(Briefly summarize your request, if needed use separate sheet(s) or attach supporting documentation).*

TEXAS LNG BROWNSVILLE LLC IS SEEKING TO ESTABLISH OPERATIONS AT THE PORT OF BROWNSVILLE AND HAVE SECURED A PROPERTY INTEREST AT THE PORT. THE COMPANY WILL PROVIDE INVESTMENT AND EMPLOYMENT IN THE REGION AND PLANS TO CONSTRUCT AND OPERATE TWO (2) LIQUEFIED NATURAL GAS (LNG) MANUFACTURING "TRAINS" FOR EXPORT: TRAINS 1 & 2 WITH AN EXPORT CAPACITY OF 4 MMTPA. THE EXPECTED INVESTMENT IS MORE THAN \$2 BILLION DOLLARS WITH MORE THAN 1,000 CONSTRUCTION JOBS, AND MORE THAN 75 PERMANENT JOBS.

PLEASE FILL IN ALL BLANKS WITH REQUIRED INITIALS AND FISCAL DATA INFORMATION OR PLACE N/A IF IS NOT APPLICABLE:

County Judge N/A Auditor YS Budget DS Legal DS Human Resources N/A Purchasing N/A
 1295 Form

Fiscal Data:

Dept. Name: N/A Fund No. N/A Department: Yes -- No -- Amt. Expended : \$ N/A
 Funds Available: Yes -- No -- General: Yes -- No -- Impact on future budget: Yes -- No --
 Grant: Yes -- No --

Comments:

Action taken by Commissioners' Court

Approved _____ Tabled _____ Denied _____ Motion made by _____ Seconded _____ Vote _____

County Judge's Office
 Received by:
 Crystal Flores2
 05/22/2024 - 9:11am

CAMERON COUNTY, TEXAS
CHAPTER 312, TAX CODE TAX ABATEMENT
AGREEMENT WITH
Texas LNG Brownsville LLC for the Texas LNG
Export Facility on the Port of Brownsville

THIS TAX ABATEMENT AGREEMENT FOR THE Texas LNG Export Facility on the Port of Brownsville (“Agreement”), dated this ___ day (MONTH), 2024 is entered into by and between Texas LNG Brownsville LLC, a Texas limited liability company (“Texas LNG” or the “Company”) and the County of Cameron, Texas, acting by and through its County Judge or his designee (the “County”).

WHEREAS, the County adopted Order No. 2023O09004 governing Chapter 312 tax abatement agreements and Chapter 381 economic development grant programs within the County on (MONTH) DAY, 2023, 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, the 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, the Company proposes to construct and operate a project to manufacture liquefied natural gas (“LNG”) for export: Train 1 with an export capacity of 2 MMTPA and Train 2 with an export capacity of 2 MMTPA (collectively as the “Facility”); 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 the Company's contemplated investment (i) is significantly impactful to the County, and (ii) has the potential to exceed an aggregate investment of \$100,000,000;

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 Texas LNG has an exclusive lease of a 625+ acre tract from the Port of Brownsville in Cameron County, Texas (the "POB") as described in Exhibit I.

1.02 The Company 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 (i) two LNG liquefaction trains and any associated infrastructure (other than Common Infrastructure) at the Facility, each of which is an independent processing unit for gas liquefaction (each such train at the Facility, a "Train") and (ii) the LNG tanks, other liquefied hydrocarbon ("HHC") tanks, marine jetties, LNG loading lines and arms, HHC loading facilities, power supply facilities, pipelines, roads, utilities, buildings and all other equipment or facilities (excluding the Trains) at the Facility (the "Common Infrastructure").

1.03 This Agreement pertains to the tax incentives applicable to the operation of the Facility, including the real estate improvements, fixtures, personal property, and any new additional value after the Base Year Value associated with such improvements. If the requirements of Section 8.04 herein relating to assignment are met, the Company may assign all or a portion of its rights under this Agreement to such Affiliate.

Article II

ABATEMENT CONDITIONS AND REQUIREMENTS

As conditions precedent to the Company receiving the abatement granted herein, the Company agrees to the following commitments and performance requirements.

2.01 The Company shall commence construction of the Project within one (1) year of the Effective Date provided, such date may be extended by vote of the Commissioners Court, which shall not to be unreasonably withheld, conditioned or delayed, for up to two (2) one-year periods (each one-year period a separate "Start Extension") if: (i) the Company, at least forty-five (45) days prior to the 1st, 2nd, or 3rd anniversary of the Effective Date, respectively, provides a written request for extension to the County along with third-party written attestation from its financial advisor and supporting evidence that commercially reasonable efforts are being undertaken by the Company to commence construction. If the Company requests a Start Extension and the extension is granted, the PILOT Amount for the Facility due under Section 5.01 of this Agreement shall be increased by \$100,000 for each Start Extension granted. For the avoidance of doubt: (i) each one-year Start Extension that is granted shall increase the PILOT Amount for the Facility, so that if all three (3) potential Start Extensions are granted the yearly PILOT Amount would be increased by \$300,000; (ii) the consent to grant a Start Extension shall not be conditioned on or subject to any other changes to the terms and payments established hereunder or any other condition.. The Company shall notify the County in accordance with the requirements of Article VII when it has commenced construction.

2.02 The Company agrees to invest an aggregate minimum amount of \$100,000,000, which is intended to be paid on a pro rata basis, in improvements, fixtures and equipment at the Site by the date the Facility Commences Full Commercial Operations (as defined herein).

2.03 The Company will work to achieve the schedule of minimum performances shown on Exhibit 2.

2.04 As an inducement for the County to enter into the Agreement, the Company shall make certain payments in lieu of taxes ("PILOT") as further described in Article V below.

2.05 During the Incentive Period, as defined below, the Site and the Facility shall be used for a lawful use related to the support and/or operation of the Company's business. The Site shall at all times be used in a manner consistent with the general purpose of encouraging development within the Enterprise Zone. The parties acknowledge that the use of the Site as described in Section 1.02 is consistent with such purposes.

2.06 As satisfaction of the Program Requirement in Section II.A(2) of the Guidelines, the Company will target to employ Regional Residents as follows:

(a) **During Construction.** Beginning one hundred and twenty (120) days after the Company notifies the County that it has commenced construction in accordance with Section 2.01 and continuing until the start of the first Operational Year, the Company will have a goal to hire, Regional Residents such that, in aggregate, Regional Residents comprise at least thirty-five percent (35%) of Full-Time Employees and/or Full-Time Equivalent Employees of the Company and Related Employers making at or above the Required Wage. The Company agrees to work with its contractors to achieve the same goal.

(b) **During Operations.** Beginning on January 1 of the first Operational Year and lasting at least through the end of the Incentive Period, the Company will have a goal to hire, collectively, a minimum number of Regional Residents such that, in aggregate, Regional Residents

comprise at least thirty-five percent (35%) of Full-Time Employees and/or Full-Time Equivalent Employees of the Company and Related Employers making at or above the Required Wage. The Company agrees to work with its contractors to achieve the same goal. During such period, the Company agrees that the Company and its Related Employers shall target, in the aggregate, employing at the Site at least ninety (90) Full-Time Employees "FTE" and/or Full-Time Equivalent Employees "FTEE" making at or above the Required Wage.

(c) **Applicable Section 9.01(d) Shut Downs.** If required by Section 9.01, the Company agrees that the Company aims to preserve and work with its Related Employers to preserve at the Site, in the aggregate, at least ten (10) Full-Time Employees and/or Full-Time Equivalent Employees making at or above the Required Wage, and of that, in aggregate, target Regional Residents of at least thirty-five percent (35%) of Full-Time Employees and/or Full-Time Equivalent Employees of the Company and Related Employers making at or above the Required Wage. Notwithstanding the foregoing, the requirements of this Section 2.06(c) shall not be applicable if maintaining such employees at the Site would present an unacceptable level of risk to the health and safety of such individuals. For the avoidance of doubt, this Section 2.06(c) shall apply in place of (rather than in addition to) the employment requirements of Section 2.06(b).

(d) For purposes of this Agreement, the term "Employee Minimum" means the minimum target number of Full-Time Employees and/or Full-Time Equivalent Employees set forth in Section 2.06(b) during operations and Section 2.06(c) during shutdowns, respectively, without duplication; and the term "Regional Residents" means individuals who: (1) resided within the County or within fifty (50) miles of the Site for at least six (6) months prior to being hired into their current position, or (2) were born in the County. Regional Residents shall satisfy any requirement that an employee is an "economically disadvantaged individual" or veteran pursuant to the Guidelines.

(e) The Company shall, and shall cause its contractors to, focus job training, job advertisements and notices, and local hiring outreach initiatives to County residents and use commercially reasonable efforts to attract qualified Regional Residents and maximize hiring from the Cameron County labor pool. The Company shall annually report in the Award Affidavit on its efforts to attract, hire, and retain County residents in its workforce in the County. The Company shall publish lists of job openings in local media outlets at reasonable intervals during construction and, thereafter, throughout the term of the Agreement and identify an internal local hiring liaison. The Company shall cause its engineering, procurement, and construction ("EPC") contractor to share associated subcontractor websites for links to job openings at reasonable intervals during construction. The Company shall support local hiring with job fairs and implementation of training programs in the County throughout the term of this Agreement.

(f) The Company agrees to host a minimum of six (6) job fairs and vendor information events in Cameron County. These events may be held in conjunction with an open house or other community relations event.

(g) The Company commits to participating in at least three (3) Workforce Solutions Cameron programs AND partnering with at least two (2) local educational institutions (high school/college/technical college) to assist Cameron County residents develop the specialized skills and experience necessary to qualify for jobs with The Company.

(h) The County and Company agree that there is a shortage of qualified labor in the County. As such, and for the avoidance of doubt, all local employment minimums in this Section 2.06 are agreed to be targets and goals and are not meant to be requirements. The Company will make a good faith effort to achieve the targets and goals.

2.07 The Company shall be and remain current on the payment of any and all taxes owed by such Company to the County and all remaining taxing entities within the County; provided, however, that such Company may properly follow legal procedures to protest or contest any such taxes.

2.08 The Company shall conform to the requirements of applicable City Ordinances and all other applicable laws and regulations of the County, State, and Federal government.

Article III

TERM AND INCENTIVE PERIOD

3.01 This Agreement shall take effect on the date on which both the County and the Company have executed this Agreement (“Effective Date”) and, unless earlier terminated in accordance with its terms and conditions, shall expire simultaneously upon the expiration of the Incentive Period (“Term”).

3.02 The tax abatements granted herein and the payment commitments undertaken hereby are contingent on a final investment decision being taken by the Company or an Affiliate for the construction of the Facility (i.e., up to two (2) LNG trains) in the County.

3.03 If all of any Company’s leasehold interests at the Site terminate without assignment of the Agreement to a successor in interest of such Company’s leasehold interest in accordance with Section 8.04, and a leasehold interest at the Site is not restored within ninety (90) days of termination, this Agreement will automatically terminate unless amended in accordance with Section 8.01. Notwithstanding the foregoing, no taxes may be abated during any period in which the Company (or its assignee) does not hold an ownership or leasehold interest in the Site.

3.04 For purposes of this Agreement the “Incentive Period” shall mean the ten (10) calendar years starting on January 1, 2027. Each such calendar year of the Incentive Period shall be referred to in this Agreement as an “Operational Year.” Notwithstanding the foregoing, the Company may elect to commence the Incentive Period earlier, provided that (i) those mandatory conditions in Article II have been met and (ii) to be effective, notice of such election shall be made at least nine (9) months before January 1 of the year in which the Incentive Period is to commence.

Article IV

INCENTIVES AND REPORTING

4.01 As an inducement to the Company to develop and continuously operate the Facility for at least ten (10) years, and to maintain the Facility in operation for the minimum period set forth in Section 1.02, provided such Company has met those mandatory abatement conditions

contained in Article II herein, the County agrees that such Company shall receive a tax abatement for the County's General Fund Maintenance & Operations and Road & Bridge portions of the ad valorem tax and personal property taxes as specified in Section 4.02 to financially support the construction, startup and operation of the Facility. It is specifically understood and agreed that the tax abatement will not include the Interest and Sinking portion of the ad valorem tax and the personal property tax.

4.02 In consideration of the Company's performance of its obligations under this Agreement, the County agrees that the Company shall receive a tax abatement during the Incentive Period for the County's General-Fund Maintenance & Operations and Road & Bridge portions of the ad valorem real and personal property taxes relative to the Added Value above the base year value of the Eligible Property located on the Site, as follows:

Percent of the General Fund Maintenance & Operations and Road & Bridge portions of County Taxes to be Abated:

- Year 1 - 2027 - 95%
- Year 2 - 2028 - 95%
- Year 3 - 2029 - 95%
- Year 4 - 2030 - 95%
- Year 5 - 2031 - 95%
- Year 6 - 2032 - 95%
- Year 7 - 2033 - 95%
- Year 8 - 2034 - 95%
- Year 9 - 2035 - 95%
- Year 10 - 2036 - 95%

Such tax abatements of the General Fund Maintenance & Operations and Road and Bridge portions of the ad valorem tax will commence on January 1, 2027, unless an extension has been granted by the County. The tax abatement granted herein shall continue for the duration of the Incentive Period and expire at the end of the tenth Operational Year. At a future date, the Cameron County Appraisal District will determine the base year value of the Eligible Property as of January 1, 2024. For clarity, the Company shall pay 100% the base year value plus the Interest & Sinking portions of the County taxes on all real and personal property during the abatement period in addition to the payment in lieu of taxes set forth in Article V, Section 5.01. Further, the Company will continue to pay the ad valorem and personal property taxes as assessed on the base year value throughout the incentive period.

4.03 Report Upon Completion. Upon completion of the minimum investment of \$100,000,000 pursuant to Article II, the Company will submit to the County a report with reasonable documentation of the minimum investment and confirmation evidencing that such Company has met those mandatory requirements of Article II (except for the ongoing performance requirements and goals in Sections 2.03 and 2.06 that will occur in future Operational Years) ("Completion Report"). For Sections 2.05, 2.07 and 2.08 a statement by an authorized representative or officer of the Company that to the best of such Company's knowledge it is in compliance with these requirements and for Section 2.06 a statement by an authorized

representative or officer of the Company of efforts to comply with the goals of Section 2.06 will suffice for purposes of the Completion Report.

4.04 Award Affidavit. On or before April 1 of the year that this Agreement is in effect, the Company shall submit to the County, an award affidavit signed and affirmed by an officer or authorized representative of such Company (each an "Award Affidavit"), stating that to the best of such Company's knowledge: (i) such Company intends to maintain the Facility in full operation in accordance with the terms of this Agreement; (ii) such Company's representations and warranties contained in Section 6.01 continue to remain true and correct as of the date of the Award Affidavit; (iii) a narrative description of the development's progress; (iv) information supporting employment creation and retention, including information and supporting evidence on employment of Regional Residents and all other reporting requirements set forth in Section 2.06; and (v) for Award Affidavits provided during an Operational Year, a description of the Company's efforts to achieve the aggregate performances set forth in Section 2.03 with reasonable backup documentation to substantiate the Company's calculations and performances as set forth in the Award Affidavit. Subject to Section 8.08(r), the Company shall also submit documentation as may be reasonably requested by the County in such form as the County may reasonably determine in accordance with the terms and subject matter of this Agreement. The County shall not make copies or otherwise duplicate any documentation submitted by the Company pursuant to such a request and all documentation submitted to the County pursuant to this Agreement shall be returned to the Company within fifteen (15) days after County's receipt thereof, except as required by the Texas Public Information Act or other applicable law.

4.05 The Company's failure to comply with and meet the performance goals of Section 2.03 for an Operational Year will not eliminate or limit the right of the Company to an abatement for that Operational Year.

4.06 Audits of Books and Records. The County will have the right, and the Company shall allow the County to audit the Company's operating records relevant for the County to determine compliance with this Agreement after submission of the Completion Report and, thereafter, during each Operational Year. The Company must make all such records available to the County at the Company's office in the County or at another location within the County acceptable to both parties. If the Award Affidavit is found to be incorrect in any material way with respect to the calculations or regarding the Company's representations and warranties, then, in addition to the remedies available to the County under Section 8.05, the Company will pay to the County on demand at its address set forth herein, the reasonable cost of the audit. If such audit proves the Award Affidavit is correct, the expense of any such audit will be paid by the County. Any audit conducted pursuant to this Section 4.05 shall be undertaken during the Company's normal working hours, and the Company shall be provided with reasonable notice and opportunity to prepare relevant records for review without disruption to the conduct of its ordinary business activities. Any amounts payable by one party to the other party shall be settled within thirty (30) days of submission of documentary evidence of the costs of such audit.

4.07 Inspections. At any time during a Company's normal working hours throughout the Term and following at least fifteen (15) business days prior written notice to the Company, the County will have the right to inspect the Site and the Facility in order to determine compliance with the Agreement. The Company will reasonably cooperate with County and any County

employees during any such inspection. Notwithstanding the foregoing, the Company shall have the right to require that any representative of the County on the Site be escorted by a representative or security personnel of the Company during any such inspection and the Company shall be able to exercise a requested inspection date and time in its reasonable discretion so as not to interfere with ongoing business operations at the Site. Further, the Company may require that all individuals inspecting the Site or the Eligible Property first sign a confidentiality agreement under which they agree not to discuss or publicize information revealed in such inspection except as necessary for them to complete such inspection and evaluation in accordance with the terms of this Agreement.

Article V

PAYMENTS IN LIEU OF TAXES

5.01 In consideration of the tax abatements described in Section 4.02 being granted to it, the Company shall pay to the County in year 2025 and year 2026 an amount of \$1,500,000.00 in addition to the full taxable value of the property and \$2,700,000.00 in each Operational Year (each, a "PILOT Amount") an aggregate of \$30,000,000.00 as follows in the table below unless increased pursuant to Section 2.01 herein:

Texas LNG PILOT Payments:

During Construction Period:

Year 2025	\$1,500,000.00
Year 2026	\$1,500,000.00

During Incentive Period:

Year 1 - 2027	\$2,700,000.00
Year 2 - 2028	\$2,700,000.00
Year 3 - 2029	\$2,700,000.00
Year 4 - 2030	\$2,700,000.00
Year 5 - 2031	\$2,700,000.00
Year 6 - 2032	\$2,700,000.00
Year 7 - 2033	\$2,700,000.00
Year 8 - 2034	\$2,700,000.00
Year 9 - 2035	\$2,700,000.00
Year 10 - 2036	\$2,700,000.00

5.02 The PILOT Amount may be paid in quarterly installments no later than December 31, March 31, June 30 and September 30 of each Operational Year (the "PILOT Payments"). The County acknowledges and accepts that the PILOT Payments may be made by the Company or any Affiliate in order to optimize the financing structure for the Facility.

Article VI

REPRESENTATIONS AND WARRANTIES

6.01 The Company represents and warrants to the County (and covenants with the County where applicable) that:

(a) The Company is authorized to do business in the State of Texas and has the requisite power and authority, corporate or otherwise, to conduct its business, to own its present assets, and to perform all of its obligations under this Agreement;

(b) The Company's execution, delivery and performance of its obligations under this Agreement have been duly authorized by all necessary actions and do not violate any provision of any existing law, rule, regulation, or contract by which the Company or its property or assets are bound or affected;

(c) The Company has not filed and there are no pending bankruptcy proceedings or other debtor relief proceeding relative to the Company or contemplated by the Company; and

(d) to The Company's best knowledge, the Company is not delinquent in the payment to the County of any material impositions (as that term is hereinafter defined) due and owing from the Company (if any) related to the Facility or the Company's operations at the Site, except those contested by the Company by appropriate proceedings promptly initiated and diligently conducted or to the extent required for the purposes of project financing. As used herein, "impositions" means (i) real estate and personal property taxes, water, gas, sewer, electricity and other utility rates, and (ii) all other taxes, charges and assessments and any interest, cost or penalties with respect thereto, of any kind and nature, levied or imposed upon the Facility or the Company, or any income therefrom, or the ownership, use, occupancy or enjoyment thereof.

6.02 The County represents and warrants to the Company that:

(a) The County is duly authorized to do business in the State of Texas and has requisite power and authority, corporate or otherwise, to conduct its business and to own its present assets, and to execute and deliver all of its obligations under this Agreement;

(b) The execution, delivery, and performance by the County of its obligations under this Agreement have been duly authorized by all necessary action and does not violate any provision of existing law, rule, regulation or contract by which the County or its property or assets is bound or affected.

Article VII

NOTICES

7.01 Any notice or document required or permitted to be given hereunder by one party to the other will be in writing, mailed by first-class or express mail, postage prepaid, certified with return receipt requested, sent by facsimile, sent by overnight delivery using a recognized overnight courier, or sent via electronic mail. All such communication will be mailed, sent, or delivered at

the address respectively indicated in this Article VII or at such other address as any party may have furnished the other party in writing pursuant to Section 7.04. Any communication so addressed and mailed will be deemed to be given three (3) calendar days after mailed. Any communication sent by overnight courier or electronic mail shall be deemed received one (1) business day after so sent. Any communication sent by rapid transmission shall be deemed to be given when receipt of such transmission is acknowledged by the receiving operator or equipment. Finally, any communications delivered in person shall be deemed to be given when received by a Company or the County, as the case may be.

7.02 The address of the County for all purposes under this Agreement and for all notices hereunder shall be:

Eddie Treviño, Jr., or his successor
County Judge
1100 E. Monroe
Brownsville, Texas 78520
(956) 544-0830
etrevino@co.cameron.tx.us

7.03 The address of the Company for all purpose under this Agreement and for all notices hereunder shall be:

Adam Prestidge
Senior Vice President – Legal and Corporate Affairs
9950 Woodloch Forest Drive
Suite 1500
The Woodlands, TX 77380
legalnoticesgaslng@glenfarnecompanies.com

With a copy to:

Trey Lewis
Keith Uhles
Royston Rayzor
55 Cove Circle
Brownsville, TX 78521
trey.lewis@roystonlaw.com
keith.uhles@roystonlaw.com

7.04 From time to time any party may designate another notice address within the 48 contiguous states of the United States of America for the purpose of this Agreement by giving the other party written notice of such of address in accordance with the provisions of this Article VII.

Article VIII

GENERAL

8.01 This Agreement may be amended, but only in writing, signed by each of the parties hereto and through using the same procedure for approval as is required for this Agreement.

8.02 The covenants and contracts contained in this Agreement, or in any document certificate or other instrument delivered under or pursuant to this Agreement, will survive the execution and delivery hereof, the consummation of this Agreement, and continue to survive thereafter for the applicable statute of limitations to ensure full performance thereof and full recourse for nonperformance by any party.

8.03 No Third Party Beneficiaries. The parties agree that no third person has in any way brought the parties together or been instrumental in the making of this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any other persons any rights or

remedies under or by reason of this Agreement. The Company agrees to indemnify the County, on a joint and several basis, against any cost resulting from any claim by any third person for any commission brokerage, finder's fee or any other payment based upon any alleged agreement or understanding between such third party and the Company, whether expressed or implied from the actions of the Company. If such a claim is brought against the County, the Company shall have the right and authority to control and direct the investigation, defense and settlement of such claim, as permitted by state law and constitution. For the avoidance of doubt, the Company has engaged financial and tax advisors on a fee basis, and no compensation is contingent on execution of this Agreement.

8.04 Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns. This Agreement may not be assigned by the Company without the prior written consent of the County, which consent shall not be unreasonably withheld or delayed. Notwithstanding the forgoing, the County hereby consents to the Company's assignment of all or a portion of its rights under this Agreement upon prior written notice to the County to (i) any Affiliate that assumes any portion of the Company's leasehold interest and/or acquires an ownership or leasehold interest at the Site (to the extent of such leasehold or ownership interest); (ii) to any entity that has acquired all or substantially all of the Company's assets; (iii) to any successor to the Company by merger, consolidation or other reorganization; and (iv) to a lender providing financing for the Facility as further described below, provided that, with respect to any assignment pursuant to (i), (ii), (iii) or (iv): the Company shall notify the County of any such transaction following such occurrence in accordance with the terms of Article VII hereof. Any assignment shall require that: (i) all rights, duties, obligations and liabilities under the Agreement applying to the interest acquired by the assignee shall be assigned from the assignor and assumed by the assignee, and upon such assumption, the assignor shall have no further rights, duties, or obligations under the Agreement from the date of such assignment to the extent such rights, duties, obligations or liabilities apply to the interest acquired by the assignee; (ii) the assignment be made subject and subordinate to this Agreement and the policies and procedures of the Guidelines; and (iii) the assignment document is in a form and contains content reasonably acceptable to the Cameron County Civil Division Office.

8.05 Upon the occurrence of an event of default pursuant to Section 9.01 and after the expiration of Company's right to cure as set forth in Section 9.02, the County may, as its exclusive remedies, elect to terminate this Agreement and be entitled to collect and recapture the full amount of ad valorem taxes and personal property taxes abated under this Agreement as of the date of default, and the Company's liability shall be limited to such amount; *provided however*, that (i) the County must give notice of such termination within sixty (60) days of the expiration of the cure period provided in Section 9.02 and (ii) all additional considerations paid by the Company as set forth in Sections 2.04 and Article V, expressly including without limitation all PILOT Payments, shall be credited against the recapture amount due under this provision. Such a recapture shall be due and payable to the County within sixty (60) days of the date the County provides notice that it is exercising its right of recapture to the defaulting Company. Upon the occurrence of a default pursuant to Section 9.01(c) and after the expiration of the defaulting Company's right to cure as set forth in Section 9.02, the County will be entitled to collect and recapture the amount of ad valorem taxes and personal property taxes abated under this Agreement for the calendar year in which such a default occurred and may elect to terminate this Agreement. Such a recapture shall be due and payable to the County within sixty (60) days from the date the County provides notice

that it is exercising its right of recapture to the defaulting Company. Upon the occurrence of an event of default pursuant to Section 9.01(d), and after the expiration of the defaulting Company's right to cure as set forth in Section 9.02, the County may terminate this Agreement and assert any remedy at law or equity to enforce the provisions hereof. Upon the occurrence of an event of default pursuant to Sections 9.01(e), 9.01(f), 9.01(g) or 9.01(h) and after the expiration of the defaulting Company's right to cure as set forth in Section 9.02, the County may, as its exclusive remedies, elect to terminate this Agreement and be entitled to collect and recapture the full amount of ad valorem and personal property taxes abated under this Agreement during the period beginning on the date such default first occurred and continuing through the date of notice of termination.

If more than one remedy for a default by a Company may be applicable, the County may pursue such jointly or alternatively as it may elect and the forbearance by the County to enforce any remedy provided above upon an event of default shall not be deemed or construed to constitute a waiver of such default.

8.06 The County acknowledges and understands that the Company is relying on the County's representations and warranties in this Agreement and the County's ability to perform the terms thereof. Accordingly, in the event of default by the County, the Company may seek to have the provisions of this Agreement enforced by declaratory judgment or injunctive relief to obtain specific performance. Except as provided in this Section 8.06, nothing contained in this Agreement shall be construed as constituting a waiver of the County's governmental immunity from suit or liability, which is expressly reserved to the extent allowed by law.

8.07 Prior to the Incentive Period, the Company shall reasonably coordinate with the County to provide guidance on the expected start of the Incentive Period based on commercial and construction progress.

8.08 General Terms:

(a) The headings contained in the articles of this Agreement are for reference only and do not affect in any way the meaning or interpretation of this Agreement.

(b) As used in this Agreement, all references to exhibits refer to the exhibits attached hereto and which are hereby incorporated by reference as if fully set forth herein.

(c) This Agreement will be construed and enforced in accordance with the laws of the State of Texas.

(d) If any term or provision of this Agreement is invalid, illegal or incapable of being enforced, all other terms and provisions of this Agreement will remain in full force and effect and such invalid, illegal or unenforceable term or provisions shall be reformed automatically so as comply with the applicable law or public policy and to effect the original intent of the parties.

(e) The term "Added Value" means the assessed value of Eligible Property as determined by the Cameron County Appraisal District over the Base Year Value.

(f) The term **"Affiliate"** means any entity which is controlled by, controls, or is under common control with the Company. For the purposes of this definition, the term "controlled by", "controls" or "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of any entity, whether through ownership, legally or beneficially, of voting securities, by contract or otherwise.

(g) The **"Base Year Value"** means the base year value of the land and any improvements, fixtures or equipment thereon as of January 1, 2024 as determined by the Cameron County Appraisal District.

(h) A **"business day"** means Monday through Friday of each calendar week, exclusive of holidays observed generally by Cameron County, Texas.

(i) The term **"Eligible Property"** means the improvements, fixtures and equipment for the Facility to be located on the Site as shown on Exhibit 3 (such schematic shall be illustrative of the location of the Eligible Property on the Site and not intended to limit in any way the scope of such Eligible Property).

(j) **"Full-Time Employee"** means a full-time employee as defined by § 4980H(c)(4) of the Internal Revenue Code, as amended, codified at Title 26 of the United States Code. If the aforementioned definition is at any time removed from Title 26 of the United States Code, a Full-Time Employee shall mean a full-time employee as defined by § 4980H(c)(4) of the Internal Revenue Code as of the Effective Date. The parties acknowledge that as of the Effective Date, this term generally means, with respect to any month, an employee who is employed on average at least 30 hours of service per week.

(k) **"Full-Time Equivalent Employee"** means a combination of employees whose combined hours add-up to forty (40) hours per week, each of whom individually is not a Full-Time Employee, but who, in combination, are counted as the equivalent of a Full-Time Employee. For example, two (2) employees, each of whom works twenty (20) hours per week, shall be considered a Full-Time Equivalent Employee for purposes of this Agreement.

(l) **"Related Employers"** means an Affiliate, EPC contractor or other applicable employer that hires employees to work within the County for the administration, construction, operation and/or routine maintenance of the Facility.

(m) **"Required Wage"** means (i) a minimum wage of \$14/hour for employees that are compensated on an hourly basis; or (ii) a minimum salary of \$29,120/year for employees that are compensated on an annual basis. The calculation of the Required Wage may include bonuses and employee benefits provided by the employer, excluding healthcare benefits. The calculation of the Required Wage specifically excludes compensation for overtime work. For employees that are compensated on an annual basis, but have not yet worked a full year as of the "reporting date" in the Award Affidavit, such employee(s)' salaries may be prorated based on the number of months such employee has been employed.

(n) This Agreement may be executed simultaneously in one or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(o) This Agreement (together with the Exhibits hereto and the documents to be delivered pursuant hereto) constitutes the entire agreement among the parties, all negotiations by between and among them being merged into this Agreement (together with such Exhibits and documents).

(p) Unless context requires otherwise, the words, "herein", "hereof" and "hereunder", and words of like import, shall be deemed to refer to this Agreement in its entirety and not to any individual article, section, subsection, paragraph, or subparagraph. The pronouns used in this Agreement will be constructed as masculine, feminine or neuter, singular or plural, as the context may require.

(q) Each party hereto has been represented by legal counsel designated by it and no provision of this Agreement will be construed in favor of, or against, any of the parties hereto by reason of the extent to which this Agreement or any provision hereto is inconsistent with any prior draft hereof or thereof.

(r) The Company shall provide to the County (or permit the County to inspect, as the case may be) the financial information and records referred to in this Agreement, and the County will accept from the Company the financial information as "**Confidential Information**" and agrees to receive and, for the duration of this Agreement and five (5) years thereafter, to not make any unauthorized use of the Confidential Information, including, without limitation, to use such information in the support of activities competitive with those of the Company, and to maintain said Confidential Information in secrecy and strict confidence unless: (i) such information has lawfully become public information through action of the County; (ii) such information was known to the County prior to having obtained such information under the terms of this Agreement or was developed independently of the Confidential Information provided by the Company; (iii) such information becomes lawfully available to the County, from another source, which has not received the information, either directly or indirectly, from the Company or an Affiliate; or (iv) the disclosure of the information is required by law. The confidentiality obligations of this Section 8.08(r) shall expire three (3) years after the last day of the last Operational Year of this Agreement.

(s) In the event that the County receives a request for information relating to the Company, Confidential Information or any other information provided by the Company to the County pursuant to this Agreement, the County shall timely seek an opinion from the Attorney General of the State of Texas requesting if the information requested is required to be provided. Additionally, the County shall timely notify the Company of the request. The County agrees to use its best efforts in safeguarding all information relating to the Company, including all proprietary, commercially sensitive, and Confidential Information, as well as non-proprietary or non-confidential information provided pursuant to this Agreement, and any other information provided by the Company to the County.

(t) In further consideration of the Company's performance of its obligations herein, the County agrees that should the Company seek to realize inventory tax benefits associated with the Foreign Trade Zones ("FTZ") program administered and overseen by the U.S. Department of Commerce (Foreign Trade Zones Board) and U.S. Customs & Border Protection, the County will

provide the Company or an Affiliate, as applicable, non-objection letter(s) required from the County for the FTZ application.

(u) In the event that the Companies decide to cease or discontinue its operations at the Site permanently, the Company shall use good faith efforts to clean-up, restore the Site and remove improvements made to the Site associated with the operation of the Facility, as is reasonably practicable and as is required by its lease agreement with the POB. The Company shall abide by any state, federal or other applicable law relating to such clean-up and removal and restoration.

Article IX

DEFAULT

9.01 The following events shall be deemed to be events of default by a Company under this Agreement:

(a) the Company fails to submit to the County an Award Affidavit at the time and in the manner required in this Agreement;

(b) any warranty, affirmation or representation made to the County by or on behalf of the Company with respect to any certificate, Completion Report or Award Affidavit proves to have been false or intentionally misleading in any material respect when made;

(c) the Facility is completed and begins operations, but subsequently all operational Trains at the Site cease the production of LNG for a period of one year or more for any reason except production shut downs to address safety concerns, fire, explosion or other casualty, accident or natural disaster or other event for which the Company (or one or more of its Affiliate's) performance is excused for reason of Force Majeure during the Incentive Period unless (i) the Company can demonstrate to the County (acting reasonably) that it is diligently pursuing the resumption of LNG production operations for at least one Train; and where for purposes of this Agreement "Force Majeure" shall mean any act, event or circumstance, whether of the kind described herein or otherwise, that is not reasonably within the control of, does not result from the fault or negligence of, and would not have been avoided or overcome by the exercise of reasonable diligence by the party claiming Force Majeure, with the party having observed a standard of conduct that is consistent with a reasonable and prudent operator; including: (i) acts of God, the government, or a public enemy; strikes, lockout, or other industrial disturbances; (ii) adverse weather conditions, catastrophic storms or floods (including adverse weather conditions, catastrophic storms or floods that prevent access to or operation of the Facility due to closure of roads by decision of a local, state or federal authority); (iii) wars, terrorism, revolts, insurrections, sabotage, commercial embargoes, blockades or civil disturbances of any kind, epidemics, fires, explosions, arrests and actions of a local, state or federal authority that were not requested, promoted or caused by the affected party; (iv) changes in or introduction of laws, rules, regulations, ordinance, decree or orders of any national, municipal or other governmental authority, whether domestic or foreign, or the nationalization, confiscation, expropriation, compulsory acquisition arrest or restraint of any assets by any governmental authority; (v) loss of, accidental damage to, or inaccessibility to or inoperability of any pipeline providing gas supply to the Facility or any disruption under the gas supply agreements supporting the Facility; (vi) any

event affecting an LNG tanker that is directly en route to the Facility to load a scheduled cargo, which results in the Facility having to declare an event of Force Majeure due to the impact on the Facility's operations; and (vii) the denial, expiration of, or failure to obtain, any regulatory approval, required for the Facility's operations;

(d) any warranty, affirmation or representation, other than those described in Section 9.01(b), made to the County by or on behalf of the Company on the date hereof proves to have been false or misleading in any material respect when made;

(e) the Company fails to timely comply with the County's request to inspect the Facility in accordance with Section 4.07;

(f) the Company fails to timely pay, when obligated, any investigation cost incurred by the County hereunder or any audit cost under Section 4.05;

(g) To the extent permitted by law, if bankruptcy or insolvency proceedings are commenced by or against the Company; or

(h) the Company fails to pay any PILOT Payment when due and owing.

9.02 If the County determines that the Company is in default in accordance with the terms and conditions of this Agreement, then the County shall notify the Company in writing of such default. If the default is not cured by the Company within thirty (30) calendar days from the date of the notice, then the County may exercise its remedies under Section 8.05. Notwithstanding the foregoing sentence, the cure period for a default pursuant to Section 9.01(h) shall only be ten (10) business days. The County Administrator may extend the thirty (30) day cure period an additional sixty (60) days if the default may not reasonably be cured within the thirty (30) day period. If the County determines that the Company is in default pursuant to Section 9.01(c), but the Company is able to show that another Train within the County (but not located at the Site) related to the Facility is still in operation, the County will work in good faith to modify this Agreement to include the operational Train as part of the Site; provided that any modification shall not extend the Incentive Period or the Term.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this Agreement as of the date written below the parties' representatives' signatures, hereinafter.

Eddie Treviño, Jr., County Judge

Trey Lewis, Principal
Ryan LLC

Attested By:

Sylvia Garza-Perez, County Clerk

Exhibit 1

PART A

DESCRIPTION OF REAL PROPERTY UNDER LEASE

METES AND BOUNDS DESCRIPTION

Being 625.00 acres of land out of a called 3260.06 acre tract of the Garcia Family Land, in the Santa Isabel Grant, Cameron County, Texas [said Garcia Family Land being 9,512.87 acres conveyed by Yturria Land & Live Stock Company unto Garcia land & Livestock Company, executed May 2, 1931, recorded in Volume 228, Page 345, D.R.C.C.J, conveyed unto Brownsville Navigation District of Cameron County, Texas, per Special Warranty Deed executed the 13th thru 20th of October, 2000, recorded in Volume 6627, Page 193, Official Records, Cameron County, Texas; said 625.00 acres of land being more particularly located and described as follows:

[Combined scale factor used: 1.00003708 Theta Angle: 00 Degrees 34 Minutes 33.5 Seconds; distances called below are grid distances. No Texas State Plane Coordinates are called in this narrative metes and bounds]

Beginning at a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set on the TxDOT monumented Easterly line of right-of-way Parcel 2, Part 2 [being a 4.168 acre parcel conveyed by the Brownsville Navigation District of the County of Cameron, State of Texas, unto The State of Texas, by Deed executed January 20, 2005, recorded in Volume 11459, Page 231, Official Records, Cameron County, Texas], said point bearing North 22 Degrees 08 Minutes 47 Seconds East, 506.01 feet from a 1/2" diameter iron pin found at the Southernmost corner of said TxDOT, "Parcel 2, Part 2 [4.168 acres], for the Southwest corner of this tract;

Thence, along the monumented Easterly line of said right-of-way Parcel 2, Part 2, North 22 Degrees 08 Minutes 47 Seconds East, a distance of 495.54 feet to TxDOT Monument found at a corner of said right-of-way Parcel 2, Part 2, for a corner of this tract;

Thence, continuing along the monumented Easterly line of said right-of-way Parcel 2, Part 2, North 18 Degrees 59 Minutes 49 Seconds East, a distance of 2300.09 feet to a TxDOT Monument found at a corner of said right-of-way Parcel 2, Part 2, for a corner of this tract;

Thence, continuing along the monumented Easterly line of said right-of-way Parcel 2, Part 2, North 15 Degrees 50 Minutes 52 Seconds East, a distance of 1001.55 feet to a TxDOT Monument found at a corner of said right-of-way Parcel 2, Part 2, for a corner of this tract;

Thence, continuing along the Easterly line of said right-of-way Parcel 2, Part 2, North 18 Degrees 59 Minutes 49 Seconds East, a distance of 167.01 feet to a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set, for the Northwest corner of this tract;

Thence, South 63 Degrees 31 Minutes 41 Seconds East, a distance of 4385.26 feet to a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set at the high bank of a lama, for a corner of this tract;

Thence, South 29 Degrees 31 Minutes 01 Seconds East, at a distance of 1050.04 feet a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set at the toe of slope; at an additional distance of 2300.08 feet a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set at the Westerly high bank of Loma de la Draga; at an additional 491.41 feet a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set at the calculated Northwesterly right-of-way line of the 842.28 acre easement and right-of-way [known as the Brownsville Ship Channel] granted to the United States of America per report and decree of condemnation [Volume 281, Page 486, D.R.C.C.J; at an additional 388.63 feet a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set at the Easterly high bank of Loma De La Draga, a total distance of 4562.46 feet to a point calculated to be 600 feet perpendicularly to the calculated centerline of the said Brownsville Ship Channel [said centerline located Easterly of said point], for the Northeast corner of this tract;

Thence, parallel to the calculated centerline of said Brownsville Ship Channel, South 62 Degrees 25 Minutes 43 Seconds West, a distance of 3034.11 feet to a point calculated to be North 27 Degrees 34 Minutes 17 Seconds West, 600.0' and North 62 Degrees 25 Minutes 43 Seconds East, 5,373.14 feet [called North 62 Degrees 25 Minutes 27 Seconds East, 5402.16' per BND records] from the calculated location of the U.S.E.D. Engineers centerline station 30+552.57, for the Southeast corner of this tract;

Thence, North 31 Degrees 28 Minutes 34 Seconds West, at a distance of 332.88 feet a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set; at an additional distance 389.31 feet a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set on the Northwesterly right-of-way line of the said Brownsville Ship Channel, a total distance of 1578.95 feet [called 1,582.41 per BND records] to a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set, for a corner of this tract;

Thence, North 60 Degrees 24 Minutes 32 Seconds West, at a distance of 780.03 feet a 1/2" diameter iron pin with a yellow plastic cap stamped "GMES 1008770" set at a high bank of a lama, a total distance of 4511.11 feet the Point of Beginning;

Containing 625.00 acres of land, more or less.

Exhibit 1

PART B

DESCRIPTION OF REAL PROPERTY UNDER EXCLUSIVE LEASE

SURVEY

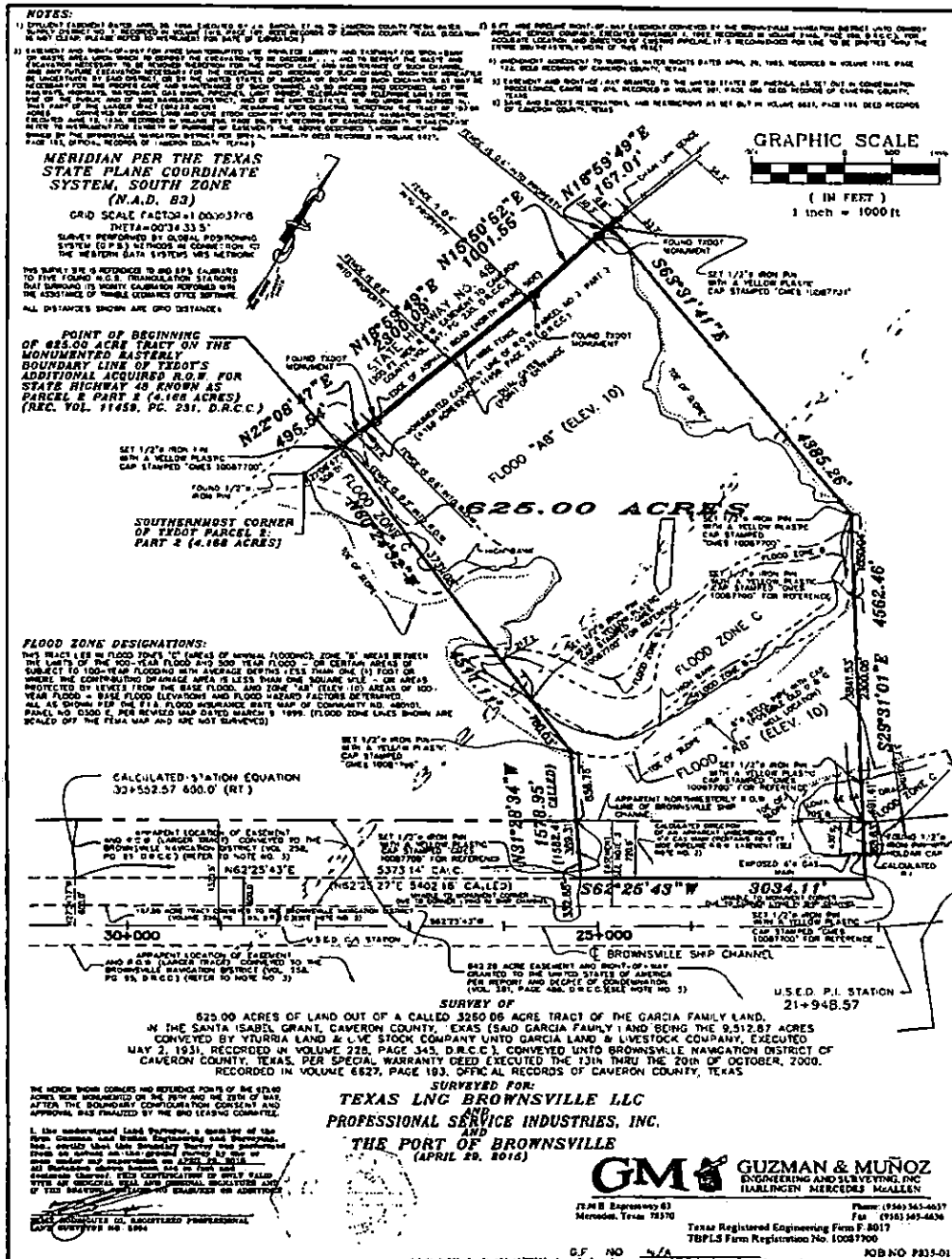


Exhibit 2
Schedule of the Companies' Targeted Minimum Performance by Year of Operation

Operational Year	Construction Costs	Direct Construction Jobs	Direct Construction Salaries	County Permits Paid	Assessed Facility Value	Personal Property Value	Permanent Jobs Created	Total Salaries for Permanent Jobs
CIP	N/A	200	>25,000,000	N/A	>\$15,000,000	N/A	N/A	N/A
CIP	N/A	700	>\$100,000,000	N/A	>\$25,000,000	N/A	N/A	N/A
CIP	N/A	1000	>\$150,000,000	N/A	>\$50,000,000	N/A	N/A	N/A
CIP	N/A	700	>100,000,000	N/A	>\$75,000,000	N/A	N/A	N/A
1	N/A	N/A	N/A	N/A	>\$100,000,000	N/A	75+	>\$10,000,000
2	N/A	N/A	N/A	N/A	>\$100,000,000	N/A	75+	>\$10,000,000
3	N/A	N/A	N/A	N/A	>\$100,000,000	N/A	75+	>\$10,000,000
4	N/A	N/A	N/A	N/A	>\$100,000,000	N/A	75+	>\$10,000,000
5	N/A	N/A	N/A	N/A	>\$100,000,000	N/A	75-	>\$10,000,000
6	N/A	N/A	N/A	N/A	>\$100,000,000	N/A	75-	>\$10,000,000

See Section 2.06 for target related to job creation (not included in this Exhibit 2).

Exhibit 3 Site Plans

