

CHAPTER 380
ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT
BETWEEN
CITY OF CORPUS CHRISTI, TEXAS
AND
CORPUS CHRISTI LIQUEFACTION, LLC

CHAPTER 380
ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT

This Chapter 380 Economic Development Incentive Agreement ("Agreement") is entered into as of January 27, 2015, between THE CITY OF CORPUS CHRISTI, TEXAS ("City"), a home-rule city, and CORPUS CHRISTI LIQUEFACTION, LLC, a Delaware limited liability company ("Company").

RECITALS

WHEREAS, Company desires to construct a natural gas liquefaction facility in three phases, or "trains" (as more particularly described in Exhibit A, the "Facility"), which will be constructed on land located within City limits and within City's extraterritorial jurisdiction as of January 1, 2015 (whose legal description is more particularly described in Exhibit B, the "Land") and

WHEREAS, Company expects that (i) the first train of the Facility will be constructed at a cost of at least One Billion Five Hundred Million Dollars (\$1,500,000,000) and employ at least ninety (90) full-time employees; (ii) the second train of the Facility will be constructed at a cost of at least Seven Hundred Fifty Million Dollars (\$750,000,000) and employ at least thirty-five (35) full-time employees; and (iii) the third train of the Facility will be constructed at a cost of at least Seven Hundred Fifty Million Dollars (\$750,000,000) and employ at least thirty-five (35) full-time employees; and

WHEREAS, the portion of the Facility located within City limits shall be subject to full ad valorem, sales, and other City taxation; and

WHEREAS, for purposes of this Agreement, its terms shall govern the Land and the Facility which will be located on the Land; and

WHEREAS, City recognizes the positive economic impact that the Facility will bring to City and its extraterritorial jurisdiction through additional tax revenue from City's levy of full ad valorem, sales and other City taxes on the portion of the Facility located within City limits, development and diversification of the economy, reduction of unemployment and underemployment through the production of new jobs, and the attraction of new businesses; and

WHEREAS, City has established a program in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code ("Chapter 380") under which City has the authority to make loans or grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity within City and its extraterritorial jurisdiction; and

WHEREAS, City has concluded and hereby finds that this Agreement promotes economic development within City and its extraterritorial jurisdiction and, as such, meets

the requirements under Chapter 380 and City's established economic development program, and, further, is in the best interests of City and Company; and

WHEREAS, Section 212.172 of the Texas Local Government Code ("Section 212.172") authorizes City to make a written contract with an owner of land that is located in City's extraterritorial jurisdiction to provide for the continuation of the extraterritorial status of the land, and to agree to other terms regarding land usage, development, and regulation; and

WHEREAS, in consideration of the positive economic impact that the Facility will bring to City and its extraterritorial jurisdiction, the City intends that the extraterritorial status of that portion of the Land located within the City's extraterritorial jurisdiction (the "ETJ Land") be continued during the term of this Agreement; and

WHEREAS, in consideration of the benefits provided to Company pursuant to this Agreement, Company has agreed to comply with the terms and conditions of this Agreement, and to make a payment in lieu of taxes to the City in connection with the execution of this Agreement;

NOW, THEREFORE, in consideration of the mutual benefits described in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Company agree as follows:

ARTICLE I

REPRESENTATIONS

1.1 Representations of City. City hereby represents to Company that as of the date hereof:

(A) City is a duly created and existing municipal corporation and home-rule municipality of the State of Texas under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

(B) City has the power, authority and legal right under the laws of the State of Texas to enter into and perform this Agreement and the execution, delivery and performance hereof (i) will not, to the best of its knowledge, violate any applicable judgment, order, law or regulation, and (ii) does not constitute a default under, or result in the creation of any lien, charge, encumbrance or security interest upon any assets of City, under any agreement or instrument to which City is a party or by which City or its assets may be bound or affected.

(C) This Agreement has been duly authorized, executed and delivered by City and constitutes a legal, valid and binding obligation of City, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of

creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.

(D) The execution, delivery and performance of this Agreement by City does not require the consent or approval of any person that has not been obtained.

1.2 Representations of Company. Company hereby represents to City that as of the date hereof:

(A) Company is duly authorized and existing and in good standing as a limited liability company under the laws of Texas and shall remain in good standing in Texas during the Term of this Agreement.

(B) Company has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized and will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to Company, and (ii) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of Company, under any agreement or instrument to which Company is a party or by which Company or its assets may be bound or affected.

(C) This Agreement has been duly authorized, executed and delivered by Company and constitutes a legal, valid and binding obligation of Company, enforceable in accordance with its terms except to the extent that (i) the enforceability of such instruments may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights and (ii) certain equitable remedies including specific performance may be unavailable.

(D) The execution, delivery and performance of this Agreement by Company does not require the consent or approval of any person that has not been obtained.

ARTICLE II **DEFINITIONS**

The recitals to this Agreement are hereby incorporated for all purposes. The terms, "Agreement," "Chapter 380," "City," "Company," "ETJ Land," "Facility," "Land," and "Section 212.172" shall have the above meanings, and the following words or phrases shall have the following meanings:

2.1 "Act of Default" or "Default" means failure to timely, fully, and completely comply with one or more requirements, obligations, performance criteria, duties, terms, conditions or warranties of this Agreement.

2.2 "Base Payment" means the payment described in Article V of this Agreement.

2.3 "City Property Tax Revenues" means any maintenance and operations portion of City ad valorem taxes paid by Company on any portion of the Facility and Land located within City limits for any portion of the Term of this Agreement.

2.4 "Commencement of Construction" means (i) to commence the work of constructing the improvements or features with all approvals thereof and permits required by applicable governmental authorities obtained as necessary to begin construction; and (ii) onsite construction of the site development components (such as drainage, extensive grading or utilities) is underway and being pursued for the Facility.

2.5 "Completion of the Facility" means the date no later than December 31, 2021, subject to extension upon approval by City or for Force Majeure and delay due to obtaining required permits, that Company has made and evidenced the fulfillment of at least 85% of the Investment Requirement and at least 85% of the Job Requirement for Train 1.

2.6 "Contractor" means Bechtel Oil, Gas and Chemicals, Inc., as defined under Owner's EPC Contract.

2.7 "Effective Date" means the first date by which this Agreement has been signed by all of the parties hereto, on which date the terms and provisions of this Agreement shall become effective.

2.8 "Force Majeure" means any act that (a) materially and adversely affects the affected party's ability to perform the relevant obligations under this Agreement or delays such affected party's ability to do so, (b) is beyond the reasonable control of the affected party, (c) is not due to the affected party's negligence or willful misconduct and (d) could not be avoided by the party who suffers it by the exercise of commercially reasonable efforts (provided that such commercially reasonable efforts shall not require such party to expend a material amount of money to avoid the act giving rise to a Force Majeure). Subject to the satisfaction of the conditions set forth in (a) through (d) above, Force Majeure shall include but not be limited to: (i) natural phenomena, such as storms, hurricanes, floods, lightning and earthquakes; (ii) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (iii) transportation disruption, whether by ocean, rail, land or air; (iv) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected party; (v) fires; (vi) the unavailability of necessary and essential equipment and supplies; (vii) a breach by City of this Agreement or any other actions, omissions of or delays by a governmental authority (including the actions of City in its capacity as a governmental authority) that were not voluntarily induced or promoted by the affected party, or brought about by the breach or noncompliance by the affected party of its obligations under this Agreement or any applicable law; and (viii) failure of the other party to perform any of its obligations under this Agreement within the time or by the date required pursuant to the terms of this Agreement for the performance thereof; provided, however, that under no circumstances shall Force Majeure include any of the following events: (A) economic hardship; (B) changes in market condition; or (C) weather conditions which could be anticipated by

experienced contractors operating at the relevant location and exercising commercially reasonable business judgment.

2.9 "Full Time Jobs" means jobs providing a regular work schedule of at least 35 hours per week, which term shall include full-time positions of any third party operator or contractor or of any subsidiary or affiliate located at the Facility.

2.10 "Industrial District Agreement" means an agreement made and entered into under the authority of Section 42.044 of the Texas Local Government Code, or successor provisions thereto.

2.11 "Investment Requirement" means an investment of capital in Train 1 of the Facility by Company or any subsidiary or affiliate of not less than One Billion Five Hundred Million Dollars (\$1,500,000,000).

2.12 "Job Requirement" means the creation of not less than 90 Full Time Jobs for Train 1 of the Facility. Any third party operator or contractor or any subsidiary or affiliate fulfilling this Job Requirement shall be subject to the requirements of Sections 4.7 and 6.8. Company must provide documents from any third party operator or contractor or any subsidiary or affiliate fulfilling any part of this Job Requirement evidencing all jobs and employment created as a result of the Completion of the Facility, pursuant to Article VII herein.

2.13 "Reimbursement Amount" or "Reimbursement" shall mean, for each year during the Term of this Agreement beginning with the year in which Commencement of Construction occurs, One Hundred Percent (100%) of City Property Tax Revenues, which amount the City agrees to reimburse to the Company pursuant to Section 5.2 of this Agreement if the Company satisfies the conditions of this Agreement.

2.14 "Resident of City" or "City Resident" means a person that resides in the Corpus Christi Metropolitan Statistical Area (San Patricio County, Nueces County, and Aransas County) ("MSA").

2.15 "Term" means the period defined in Article III of this Agreement.

2.16 "Train 1" of the Facility means the first phase, or "train," of the Facility, including Facility infrastructure, as more particularly described in Exhibit C.

ARTICLE III

TERM

The term of this Agreement (the "Term") will begin on the Effective Date, as defined in Section 2.4 herein, and shall continue until the Agreement is terminated pursuant to Section 4.3; provided, however, that this Agreement shall not remain in effect past December 31, 2033.

ARTICLE IV
COMPANY REQUIREMENTS, ANNEXATION, INDUSTRIAL DISTRICT, AND
LAND USAGE TERMS

4.1 **Requirement to Complete Facility.** Company shall provide reasonable evidence that they have satisfied the Investment Requirement and the Job Requirement required for Completion of the Facility, which evidence shall include, but not be limited to, state and federal employment reports and audited financial statements. Should Commencement of Construction occur but should Company fail to achieve Completion of the Facility by December 31, 2021, City shall have the option to terminate the Agreement.

4.2 **Extraterritorial Status of ETJ Land.** Pursuant to its authority under Section 212.172, City agrees that, beginning January 1, 2015, and subject to Section 4.3 and Company's compliance with the applicable terms of this Agreement, the ETJ Land shall remain in City's extraterritorial jurisdiction and shall not be annexed during the remaining Term of this Agreement.

4.3 **Annexation and Industrial District Agreement Options.**

(A) If, beginning January 1, 2015, and through the remaining Term of this Agreement, City proposes to annex any part or all of the ETJ Land, City shall notify Company in writing no later than thirty (30) days before such proposal is first placed on the Corpus Christi City Council's agenda, whether as a closed session or open session item. Additionally, as applicable under the terms of that chapter, City shall give Company all notice required under Chapter 43 of the Texas Local Government Code.

No later than sixty (60) days after the earliest date such notification is received by Company, Company shall have the option to notify City in writing that Company agrees to continue abiding with the terms of the Agreement. Upon City's receipt of such written notice from Company, the Agreement shall continue and be in full force and effect, and the ETJ Land shall not be annexed. Should Company not provide such written notice to City within the above-required period, the Agreement shall terminate and City shall be free to annex the ETJ Land.

(B) Throughout the Term of this Agreement, Company may give City written notification of Company's request to have that portion of the Facility located in City's extraterritorial jurisdiction placed in an industrial district and be bound by the terms of an Industrial District Agreement with the City, approval of which request will not be withheld by the City, effective on the earlier of (i) the termination of this Agreement, or (ii) January 1, 2034.

4.4 **Facility General Requirements.** City shall not be responsible for any costs and expenses incurred in connection with the construction of the Facility. Company agrees to assist City, if so requested by City, in the preparation of any documentation necessary for the preparation and approval of any of the documents or actions required by City to perform any of the obligations under this Agreement. Upon completion of the Facility and during the Term of this Agreement, the Company shall maintain the Land and the

Facility in a commercially reasonable manner, comparable to the maintenance of similar facilities, and shall timely pay all City taxes assessed against that portion of the Facility that is within City limits.

4.5 Annexation Corridor. Should Company sell or lease a portion of the ETJ Land, and should such sold or leased ETJ Land no longer be covered by this Agreement pursuant to the assignment provisions of Section 10.4 (the "Relinquished Land"), Company shall, after City provides Company with sixty (60) days prior written notice of intent to initiate annexation proceedings, permit City to annex a suitable strip of ETJ Land from City's boundary to such Relinquished Land (an "Annexation Corridor") to permit annexation of the Relinquished Land. The Annexation Corridor shall be the minimum amount legally necessary to annex the Relinquished Land. The location of the Annexation Corridor shall be subject to the approval of Company, which approval shall not be unreasonably withheld. Company and the Annexation Corridor shall have no right to any City services as a result of such annexation; nor shall City extend, by ordinance, any rules or regulation to the Annexation Corridor, including, but not limited to, those (a) governing plats and subdivisions and land, (b) prescribing any building, electrical, plumbing, or inspection codes, or (c) attempting to exercise in any manner whatsoever control over the conduct of Company's business thereon. The Annexation Corridor shall remain subject to this Agreement and shall not be subject to City taxes. In the event that the need for an Annexation Corridor no longer exists, City agrees to immediately cease any annexation proceedings related to the Annexation Corridor, or within sixty (60) days, take the steps necessary to complete disannexation proceedings required to remove the Annexation Corridor from City limits.

4.6 Commencement of Construction. Company is required to inform City in writing of Commencement of Construction. If Commencement of Construction has not occurred by January 1, 2018, City has the option to terminate the Agreement.

4.7 Use of Local Resources.

(A) Company shall make reasonable efforts to fill construction jobs and Full Time Jobs with Residents of the Corpus Christi MSA, which shall include the following:

(i) Company shall publish job fair schedules and, to the extent practicable, job postings in the San Patricio County and Corpus Christi area newspapers; and

(ii) Company shall establish an official website which will be the official means of informing City Residents of employment opportunities.

(B) To the extent practicable, Company shall also give priority to the use of suppliers from the Corpus Christi MSA for construction materials and supplies. Company shall, to the extent practicable, publish its requirements for goods and services of significant value on its official web site. Company shall not, however, be required to use goods and services provided by resident suppliers from the Corpus Christi MSA that are not (i) of equivalent quality, functionality, and compatibility to those provided by

nonresident suppliers or (ii) made available on terms, conditions and price comparable to those offered by nonresident suppliers.

(C) Company shall certify that it has offered a health insurance program for its employees having Full Time Jobs.

4.8 Prohibited Transfers. Company agrees that, without express written approval of the City, the Company may not deed any part of the Land or Facility to a tax exempt entity or public entity.

4.9 City Services. During the Term of this Agreement, City shall have no obligation to extend to the ETJ Land any utility, fire protection, or other City services, except for services that are being provided to and paid for by Company on the date hereof, or as City and Company shall otherwise agree in writing.

4.10 Compliance with City Rules and Regulations. City and Company agree that during the Term of this Agreement, with respect to the ETJ Land, City shall not require compliance with its rules or regulations: (1) governing zoning and platting of the ETJ Land for the purpose of locating the Facility and portions thereof on the ETJ Land; provided, however, Company further agrees that it will in no way divide the ETJ Land without complying with State law and City ordinances governing subdivision of land; (2) prescribing any building, electrical, plumbing or inspection code or codes; or (3) otherwise governing the operation of Company's business on the ETJ Land, except as to those regulations relating to the delivery of utility services and industrial waste disposal through City-owned facilities.

ARTICLE V IN LIEU OF TAXES PAYMENT TERMS AND PROVISIONS; TAXABLE PROPERTY REIMBURSEMENT

5.1 Payment In Lieu of Taxes.

(A) For purposes of this section, the base payments ("Base Payments") with respect to any tax year are (a) 100 percent of the ad valorem taxes for the ETJ Land based upon its market value (as determined by the relevant appraisal district for such tax year) which would otherwise be payable to City by Company if the ETJ Land was situated within the city limits of City plus (b) 62.5 percent of the ad valorem taxes for that portion of the Facility located in City's extraterritorial jurisdiction (excluding personal property and inventory) based upon its market value (as determined by the relevant appraisal district for such tax year) which would otherwise be payable to City by Company if such portion of the Facility was located within the city limits of City.

(B) For tax year 2031, Company shall pay City 33 percent of the Base Payments with respect to such tax year. For tax year 2032, Company shall pay City 66 percent of the Base Payments with respect to such tax year. For tax year 2033, Company

shall pay City 100 percent of the Base Payments with respect to such tax year. Each such payment shall be due on January 31 of the year following the tax year with respect to which such payment is made. Company shall not be obligated to pay City any portion of the Base Payments with respect to any other tax year during the Term of this Agreement.

5.2 Taxable Property Reimbursement.

Pursuant to its authority under Chapter 380, the City hereby agrees to pay the Reimbursement Amount to the Company as an unconditional obligation of the City, with respect to each calendar year during the Term of this Agreement beginning with the year in which Commencement of Construction occurs. The Company shall submit a request for the Reimbursement Amount to the City in writing by providing the City evidence of any City Property Tax Revenues paid no later than March 1st of each year. Within Sixty (60) days of receiving such written request from the Company, subject to the satisfaction of the Company's Commitments under Article IV herein and the Company's timely and full compliance with all applicable terms and conditions contained in this Agreement, City shall pay the Reimbursement Amount to the Company, subject to the limitations set forth herein.

ARTICLE VI COVENANTS, WARRANTIES, OBLIGATIONS AND DUTIES OF THE COMPANY

Company, as of the Effective Date, makes the following covenants and warranties to City and agrees to timely and fully perform the following obligations and duties.

6.1 **Litigation.** No litigation or governmental proceeding is pending or, to the knowledge of Company, threatened against or affecting Company or the Facility that may result, in the sole judgment of Company, in any material adverse change in Company's business, properties or operation.

6.2 **Untrue Statements.** To the best of Company's knowledge, no certificate or statement delivered by Company to City in connection herewith, or in connection with any transaction contemplated hereby, contains any untrue statement or fails to state any fact necessary to keep the statements contained therein from being misleading except those which have been replaced by subsequent certificates or statements heretofore given to City in substitution.

6.3 **Bankruptcy.** Company is not the subject of any bankruptcy proceedings, and Company has not been informed that it is the subject of any potential involuntary bankruptcy proceedings.

6.4 **Licenses and Authority.** To the best of Company's knowledge, it has acquired or is in the process of acquiring and maintaining all necessary rights, licenses, permits and authority to carry on its business in City, City's extraterritorial jurisdiction, and San Patricio County, Texas, and will continue to use commercially reasonable efforts to maintain all necessary rights, licenses, permits and authority.

6.5 Ownership Changes. Company shall notify City in writing of any changes in ownership of any part of the Facility or of Company within thirty (30) days after Company's knowledge thereof.

6.6 Succession of Ownership. No change of ownership or management of any part of the Facility nor a change of ownership or management of Company shall abate, waive, terminate or in any way relieve Company of its respective obligations herein.

6.7 Non-Discrimination. Company agrees that, as to all of the programs and activities arising out of this Agreement, it will not discriminate against any person on the basis of race, color, national or ethnic origin, sex, age, religion, or by reason of being disabled, or any other characteristic protected under applicable federal or state law.

6.8 Employment of Undocumented Workers. Company does not and agrees that it will not knowingly employ an undocumented worker. Company's conviction of a violation under 8 U.S.C. 1324a shall constitute an Act of Default hereunder.

ARTICLE VII

REPORTING AND AUDITING

7.1 Audit by the City. City may audit Company's records relative to compliance with the Investment Requirement and the Jobs Requirement to determine Company's compliance with the terms of this Agreement. This audit will be done by City or its designee on an annual basis. Company shall provide City an annual report, no later than March 1st of each year, stating the corresponding amount of annual capital investment (until the Investment Requirement has been fulfilled) and number of Full Time Jobs created and retained.

7.2 Access to Records/Right to Audit. Company, during normal business hours and after being provided three working days prior written notice, shall allow City or its designee reasonable access to its records and books and all other relevant records relative to compliance with the Investment Requirement and the Jobs Requirement, but the confidentiality of such records and information shall be maintained by City unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, or the Office of the Texas Attorney General.

ARTICLE VIII

DEFAULT

8.1 Company Default. Subject to Force Majeure and any consent given under Section 8.3 or variance granted under Section 10.14, failure by Company to comply with any requirements of this Agreement shall constitute an Act of Default. If such Act of Default is not cured and corrected within ninety (90) days after written notice to do so or by express waiver by the City, the City has the option to terminate this Agreement. Company shall be liable to City for any actual proven damages sustained by City as a

result of said Act of Default by Company under this Agreement, subject to the provisions of Section 10.15.

8.2 City Default. Save and except as provided in Section 4.3, if City breaches this Agreement by annexing any of the ETJ Land during the term of this Agreement, wrongfully terminating this Agreement, or failing to pay the Reimbursement Amount, Company shall be entitled to enjoin City from enforcing any annexation ordinance adopted in violation of this Agreement, terminating this Agreement, or taking any other action in violation of this Agreement.

8.3 Consent and Excuse. In the event of unforeseeable third party delays which are not Force Majeure and upon a reasonable showing by Company that it has immediately and in good faith commenced and is diligently and continuously pursuing the correction, removal or abatement of such delays by using commercially reasonable efforts, City may consent to and excuse any such delays, which consent and excuse shall not be unreasonably withheld.

8.4 City Delay. Any delay for any amount of time by City in providing notice of Default to the Company hereunder shall in no event be deemed or constitute a waiver of such Default by City of any of its rights and remedies available in law or in equity.

8.5 City Waiver. Any waiver granted by City to Company of an Act of Default shall not be deemed or constitute a waiver of any other existing or future act of default by Company or of a subsequent Act of Default of the same act or event by Company.

ARTICLE IX

CITY'S LIABILITY LIMITATIONS

Should City fail to timely, fully and completely comply with any one or more of the requirements, obligations, duties, terms, conditions or warranties of this Agreement, such failure shall be an Act of Default by City and City shall have ninety (90) days to cure and remove the Default after receipt of written notice to do so from Company.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 Permitting. Subject to the Company complying with all applicable laws, City agrees to cooperate with Company to expeditiously process permits required for Completion of the Facility.

10.2 Attorneys' Fees. If any legal action or proceeding is commenced between City and Company based on this Agreement, the prevailing party in the legal action will be entitled to recover its reasonable attorneys' fees and expenses incurred by reason of such action, to the extent allowed by law.

10.3 Binding Effect. This Agreement will be binding on and inure to the benefit of the parties and their respective successors and assigns.

10.4 Assignment. Except as provided below, Company may not assign all or part of its rights and obligations under this Agreement to a third party without prior written approval of City, which approval will not be unreasonably withheld or delayed. City agrees, however, that the Company may assign in whole or in part its rights and obligations under this Agreement or with respect to all or any part of the Land or the Facility to any affiliate, subsidiary, related company, partnership or joint venture, as long as the assignee controls, is controlled by, or is under common control with the Company; or to a third party lender advancing funds for the acquisition of all or any part of the Land or the Facility or for the construction or operation of the Facility. City expressly consents to any assignment described in the preceding sentence and agrees that no further consent of City to such an assignment will be required. The Company agrees to provide City with written notice of any such assignment.

10.5 Termination. If Company elects not to proceed with the Facility as contemplated by this Agreement, Company will notify City in writing, and this Agreement and the obligations of both parties will be deemed terminated and of no further force or effect as of the date of such notice. Additionally, at any time during the Term, Company may elect to terminate this Agreement. Following the giving of said notice, this Agreement shall terminate and be of no further force or effect, and all parties shall be fully released of any further obligations under this Agreement relating to said designated part or parts of the Land.

10.6 Notice. Any notice or other communication ("Notice") given under this Agreement must be in writing and may be given: (i) by depositing the Notice in the United States Mail, postage paid, certified, and addressed to the party to be notified with return receipt requested; (ii) by personal delivery of the Notice to the party, or an agent of the party; or (iii) by confirmed facsimile, provided that a copy of the Notice is also given in one of the manners specified in (i) or (ii). Notice deposited in the mail in the manner specified will be effective two (2) days after deposit. Notice given in any other manner will be effective only if and when received by the party to be notified. For the purposes of Notice, the addresses of the parties will, until changed as provided below, be as follows:

Company: Cheniere Energy, Inc.
Attention: Mr. Daniel Belhumeur
700 Milam Street, Suite 800
Houston, Texas 77002

City: City of Corpus Christi
Attn.: City Manager
P.O. Box 9277
Corpus Christi, Texas 78469-9277
Ph: (361) 826-3220
Facsimile: (361) 826-3839

with a copy to:

City Attorney
P.O. Box 9277
Corpus Christi, Texas 78469-9277
Ph. (361) 826-3360
Facsimile: (361) 826-3239

Any party may designate a different address at any time by giving Notice to the other party.

10.7 Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. In the event of any dispute regarding the interpretation of this Agreement, this Agreement will be interpreted fairly and reasonably and neither more strongly for nor against any party based on draftsmanship.

10.8 Relationship of the Parties. This Agreement will not be construed as establishing a partnership or joint venture, joint enterprise, express or implied agency, or employer / employee relationship between the parties. Neither City nor its past, present or future officers, elected officials, employees or agents assume any responsibility or liability to any third party in connection with the development of the Facility or the design, construction or operation of any portion of the Facility.

10.9 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected, and it is also the intention of the parties that, in lieu of each provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

10.10 Paragraph Headings, Etc. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the paragraphs.

10.11 No Third Party Beneficiaries. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.

10.12 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument. A facsimile signature will be deemed to be an original signature for all purposes.

10.13 Exhibits. The following exhibits are attached to and incorporated into this Agreement for all purposes, as if they were set forth herein in their entirety:

Exhibit A: Facility Description
Exhibit B: Land Description
Exhibit C: Train 1 Description

10.14 Variances. City, in its sole discretion, may grant and approve variances to Company from the performance criteria and development standards described herein upon application in writing therefore by the Company.

10.15 Damages not Included. Damages awarded in an adjudication brought against City or Company arising under the Agreement, including any amendments thereto, may not include: (i) consequential damages; (ii) exemplary damages; or (iii) damages for unabsorbed home office overhead.

ARTICLE XI

GENERAL TERMS

11.1 Entire Agreement. This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written, previous and contemporary, agreements between the parties relating to matters in this Agreement; and, except as otherwise provided herein, this Agreement cannot be modified or amended without a written agreement of the parties.

11.2 Law. This Agreement is subject to all legal requirements of Texas and all other applicable County, State and Federal laws, and the Company agrees that it will promptly comply with all such applicable laws, regulations, orders and rules of the State, County and other applicable governmental agencies. This Agreement shall be governed by and construed in accordance with the laws and court decisions of the State of Texas without regard, however, to the conflicts of laws provisions of Texas law.

11.3 Venue. Venue for any legal action related to this Agreement is in Nueces County, Texas.

11.4 Confidential. City, its officers and employees, and its agents or contractors retained to perform economic development services for City, shall treat as confidential any information delivered by the Company or its respective representatives to City and its representatives and shall not release such information to the public unless required by law or court order. City shall immediately notify the Company of requests or court orders to release such information.

[Signature page follows]

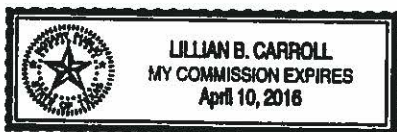
CORPUS CHRISTI LIQUEFACTION, LLC

By: Daniel Belhumeur
Name: Daniel Belhumeur
Title: V.P., Tax & General Tax Counsel

State of Texas

County of Harris

Sworn to and subscribed before me on the 18th day of March, 2015,
by Daniel Belhumeur.



Lillian B. Carroll
Notary Public Signature

CITY OF CORPUS CHRISTI, TEXAS

By: 

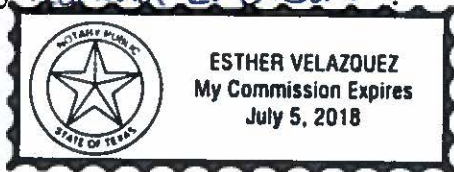
Name: Ronald L. Olson

Title: City Manager

State of Texas

County of Nueces

Sworn to and subscribed before me on the 23rd day of March, 2015,
by Ronald L. Olson.



Esther Velazquez
Notary Public Signature

ATTEST:

Rebecca Huerta

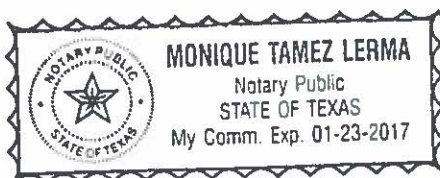
Rebecca Huerta
City Secretary

Res. 03042
AUTHORIZE
BY COUNCIL: 1/27/15
SECRETARY 18

State of Texas

County of Nueces

Sworn to and subscribed before me on the 25th day of March, 2015,
by Rebecca Huerta.



Monique Tamez Lerma
Notary Public Signature

EXHIBIT A

Description of the Facility

The Company is developing a LNG liquefaction facility and export terminal (the "Facility") on the La Quinta Channel on the north shore of Corpus Christi Bay in San Patricio County and Nueces County, Texas. The Facility will provide a significant source of employment, economic activity and tax revenue. Direct spending by the Company during the construction phase of the Facility is expected to average between \$37.9 million and \$51.2 million per month over five years. Total spending (including direct, indirect and induced spending) resulting from construction is forecast to average between \$123.2 million and \$166.4 million per month over this same period. Most of the construction workforce will come from the communities in the Corpus Christi region and South Texas, directly stimulating the regional economy, local employment, and municipal revenue. Following construction, the operation of the Facility will provide a stable source of employment, economic stimulus, and tax revenue over the long term in the Corpus Christi region. The projected annual impacts to the Corpus Christi region resulting from operations of the Facility (including direct, indirect and induced impacts) include approximately 2,100 permanent jobs, \$135 million in personal income, and \$240 million in gross product. The construction and long-term operation of the Facility is projected to generate significant cumulative benefits for the State of Texas, including approximately \$12.5 to \$15.2 billion in personal income, \$19.6 to \$23.5 billion in gross product, and \$970.6 million to \$1.2 billion in tax benefits. A total of between 199,266 and 243,868 person-years of employment are forecast to be created in Texas as a result of the construction and operation of the Facility.¹

The Facility will include three LNG (natural gas liquefaction process) trains, insulated LNG storage tanks, and berthing for LNG tankers. Each LNG train will include a variety of specialized equipment used to purify pipeline quality natural gas and liquefy it into LNG. The Company is in the process of engineering the Facility, securing commercial agreements, and obtaining financing and governmental permits, each of which are conditions precedent to the Company commencing construction on the Facility. A map of the Facility is attached to this Exhibit A.

¹ The Perryman Group, *The Anticipated Impact of Cheniere's Proposed Corpus Christi Liquefaction Facility on Business Activity in Corpus Christi, Texas, and the US* (May 2012), at 21 (*hereinafter*, Perryman Report). The Perryman Report is available for review upon request. All dollar figures reported represent constant 2012 dollars. References to regional impacts measured by The Perryman Group refer to the Corpus Christi Metropolitan Statistical Area (MSA), which includes Nueces, San Patricio and Aransas counties in South Texas.

IMPROVEMENT LAYOUT

This layout shows
Trains 1, 2, and 3



EXHIBIT B

Description of the Land

The metes and bounds description and a map of the property upon which the Company will build the Facility are attached to this Exhibit B.

October 9, 2012

12CH0203

EXHIBIT A
METES AND BOUNDS DESCRIPTION
OF A
337.4 ACRE TRACT

Being 337.4 acres of land, more or less, out of a 1610.0 acre "Tract 1, Parcel 1A", 328.9 acre "Tract 1, Parcel 2A", 31.82 acre "Tract 1, Parcel 5", and 58.07 acre "Tract 1, Parcel 6" as recorded in Document No. 490819, Real Property Records of San Patricio County, Texas, and Document No. 2001000017, Official Public Records of Nueces County, Texas, and also being out of the T. T. Williamson Surveys, Abstract Numbers 288, 289, and 290, and out of State Tracts 1 and 2, and this 337.4 acre tract being all of the 212.2 acre tract recorded in Document No. 2004020956, Official Public Records of Nueces County, Texas, and all the 125.2 acre tract referred to as "Reynolds/Alcoa Retained Tract #3" recorded in Document No. 2001000017, Official Public Records of Nueces County, Texas, and this 337.2 acre tract being more particularly described by metes and bonds as follows:

Commencing at a found concrete monument in the south right-of-way line of Texas State Highway No. 35 for the most northerly northeast corner of the aforementioned 328.9 acre tract, the same being the northwest corner of a 832.0 acre "Reynolds/Alcoa Retained Tract 1" recorded in Document No. 2001000017, Official Public Records of Nueces County, Texas;

Thence leaving said south right-of-way line and with the west line of said 832.0 acre tract, S 17 41-05 E, at 8736.90 feet pass a found 5/8-inch iron rod for the southwest corner of said 832.0 acre tract, in all 8936.90 feet to a found 5/8-inch iron rod;

Thence S 72-17-20 W, 59.39 feet, to a found 5/8-inch iron rod for the **POINT OF BEGINNING** and the northwest corner of this tract and said 212.2 acre tract, said corner having a NAD'83 State Plane Grid Coordinate of N 17214778.87', E 1379635.54', Texas South Zone in U.S. feet;

Thence N 72-17-20 E with the north boundary of this tract and said 212.2 acre tract, at 2644.75 feet pass the common east line of the aforementioned 328.9 acre tract and a west line of the aforementioned 1610.0 acre tract, in all 2818.29 feet to a found 5/8-inch iron rod for the northmost northeast corner of this tract and said 212.2 acre tract;

Thence with the east boundaries of this tract and said 212.2 acre tract as follows:

S 75-57-21 E, 308.21 feet;

S 17-42-40 E, 838.29 feet;

S72-17-20 W, 246.92 feet;

S 17-42-40 E, 640.06 feet, to a found 5/8-inch iron rod for a corner of this tract;

Thence S 67-58-34 W, at 188.26 feet pass the aforementioned common line between the 328.9 acre tract and the 1610.0 acre tract, in all 314.67 feet to a found 5/8-inch iron rod for an interior corner of this tract and the northmost northeast corner of said 125.2 acre tract;

Thence with the common east boundary of this tract and said 125.2 acre tract as follows:

S 73-59-30 E, 102.15 feet, to a found 5/8-inch iron rod;

S 17-32-43 E, at 2960.50 feet pass a found 5/8-inch iron rod being the southeast corner of said 125.2 acre tract, at 3129.328 feet pass the common south line of the aforementioned 328.9 acre tract and the north line of the aforementioned 58.07 acre tract, at 3192.41 feet pass a found 5/8-inch reference iron rod, at 3242.47 feet pass the common east line of said 58.07 acre tract and the west line of the aforementioned 31.82 acre tract, in all 3257.37 feet to a corner;

Thence S 01-10-31 E, 767.00 feet, to the southeast corner of this tract and said 212.20 acre tract, said corner being on the south line of said 31.82 acre tract and the Port of Corpus Christi Authority North Bulkhead Line;

Thence N 77-30-59 W with said bulkhead line and the south boundary of this tract and said 212.2 acre tract, at 190.69 feet pass the southwest corner of said 31.82 acre tract and the southeast corner of the aforementioned 58.07 acre tract, in all 3569.03 feet to the southwest corner of this tract and said 212.20 acre tract;

Thence leaving said bulkhead line N 07-00-28 W, 340.43 feet, to a corner being on the common north line of said 58.07 acre tract and the south line of the aforementioned 328.9 acre tract;

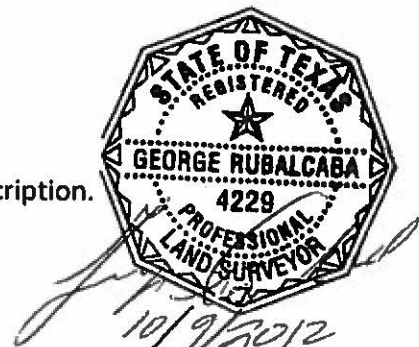
Thence N 03-34-16 E, at 149.58 feet pass a found 5/8-inch reference iron rod, in all 1080.30 feet, to a found 5/8-inch iron rod for a corner;

Thence N 04-42-55 W, 1132.92 feet, to a found 5/8-inch iron rod for a corner;

Thence N 17-47-50 W, 1473.53 feet, to the point of beginning and containing 337.4 acres of land, more or less.

Notes:

1. Bearings are State Plane Grid.
2. Drawing Exhibit B accompanies this metes and bounds description.



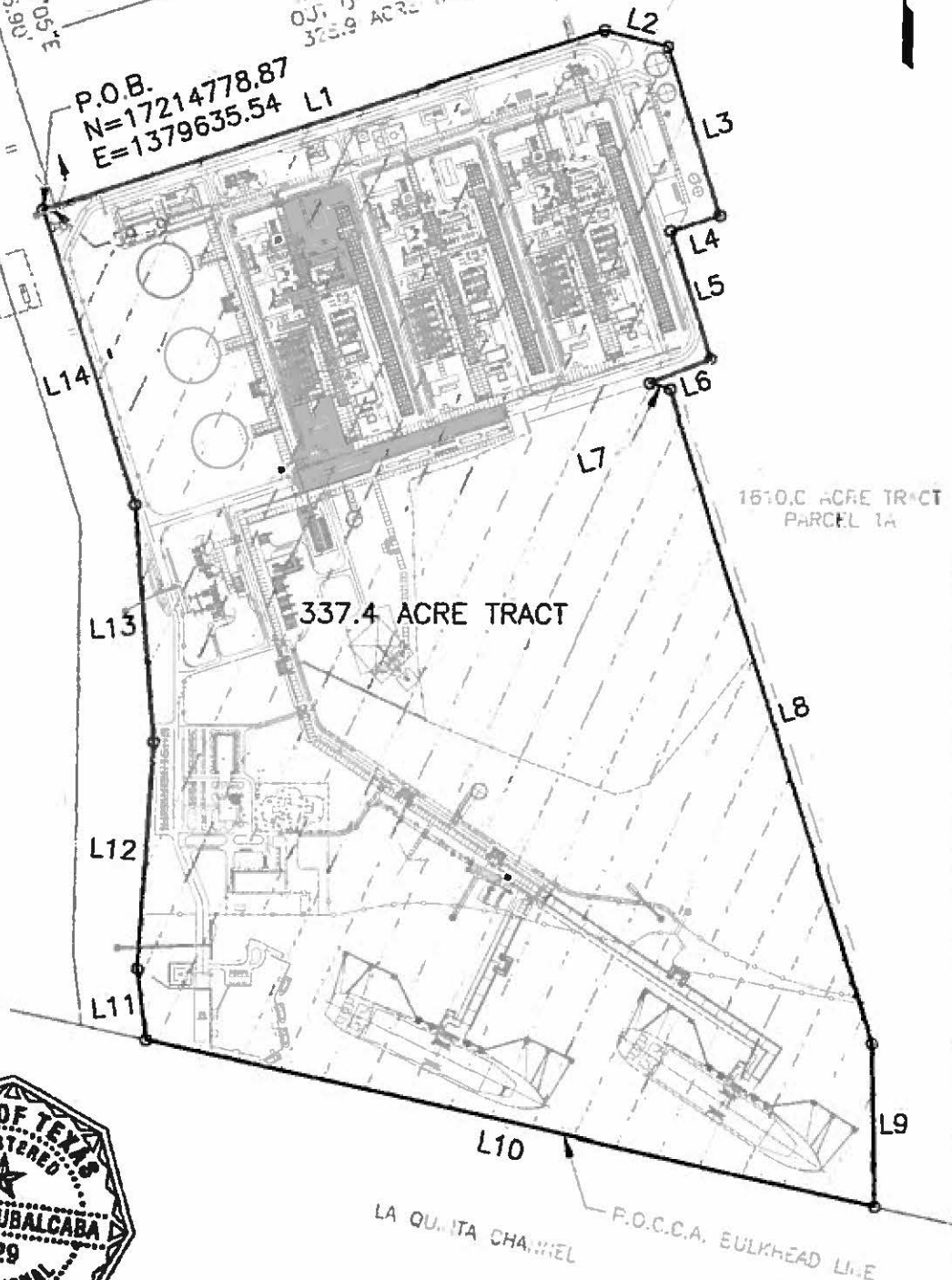
TX HWY 35
P.O.C.

517°1'05"E
5336.90'
19.50 AC TRACT
ACCESS 137' CI

REMAINING TRACT
OUT OF PARCEL 2A
325.9 ACRE TRACT

P.O.B.
N=17214778.87
E=1379635.54 L1

LINE TABLE		
LINE	LENGTH	DIRECTION
L1	2818.29'	N72°17'20"E
L2	308.21'	S75°52'21"E
L3	838.29'	S17°42'40"E
L4	246.92'	S72°17'20"W
L5	640.06'	S17°42'40"E
L6	314.67'	S67°58'34"W
L7	102.15'	S73°59'30"E
L8	3257.31'	S17°32'43"E
L9	767.00'	S01°10'31"E
L10	3569.03'	N77°30'59"W
L11	340.43'	N07°00'28"W
L12	1080.30'	N03°34'16"E
L13	1132.92'	N04°42'55"W
L14	1473.53'	N17°47'50"W



George Rubalcaba
10/9/2012

800 0 800 1600

SCALE: 1" = 800'

EXHIBIT B


 Govind Development, LLC Office: (361) 241-2777	GOVIND DEVELOPMENT, LLC. <small>TYPE FORM NO. 9-10191</small>			
	CORPUS CHRISTI LIQUEFACTION, LLC 337.4 ACRE TRACT			
	SAN PATRICIO COUNTY TEXAS			
	DR. RA CK. GR APP. GR	DATE: OCTOBER 2012	SCALE: AS NOTED CLIENT APPROVAL	JOB NO. 12CH203

EXHIBIT C

Description of Project and Train 1

Corpus Christi Liquefaction, LLC will construct a natural gas liquefaction facility for export and LNG regasification facility for import in the District. The facility is being constructed in three phases, or “trains,” with each train commencing operations approximately six to nine months after the previous train. A separate application for abatement has been filed, and a separate property tax abatement agreement with the District executed, for each train. This Agreement covers Train 1 of the Project. Train 1 shall consist of all land, improvements to real property, and tangible personal property located or constructed within the section of the attached map marked “Train 1 and Infrastructure” after the date of execution of this Agreement, which property shall include all property of the first train and facility infrastructure, including (i) all supporting infrastructure improvements including land improvements, tanks, intraplant piping, plant control equipment, pollution control equipment, and buildings commonly referred to as outside battery limits (OSBL) improvements; and (ii) the land upon which all of the foregoing property sits. Without limiting the description in the preceding paragraph, the Project shall include such portions of the following major components (along with supporting buildings, utilities, and other facilities) as are located in such map section:

LNG Liquefaction

- Facilities which remove carbon dioxide (CO₂), hydrogen sulfide (H₂S), and sulfur compounds from the feed gas;
- Facilities to remove water and mercury from the feed gas;
- Facilities to remove heavy hydrocarbons (such as benzene, toluene, ethylbenzene, and xylene (BTEX) from the feed gas
- Eighteen aero derivative GE LM2500 G4+ gas turbines driving multiple liquefaction refrigerant compressors;
- Waste heat recovery systems;
- Induced draft air coolers;
- Associated fire and gas and safety systems;
- Associated control systems and electrical infrastructure;
- Utility connections and distribution systems; and
- Piping, pipe racks, foundations and structures within the LNG train battery limits.

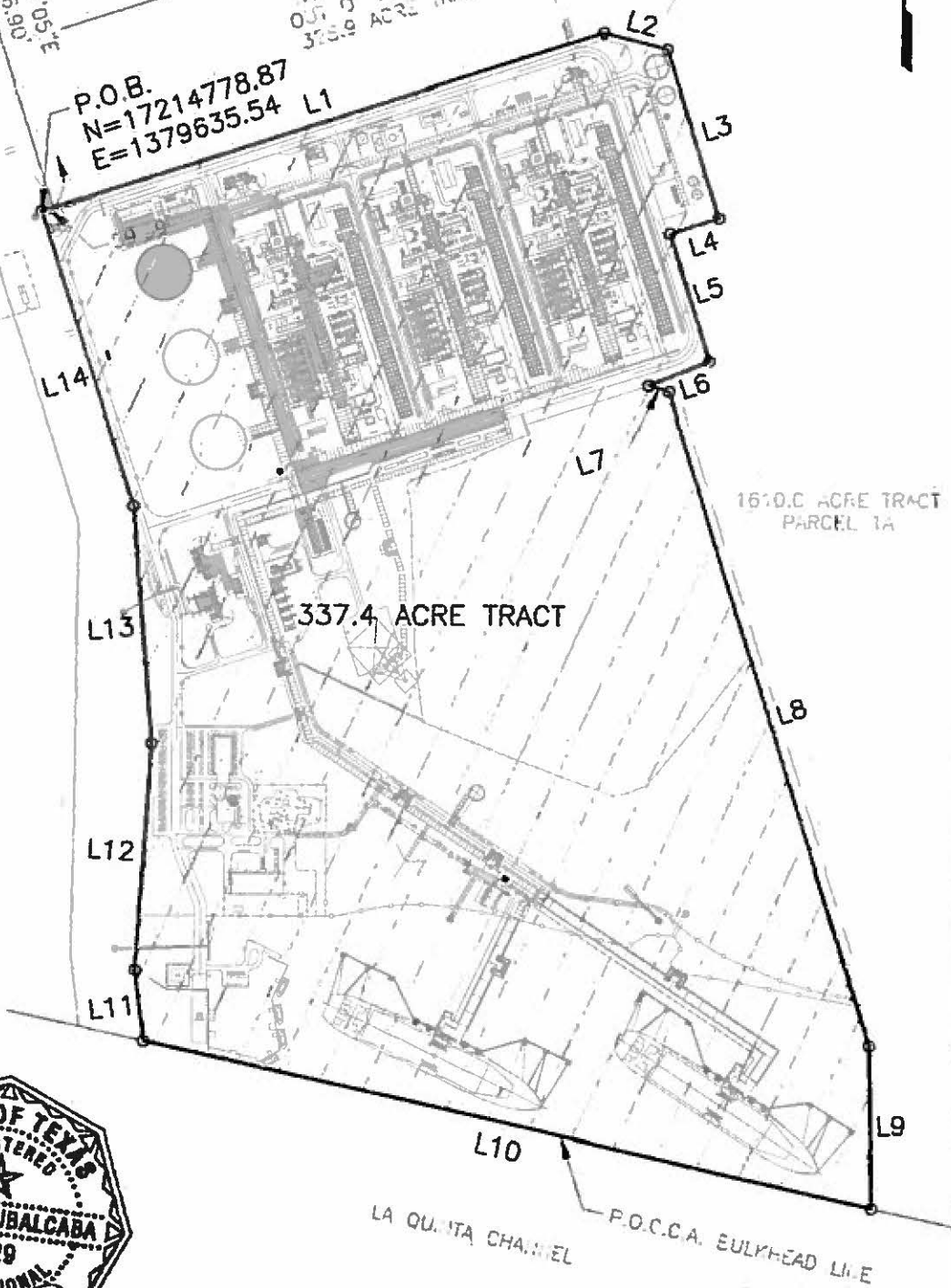
TX HWY 35
P.O.C.

336.90'
S17°11'05"E
ACCESS 137.4 AC

REMAINDER TRACT
OUT OF PARCEL 2A
325.9 ACRE TRACT

P.O.B.
N=17214778.87
E=1379635.54

LINE TABLE		
LINE	LENGTH	DIRECTION
L1	2818.29'	N72°17'20"E
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L10	3569.03'	N77°30'59"W
L11	340.43'	N07°00'28"W
L12	1080.30'	N03°34'16"E
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George Rubalcaba
10/9/2012

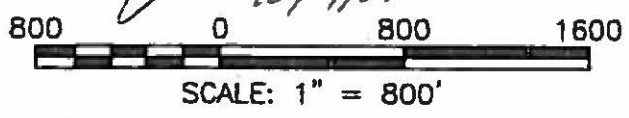
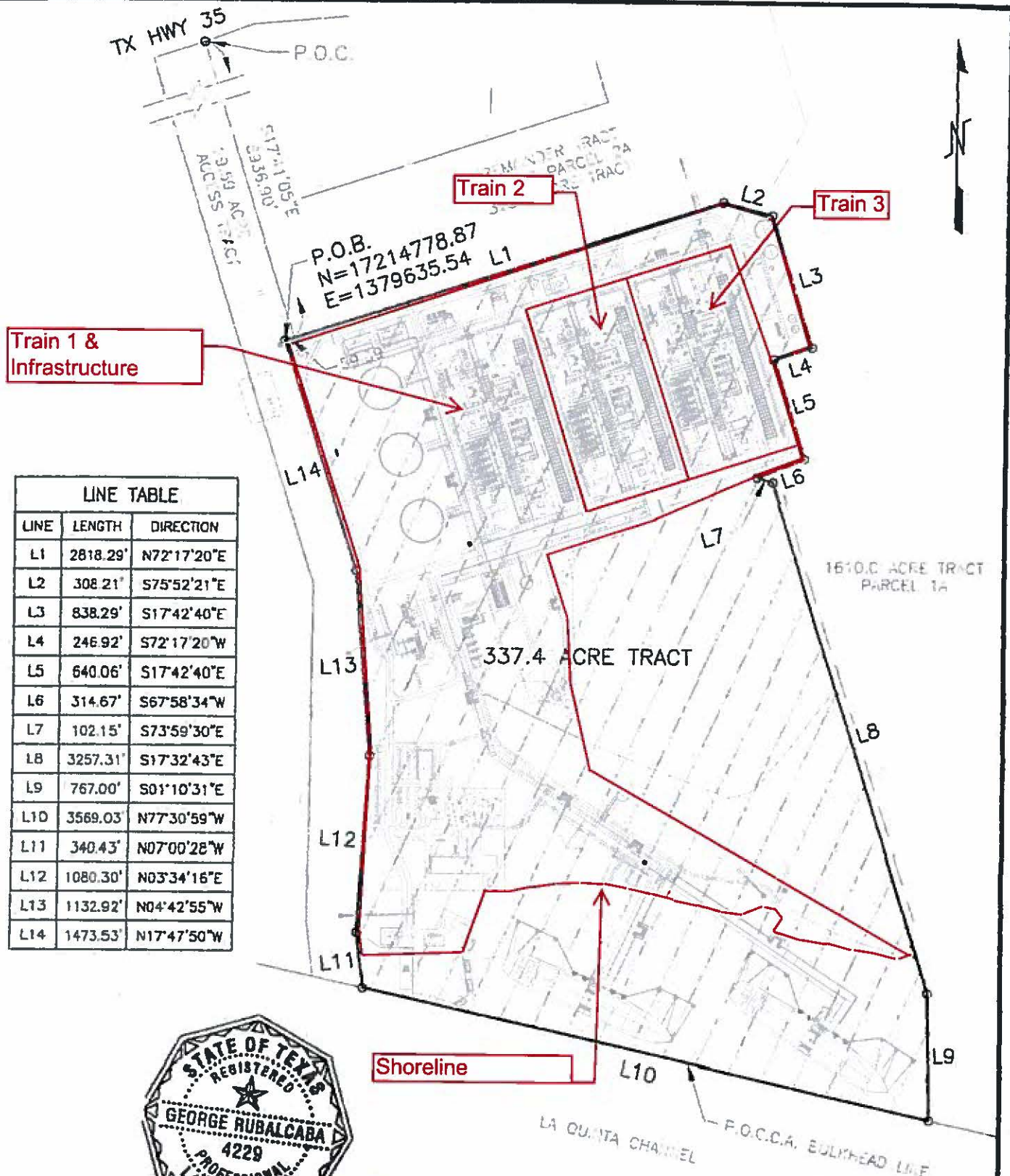


EXHIBIT B

 Govind Development, LLC Office: (361) 261-2777	GOVIND DEVELOPMENT, LLC. <small>TYPE FILED NO. 9-10101</small>		
	CORPUS CHRISTI LIQUEFACTION, LLC 337.4 ACRE TRACT		
	SAN PATRICIO COUNTY TEXAS		
	DR. RA CK. GR APP. GR	DATE: OCTOBER 2012	SCALE AS NOTED CLIENT APPROVAL
		DRAWING NO. 1	

P:\Project\UNDEVELOPED CLIENTS\12CH203 Land Survey\137.4 ACRE TRACT.dwg Oct 09, 2012 - 4:18pm revda



Shoreline

EXHIBIT B

GOVIND DEVELOPMENT, LLC.
TRUCK FIRM NO. E-10124

CORPUS CHRISTI LIQUEFACTION, LLC

337.4 ACRE TRACT

SAN PATRICIO COUNTY

TEXAS

David Development, LLC
Office: (361) 241-2777

DR.	RA
CL.	GR
APP.	GR

DATE:

SCALE AS NOTED

JOB NO.

DRAWING NO.