

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE McCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

December 17, 2015

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Sabine Pass Independent School District from Port Arthur LNG, LLC and affiliate Port Arthur LNG Holdings, LLC

(First Qualifying Year 2021; First Year of Value Limitation 2023)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Sabine Pass Independent School District is notifying Port Arthur LNG, LLC and affiliate Port Arthur LNG Holdings, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The company has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. The Applicant has requested that the value limitation begin in 2023.

The Applicant submitted the Application to the school district on December 14, 2015. The Board voted to accept the application on December 14, 2015. The application has been determined complete as of December 17, 2015. Please prepare the economic impact report.

Letter to Local Government Assistance & Economic Analysis Division
December 17, 2015
Page 2 of 2

A copy of the application will be submitted to the Jefferson County Appraisal District.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon". The signature is stylized with several overlapping strokes.

Kevin O'Hanlon
School District Consultant

Cc: Jefferson County Appraisal District

Port Arthur LNG, LLC and affiliate Port Arthur LNG Holdings, LLC

Sabine Pass Independent School District



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

December 14, 2015

Date Application Received by District

Kristi

First Name

Superintendent

Title

Sabine Pass Independent School District

School District Name

5641 S. Gulfway Dr.

Street Address

P.O. Box 1148

Mailing Address

Sabine Pass

City

(409) 971-2321

Phone Number

Heid

Last Name

TX

State

(409) 971-2120

Fax Number

kheid@sabinepass.net

Email Address

77655

ZIP

2. Does the district authorize the consultant to provide and obtain information related to this application? Yes No

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Daniel T.	Casey
First Name	Last Name
Partner	
Title	
Moak, Casey & Associates LLP	
Firm Name	
512-485-7878	512-485-7888
Phone Number	Fax Number
	dcasey@moakcasey.com
	Email Address

4. On what date did the district determine this application complete? December 17, 2015

5. Has the district determined that the electronic copy and hard copy are identical? Yes No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

James	Asay	
First Name	Last Name	
Vice President - Tax	Port Arthur LNG, LLC	
Title	Organization	
488 8th Ave., HQ08N1		
Street Address		
488 8th Ave., HQ08N1		
Mailing Address		
San Diego	CA	92101
City	State	ZIP
(619) 696-4836	(619) 696-3060	
Phone Number	Fax Number	
	jasay@sempra.com	
	Business Email Address	

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? Yes No

2a. If yes, please fill out contact information for that person.

Marvin	Ivey	
First Name	Last Name	
Director - Commercial Development	Sempra LNG	
Title	Organization	
2925 Briarpark Drive, Suite 900		
Street Address		
2925 Briarpark Drive, Suite 900		
Mailing Address		
Houston	TX	77042
City	State	ZIP
(832) 460-6580		
Phone Number	Fax Number	
	mivey@sempra.com	
	Business Email Address	

3. Does the applicant authorize the consultant to provide and obtain information related to this application? Yes No

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Greg _____ Maxim _____
First Name Last Name
 Partner _____
Title
 Cummings Westlake LLC _____
Firm Name
 (713) 266-4456 _____ (713) 266-2333 _____
Phone Number Fax Number
 gmaxim@cwlp.net _____
Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? Yes No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? Yes No N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? Yes No N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Port Arthur LNG, LLC and affiliate: Port Arthur LNG Holdings, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 12012553108; 32037013102
3. List the NAICS code 325120
4. Is the applicant a party to any other pending or active Chapter 313 agreements? Yes No
- 4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Company
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? Yes No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? Yes No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? Yes No N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Application for Appraised Value Limitation on Qualified Property



SECTION 9: Projected Timeline

- 1. Application approval by school board May 2016
- 2. Commencement of construction Q4 - 2018
- 3. Beginning of qualifying time period 2021
- 4. First year of limitation 2023
- 5. Begin hiring new employees Q2 - 2023
- 6. Commencement of commercial operations Q2 - 2023
- 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? Yes No
- Note:** Improvements made before that time may not be considered qualified property.
- 8. When do you anticipate the new buildings or improvements will be placed in service? Q4 - 2022

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Jefferson County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Jefferson CAD
- 3. Will this CAD be acting on behalf of another CAD to appraise this property? Yes No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

County: <u>Jefferson County, \$0.365, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>City of Port Arthur, \$0.792, 50%</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Port of Sabine Pass, \$0.256673, 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>Sabine Neches Nav. Dist., \$0.089374, 100%</u> <small>(Name, tax rate and percent of project)</small>
- 5. Is the project located entirely within the ISD listed in Section 1? Yes No
 - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
- 6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes No
 - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax_programs/chapter313/.

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? Yes No
- 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
- 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? Yes No

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? Yes No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? Yes No
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? January 2016

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 10,000,000.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2015
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 80
5. What is the number of new non-qualifying jobs you are estimating you will create? 20
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,050.50
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 2,093.30
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,285.18
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 66,829.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 66,830.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? Yes No
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	<p>Maps that clearly show:</p> <ul style="list-style-type: none"> a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: Electronic maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* <p>* To be submitted with application or before date of final application approval by school board</p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

Port Arthur LNG, LLC

Chapter 313 Application to Sabine Pass ISD

Cummings Westlake, LLC

TAB 3

Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)

See Attached

Texas Franchise Tax Affiliate Schedule

Tcode 13253 Annual

Reporting entity taxpayer number: 13307326275
Report year: 2014
Reporting entity taxpayer name: Sempra Energy & Subsidiaries

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Port Arthur LNG Holdings, LLC		2. Affiliate taxpayer number (if none, use FEI number) 32037013102		3. Affiliate NAICS code 551112	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 022713		7. Affiliate reporting end date m m d d y y 123113	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		
1. Legal name of affiliate Port Arthur LNG, LLC		2. Affiliate taxpayer number (if none, use FEI number) 12012553108		3. Affiliate NAICS code 493100	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010113		7. Affiliate reporting end date m m d d y y 123113	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		
1. Legal name of affiliate Port Arthur Pipeline, LLC		2. Affiliate taxpayer number (if none, use FEI number) 18611181662		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010113		7. Affiliate reporting end date m m d d y y 123113	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.window.texas.gov/commonowner/.
An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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TAB 4

Detailed Description of the Project

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

Port Arthur LNG, LLC (PALNG) is requesting an appraised value limitation from Sabine Pass Independent School District (ISD) for the Port Arthur LNG Project (the "Project"), a proposed liquefaction facility in Jefferson County. The proposed Sabine ISD Project (this application) will be constructed within a Reinvestment Zone that will be created by Jefferson County in January of 2016. A map showing the location of the project is included in TAB 11.

As nations increasingly search for alternative sources of energy besides oil and coal for power generation and other applications, demand for LNG will continue to grow. The U.S. has an opportunity to expand its participation in the global market for natural gas, as the country's more than 100 years of reserves are well positioned to contribute to meeting this growing demand. Port Arthur LNG's production and export of LNG represents a long-term economic stimulus to the nation's natural gas-producing regions, including Texas and the entire Gulf Coast. Port Arthur LNG's proposed liquefaction facility and export terminal will take advantage of the huge natural gas reserves that have been unlocked in recent years to provide substantial job creation and economic stimulus to the U.S. at large. New natural gas production and export of LNG represents a long-term economic lift to the nation's natural gas-producing regions and the overall U.S. economy.

The Project site is located approximately five miles south of the intersection of SH 87 and SH 82 near the City of Port Arthur, along the west side of the Sabine-Neches Ship Channel, south of the Gulf Intracoastal Waterway.

Natural gas will be delivered to the Project through proposed new pipelines and associated facilities being developed by Port Arthur Pipeline, LLC, which is not part of this Chapter 313 application. The natural gas will be cooled into a liquid form and stored in three 160,000 m³ LNG storage tanks. The maximum proposed production capacity of the liquefaction process is approximately 10 MTPA (5 MTPA per train). A marine facility, consisting of two berths, will be used to transfer LNG onto ships.

A Chapter 313 Value Limitation Agreement is requested on all the proposed new improvements and fixed equipment associated with this project as described below. The proposed project primarily consists of property classified by Jefferson CAD as real estate improvements including, but not limiting to the following:

- Two liquefaction trains, each with a maximum production capacity of 5 MTPA, and each with its own gas treatment facilities;
- A natural gas liquids (NGL) and refrigerant storage area;

- A marine facility, including two LNG berths, each with three liquid loading arms, one vapor loading arm, and one spare hybrid loading arm;
- An NGL and refrigerant truck loading/unloading facility;
- Three 160,000 m³ LNG storage tanks; and
- Operations, control, maintenance, warehouse and all other necessary buildings.

Also included in this application, but not limited to, are all of the associated concrete foundations, pipe supports, piping, instrumentation, power feeds, control loops, safety systems, fire water protection, pollution control equipment and facilities', insulation, and utilities necessary to safely operate the new equipment.

The following non-jurisdictional facilities and activities are also envisioned as part of the Project:

- Combustion turbine generators to provide self-power generation for the Project;
- State Highway 87 road and utility corridor relocation.

**The Port Arthur Pipeline, LLC system will include two 42-inch diameter feed gas pipelines and associated compressor stations and interconnect facilities. One pipeline will be approximately 7 miles long and will extend south, southeast from the proposed LNG terminal. The other pipeline will be 27 miles long and extend north, northwest from the proposed LNG terminal. Both pipelines are proposed to be owned and operated by PAPL and have a total operating capacity of approximately 1.6 Bcfd.

The pipeline facilities will include:

- Two underground, feed gas supply pipelines as described;
- Two compressor stations, one north and one south, as needed;
- Receipt metering stations; and
- Other above and below ground appurtenances, including valves and launchers/receivers.

Full construction of the Project is anticipated to begin in Q4 - 2018 with completion by Q2 - 2023.

**Port Arthur Pipeline, LLC system is specifically excluded and not part of this Application for Limitation on Appraised Value of Qualified Property.

TAB 5

Documentation to assist in determining if limitation is a determining factor.

Port Arthur LNG, LLC's (PALNG) parent company, Sempra Energy ("Sempra") is a Fortune 500 energy services company that develops energy infrastructure, operates utilities, and provides related products and services to more than 32 million consumers worldwide. The decision to invest in a particular state depends on the economics of the investment. In the case of PALNG's proposed natural gas liquefaction project (the "Project") in Jefferson County, there are a number of financial considerations, including the ability to obtain relief regarding local property taxes, which make the proposed investment meet certain economic requirements. Obtaining the local property tax abatements and valuation limitations prior to making a final decision to construct the Project in order to have certainty with respect to future property tax obligations is part of the necessary pre-development activity that the company must undertake before making a commitment to build the Project. The energy commodities market is very competitive. The Project must compete internally and externally for equity capital investment and worldwide for viable markets. Without the Chapter 313 property tax valuation limit, Sempra can turn its investment and project development efforts to another project in another state and/or country where the economics better meet the company's investment and economic objectives. Similarly, without the economic benefit of the Chapter 313 property tax valuation limit, Sempra's ability to market the project to third party offtakers and prospective equity investors becomes more challenging.

The proposed Project is still in an evaluation stage; only preliminary development activities have begun. The company acknowledges that it has undertaken certain development and permitting activities, has made public statements about the proposed project and has hosted meetings in the Port Arthur area to gauge public reaction to the project. On February 8, 2015 KPLC, a news station in Port Arthur, published an article regarding renewed internal Sempra interest in this project site following the prior cancellation of a Sempra LNG regasification project at the site in 2008. This article is attached as Exhibit 1 to this Tab. On February 26, 2015, Sempra issued its 2014 Annual Report and filed a Form 10-K for 2014. The proposed Port Arthur Liquefaction Project was mentioned in both reports and those pages are attached as Exhibits 2 and 3. On March 23, 2015, Sempra issued a press release to announce that it had requested the Federal Energy Regulatory Commission to initiate pre-filing review of the Port Arthur Liquefaction Project and that PALNG had filed a permit application with the U.S. Department of Energy for authorization to export LNG to be produced from the proposed Project to countries that have a free trade agreement with the U.S. The press release, from Sempra's website, is attached to this Tab as Exhibit 4a. Note that the press release states that "[d]evelopment of the Port Arthur liquefaction project is contingent on... obtaining financing and incentives" among other things. Based on the press release, various articles were published on March 23rd and 24th of 2015. See Exhibits 4b, 4c, 4d, 4e, and 4f to this Tab. Another article, included as Exhibit 4g, appeared in a local news publication on May 20, 2015 after a Sempra representative spoke about the project at a Port Arthur Chamber of Commerce meeting. On June 3, 2015, Sempra issued a second press release regarding the Port Arthur Liquefaction Project, stating that the company had executed a non-binding memorandum of understanding with an affiliate of Woodside Petroleum Ltd (the "Woodside MOU") with respect to preliminary diligence and discussions regarding a potential

joint development of the Project. This press release, which is attached in this Tab as Exhibit 5, states that development of the project is contingent upon "securing ... potential tax incentives." On August 20, 2015, the DOE approved PALNG's application for export to free trade countries. In addition, FERC recently announced its intent to prepare an environmental impact statement for the project. Notwithstanding any public statement or any on-going development activity, or any action by DOE or FERC, no final decision about whether or not to invest in the Project has been made by Sempra or any other party.

Neither Sempra nor PALNG have entered into any contracts to construct the proposed project. Although Port Arthur LNG Holdings, LLC owns the land that the proposed project would be built on, there is significant work that would need to be done to prepare the site, which would include the relocation of a portion of State Highway 87 at a significant cost (the benefit to the local community will also be significant), currently estimated to be approximately \$25 million. This land has been owned by Sempra or predecessor entities since 1969 and Sempra has twice attempted to develop projects on this site without success. Sempra has other potential LNG liquefaction projects under consideration that are competing for internal funding. If developed and constructed, these projects may be located in Cameron Parish, Louisiana and/or Ensenada, Mexico. Both sites already have LNG regasification infrastructure in place.

The Cameron Parish project is owned by Cameron LNG, LLC ("CLNG"), of which Sempra is a 50.2% majority owner. CLNG is currently constructing a three-train natural gas liquefaction project at a site adjacent to its existing LNG regasification facility. CLNG is in the process of permitting an expansion of that three train liquefaction facility to include a fourth and fifth train. Both CLNG's LNG regasification facility and its natural gas liquefaction project have been approved for Louisiana's Industrial Tax Exemption ("ITE"), a ten-year, 100% property tax exemption. CLNG fully expects any expansion project to also be approved for the ITE. No final decision to invest in the proposed expansion has been made.

The Ensenada, Mexico project, owned by Sempra's Mexico affiliate IEnova, is also competing for internal approvals to develop a natural gas liquefaction expansion at the company's existing Energia Costa Azul ("ECA") regasification facility. On February 19, 2015, IEnova announced that it had entered into an agreement with a subsidiary of PEMEX to collaborate in the development of the liquefaction project. The press release is included in this Tab as Exhibit 6.

PALNG, a Texas project, is competing both internally for Sempra's development dollars, and also for prospective third party offtake and equity investment in a worldwide LNG marketplace with liquefaction projects proposed by other companies. Going forward, we believe the LNG projects that will be successfully developed and constructed will be those that can offer the lowest LNG price to a global market and can demonstrate the best economic value for prospective investors' equity capital.

PALNG is a greenfield project in comparison to many of the facilities proposed in the U.S. and elsewhere, which have in place existing LNG regasification infrastructure, such as berthing facilities and LNG storage tanks. This could potentially create the impression for third party investors and offtakers that the greenfield Port Arthur Liquefaction Project stands at a relative competitive disadvantage from a cost perspective. The ability to secure available property tax

*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
BY PORT ARTHUR LNG, LLC TO SABINE PASS ISD*

Port Arthur LNG, LLC

Chapter 313 Application to Sabine Pass ISD

Cummings Westlake, LLC

incentives, including, particularly, a Chapter 313 value limitation, is therefore critical to the successful development of the Project in Texas.

An economic factor comparison of the various proposed sites for Sempra’s various LNG development projects is shown in the table below.

Chapter 313 Application to Sabine Pass ISD			
Facility	Port Arthur LNG	Cameron LNG Expansion	Energia Costa Azul
Location	Port Arthur, TX	Cameron, LA	Ensenada, Baja California, Mexico
Economic Factors:			
Natural Gas Supply	Centrally located on the Texas Gulf Coast with pipeline connections to many shale gas production areas.	Centrally located on the Louisiana Gulf Coast with pipeline connections to many shale gas production areas.	Likely to utilize natural gas from the Permian Basin or Rocky Mountains and imported into Mexico from the U.S.
Inbound Pipeline Access	Will need to acquire ROW and build 27 miles of 42 inch diameter pipeline	Has an existing 42 inch pipeline interconnecting the project to multiple interstate trunklines.	Existing pipeline may require an upgrade to handle sufficient gas volumes.
Water Access	Will need to build new berthing and loading facilities.	Existing facility has two berthing and loading jetties.	Existing facility is strategically located on the west coast of North America near Ensenada, Mexico and has an existing berthing and loading jetty.
Proximity of Product Market	Project is located on the Central Gulf Coast on the Sabine-Neches Waterway in Texas.	Project is located on the Central Gulf Coast on the Calcasieu Waterway in Louisiana.	Strategic location on the west coast of North America eliminates Panama Canal passage for LNG shipments to Asia cutting significant ship time and costs.

Port Arthur LNG, LLC

Chapter 313 Application to Sabine Pass ISD

Cummings Westlake, LLC

Site Preparation	Greenfield project with no existing facilities - more foundation work and relocation of existing highway will be required	Brownfield project with an existing LNG facility, which includes three LNG storage tanks, and marine facilities with two loading/unloading jetties.	Brownfield project with an existing LNG import facility, which includes two LNG storage tanks, and marine facilities with one loading/unloading jetty.
Utilities	Although there is an existing dual 230 kV transmission line and an existing 16-inch city water line on site, investment in additional utility infrastructure will be required.	A dual 230kV transmission line installed to the project. The local water district has an existing water line dedicated to the project	All power is provided by on-site generators and is not connected to the public grid.
Environmental	Area has moved from non-attainment to attainment for air permit purposes but may reverse under new EPA rulings.	Located in an attainment area for air permit purposes.	Subject to applicable Mexican federal, state and local environmental laws and regulations.
Availability of Tax Incentives	Chapter 312/380/IDA tax abatement; Chapter 313 value limitation with school district and state approval	Industrial Tax Exemption provides 100% tax abatement for ten years for all taxing jurisdictions	Property taxes not a significant annual expense in Mexico



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Sempra Energy revisiting Port Arthur LNG project

Posted: Dec 10, 2014 4:13 PM CST
Updated: Feb 08, 2015 4:13 PM CST

By **Anne Robicheaux** [CONNECT](#)

PORT ARTHUR, TEXAS (KPLC) - Sempra Energy is revisiting plans for a liquified natural gas (LNG) facility in Port Arthur.

According to [KBMT](#), Sempra officials are in talks with local leaders, and all permits are expected to be in by spring 2015, but no groundbreaking date has been set.

The company applied for federal permits for the project in April 2004 and received authorization in June 2006 from the Federal Energy Regulatory Commission (FERC) to move forward with its development. The project was put on hold in 2008.

The planned facility would be built along the Port Arthur Ship Channel and would consist of three storage tanks, two berths and two send-out pipes. The facility would be capable of processing up to three billion cubic feet of natural gas per day.

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balance sheet and credit ratings, but also to reduce risk and create new investment opportunities.

A great example of a successful partnership is the Cameron LNG liquefaction-export project in Louisiana. In 2014, we finalized a joint venture with our project partners, secured the last of our required regulatory permits and launched construction activities. The facility now is on schedule to become one of the first U.S. gas export facilities to begin operating, when completed in 2018. Fully contracted for 20 years, Cameron LNG will have an export capability of approximately 1.7 billion cubic feet per day (Bcfd) of LNG for international markets. Beginning in 2019, it is expected to generate \$300 million to \$350 million annually in earnings for us.

With the success of the launch of the Cameron LNG project, we and our partners are considering adding two more liquefaction trains to the current three trains under development. Initial permitting work on the potential expansion already has begun. We are also exploring other LNG development opportunities. **We have a large land position on the Gulf Coast of Texas, in Port Arthur,**



In October 2014, federal, state and local officials joined the Cameron LNG partners to break ground on their landmark liquefaction-export facility, due to start operations in 2018.

that could host a liquefaction-export terminal. Additionally, we are evaluating the economics of converting our Energía Costa Azul LNG terminal into an export facility. The terminal, located in Baja California, Mexico, currently is 100-percent contracted through 2028 as an import facility.

Despite volatile oil and natural gas prices over the past year, there remains a need to increase LNG supply to meet growing demand in the future. U.S. LNG projects have unique advantages in meeting this demand, due to their flexibility and lower cost. While some exploration and production activity may decline, we have structured our business model to minimize our exposure to commodity cycles, primarily through long-term contracting of our facilities.

Several of the largest U.S. shale plays are in the Northeast and Midwest. This is reversing the traditional flows of natural gas in the country, with new pipeline capacity needed to move shale gas from the producing regions to consumers. Sempra U.S. Gas & Power is a 25-percent owner of the Rockies Express Pipeline, a 1,698-mile transcontinental pipeline originally designed to transport natural gas west to east, from the Rocky Mountain region to Ohio. We and our partners in the pipeline are taking advantage of the new market demand by adding pipeline laterals and compression to allow Rockies Express Pipeline gas to flow bidirectionally. Toward this end, the partners have secured long-term contracts for 1.8 Bcfd of east-to-west capacity on the pipeline. We are exploring other related development opportunities, as well.

With the majority of states adopting renewable energy standards or goals, Sempra U.S. Gas & Power has continued to expand its portfolio of solar and wind facilities in 50-50 joint ventures. The company now owns or has under development more than 1,000 megawatts (MW) of renewable energy at facilities stretching from Hawaii to Pennsylvania.

TAB5 - EXHIBIT 3

project. As we do not control Cameron LNG Holdings, we are dependent on reaching a consensus with one or more of our joint venture partners to resolve a variety of issues that could transpire. The inability to timely resolve issues, including construction issues, could cause substantial delays to the completion of this project. A substantial delay could result in cost overruns, substantially postpone the earnings we anticipate deriving from this facility, and require additional cash investments by us and our joint venture partners. The anticipated cost of this project is based on a number of assumptions that may prove incorrect, and the ultimate cost could significantly exceed the current estimate of approximately \$7 billion of incremental investment, excluding capitalized interest and other financing costs. These risks could have a material adverse effect on our business, results of operations, cash flows, financial condition, and/or prospects.

We face many challenges to develop and complete our contemplated LNG export facilities.

In addition to the three-train Cameron liquefaction facility described above, we are looking at several other LNG export terminal development opportunities, including a greenfield project in Port Arthur, Texas, a brownfield project at our existing Energía Costa Azul regasification facility in Baja California, Mexico and an expansion of up to two additional liquefaction trains to the Cameron facility. Each of these contemplated projects faces numerous risks and must overcome significant hurdles before we can proceed with construction. Common to all of these projects is the risk that an extended decline in current and forward projections of crude oil prices could reduce the demand for natural gas in some sectors and cause a corresponding reduction in projected global demand for LNG. This could result in increased competition among those working on projects in an environment of declining LNG demand, such as the Semptra Energy-sponsored export initiatives. Such reduction in natural gas demand could also occur from higher penetration of coal in new power generation, which could also lead to increased competition among the LNG suppliers for the declining LNG demand. Oil prices at certain moderate levels, could also make LNG projects in other parts of the world still feasible and competitive with LNG projects from North America, thus increasing supply and the competition for the available LNG demand. A decline in natural gas prices outside the United States (which in many foreign countries are based on the price of crude oil) may also materially adversely affect the relative pricing advantage that has existed in recent years in favor of domestic natural gas prices (based on Henry Hub pricing). In addition, all of our proposed projects require the receipt of a number of permits and regulatory approvals, finding suitable partners and customers, obtaining financing, and negotiating suitable construction contracts.

Expansion of the Cameron LNG facility beyond the first three trains is subject to certain restrictions and conditions under the joint venture project financing agreements. Furthermore, there are a number of potential new projects contemplated by various developers in North America, in addition to ours, and given the projected global demand for LNG, the vast majority of these projects likely will not be completed. With respect to our Port Arthur, Texas project, this is a greenfield site, and therefore it may not have the cost advantages often associated with brownfield sites. The Energía Costa Azul facility in Mexico is subject to on-going land and permitting disputes that could make project financing difficult as well as finding suitable partners and customers. In addition, while we have completed the regulatory process for an LNG export facility in the U.S., the regulatory process in Mexico and the overlay of U.S. regulations for natural gas exports to an LNG export facility in Mexico are not well developed. There can be no assurance that such a facility could be permitted and constructed without facing significant legal challenges and uncertainties, which in turn could make project financing difficult as well as finding suitable partners and customers. Finally, Energía Costa Azul has profitable long-term regasification contracts for 100 percent of the facility, making the decision to pursue a new liquefaction facility dependent in part on whether the investment in a new liquefaction facility would be more profitable than just continuing to supply regasification services under our existing contracts.

There can be no assurance that our contemplated LNG export facilities will be completed, and our inability to complete one or more of our contemplated LNG export facilities could have a material adverse effect on our future cash flows, results of operations and prospects.

Increased competition could materially adversely affect us.

The markets in which we operate are characterized by numerous strong and capable competitors, many of whom may have extensive and diversified developmental and/or operating experience (including both domestic and international) and financial resources similar to or greater than ours. Further, in recent years, the natural gas pipeline, storage and LNG market segments have been characterized by strong and increasing competition both with respect to winning new development projects and acquiring existing assets. In Mexico, despite the commissioning of many new energy infrastructure projects by the Federal Electricity Commission (Comisión Federal de Electricidad, or CFE) and other governmental agencies in connection with energy reforms, competition for recent pipeline projects has been intense with numerous bidders competing aggressively for these projects. There can be no assurance that we will be successful in bidding for new development

TAB5 - EXHIBIT 3 (cont.)

Arizona and California for potential development of solar electric generation facilities. Sempra Mexico leases properties in Mexico for current and potential development of wind electric generation facilities.

In 2006, Sempra Natural Gas and ProLiance Transportation and Storage, LLC acquired three existing salt caverns representing 10 Bcf to 12 Bcf of potential natural gas storage capacity in Cameron Parish, Louisiana, with plans for development of a natural gas storage facility, LA Storage.

The Sempra Natural Gas segment owns and operates Mobile Gas, a natural gas distribution utility located in Mobile and Baldwin counties in Alabama. Its property consists of distribution mains, service lines and regulating equipment.

The Sempra Natural Gas segment also owns and operates Willmut Gas, a natural gas distribution utility headquartered in Forrest County, Mississippi, serving Forrest, Simpson, Lamar, Jones, Covington and Rankin counties. Its property consists of distribution mains, service lines and regulating equipment.

In Washington County, Alabama, Sempra Natural Gas operates a 20 Bcf natural gas storage facility, Bay Gas, under a land lease, with the potential to expand total working capacity to 26 Bcf. Sempra Natural Gas also owns land in Simpson County, Mississippi, on which it operates a 22 Bcf natural gas storage facility, Mississippi Hub, with the potential to expand total working capacity to 30 Bcf.

Sempra Natural Gas owns land in Port Arthur, Texas, for potential development. Sempra Natural Gas also has an equity interest in the Cameron LNG Holdings joint venture, which owns land and an LNG regasification terminal and has a land lease in Hackberry, Louisiana. The joint venture is constructing a liquefaction terminal at the facility.

OTHER PROPERTIES

Sempra Energy occupies its 19-story corporate headquarters building in San Diego, California, pursuant to an operating lease that expires in 2015. In August 2013, Sempra Energy entered into a 25-year, build-to-suit lease for its future San Diego, California, headquarters. The lease has five five-year renewal options. We discuss the details of this lease further in Note 15 of the Notes to Consolidated Financial Statements in the Annual Report.

SoCalGas leases approximately one-fourth of a 52-story office building in downtown Los Angeles, California, pursuant to an operating lease expiring in 2026. The lease has four five-year renewal options.

SDG&E occupies a six-building office complex in San Diego pursuant to two separate operating leases, both ending in December 2024. One lease has four five-year renewal options and the other lease has three five-year renewal options.

Sempra International and Sempra U.S. Gas & Power own or lease office facilities at various locations in the United States, Mexico, Chile and Peru, with the leases ending from 2015 to 2021.

Sempra Energy, SDG&E and SoCalGas own or lease other land, easements, rights of way, warehouses, offices, operating and maintenance centers, shops, service facilities and equipment necessary to conduct their businesses.

ITEM 3. LEGAL PROCEEDINGS

We are not party to, and our property is not the subject of, any material pending legal proceedings (other than ordinary routine litigation incidental to our businesses) except for the matters (1) described in Notes 13, 14 and 15 of the Notes to Consolidated Financial Statements in the Annual Report, or (2) referred to in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Sempra Energy Submits Port Arthur Liquefaction-Export Facilities For Pre-File Review With FERC

Mar 23, 2015

SAN DIEGO, March 23, 2015 /PRNewswire/ -- Sempra Energy (NYSE: SRE) today announced its subsidiary, Port Arthur LNG, has requested that the Federal Energy Regulatory Commission (FERC) initiate the pre-filing review for the company's proposed Port Arthur LNG natural gas liquefaction and export facility in Port Arthur, Texas.

The proposed liquefaction project is designed to include: two natural gas liquefaction trains with a total export capability of approximately 10 million tons per annum, or 1.4 billion cubic feet per day; two 160,000-cubic-meter storage tanks; marine facilities for vessel berthing and loading; natural gas liquids and refrigerant storage; feed gas pre-treatment; truck loading and unloading areas; and combustion turbine generators for self-generation of electrical power.

On March 20, Port Arthur LNG also filed a permit application with the U.S. Department of Energy (DOE) for authorization to export the LNG produced from the proposed project to all current and future Free Trade Agreement (FTA) countries and expects to submit to the DOE an application for authorization to export the LNG produced from Port Arthur LNG to non-FTA countries in the coming months.

"We have gained valuable experience working with the FERC during the permitting process for the Cameron LNG liquefaction project in Louisiana," said Octavio M. Simoes, president of Sempra LNG. "If we are successful, this project would provide long-term economic benefits and create new jobs in the region, while strengthening America's role as a global energy leader."

The proposed project would utilize a portion of Sempra's approximately 2,900 acres of property with 3 miles of waterfront on the Sabine-Neches Ship Channel and 1.25 miles of waterfront on the Intracoastal Waterway.

The company's Port Arthur LNG site previously was evaluated and certified by the FERC in 2006 for a proposed import regasification facility and pipeline and also was permitted by the Texas Department of Transportation for the potential relocation of a portion of State Highway 87.

Development of the Port Arthur LNG liquefaction project is contingent on completing the required commercial agreements, securing all necessary permits and approvals, obtaining financing and incentives, reaching a final investment decision and other factors associated with the investment.

Sempra U.S. Gas & Power, another subsidiary of Sempra Energy, is proposing to develop a natural gas pipeline project consisting of two separate 42-inch diameter pipeline segments that would interconnect with intra- and interstate pipelines to the north and south of the proposed Port Arthur LNG liquefaction project.

Sempra LNG successfully permitted Cameron LNG, which is now in construction. Port Arthur LNG is one of three liquefaction projects being developed by Sempra Energy. The other projects include the proposed expansion of Cameron LNG with trains No. 4 and No. 5 and liquefaction facilities at Energia Costa Azul in Baja California, Mexico.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2014 revenues of \$11 billion. The Sempra Energy companies' 17,000 employees serve more than 32 million consumers worldwide.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words like "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "contemplates," "intends," "depends," "should," "could," "would," "will," "confident," "may," "potential," "target," "pursue," "goals," "outlook," "maintain" or similar expressions, or discussions of guidance, strategies, plans, goals, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Factors among others that could cause our actual results and future

TAB 5 - EXHIBIT 4a (cont.)

actions to differ materially from those described in our forward-looking statements include: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions and the timing of actions, including issuances of permits to construct and licenses for operation, by the California Public Utilities Commission, California State Legislature, U.S. Department of Energy, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, Atomic Safety and Licensing Board, California Energy Commission, U.S. Environmental Protection Agency, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction, maintenance and capital projects, including risks in obtaining, maintaining or extending permits, licenses, certificates and other authorizations on a timely basis and risks in obtaining adequate and competitive financing for such projects; energy markets, including the timing and extent of changes and volatility in commodity prices, and the impact of any protracted reduction in oil prices from historical averages; the impact on the value of our natural gas storage assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for natural gas storage services; delays in the timing of costs incurred and the timing of the regulatory agency authorization to recover such costs in rates from customers; capital markets conditions, including the availability of credit and the liquidity of our investments; inflation, interest and currency exchange rates; the impact of benchmark interest rates, generally Moody's A-rated utility bond yields, on our California Utilities' cost of capital; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the North American transmission grid, pipeline explosions and equipment failures and the decommissioning of San Onofre Nuclear Generating Station; cybersecurity threats to the energy grid, natural gas storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers, terrorist attacks that threaten system operations and critical infrastructure, and wars; the ability to win competitively bid infrastructure projects against a number of strong competitors willing to aggressively bid for these projects; weather conditions, conservation efforts, natural disasters, catastrophic accidents, and other events that may disrupt our operations, damage our facilities and systems, and subject us to third-party liability for property damage or personal injuries; risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; risks posed by decisions and actions of third parties who control the operations of investments in which we do not have a controlling interest; risks inherent with nuclear power facilities and radioactive materials storage, including the catastrophic release of such materials, the disallowance of the recovery of the investment in, or operating costs of, the nuclear facility due to an extended outage and facility closure, and increased regulatory oversight; business, regulatory, environmental and legal decisions and requirements; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates of the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system; the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements due to insufficient market interest, unattractive pricing or other factors; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond our control. These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov, and on the company's website at www.sempra.com. Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise. Sempra International, LLC, and Sempra U.S. Gas & Power, LLC, are not the same companies as the California utilities, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra International, LLC, and Sempra U.S. Gas & Power, LLC, are not regulated by the California Public Utilities Commission. Sempra International's underlying entities include Sempra Mexico and Sempra South American Utilities. Sempra U.S. Gas & Power's underlying entities include Sempra Renewables and Sempra Natural Gas.

Sempra Energy Submits Port Arthur Liquefaction-Export Facilities For Pre-File Review With FERC

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SAN DIEGO, March 23, 2016 /PRNewswire/ — Sempra Energy (NYSE: SRE (<http://studio-5.financialcontent.com/prnews?Page=Quote&Ticker=SRE>)) today announced its subsidiary, Port Arthur LNG, has requested that the Federal Energy Regulatory Commission (FERC) initiate the pre-filing review for the company's proposed Port Arthur LNG natural gas liquefaction and export facility in Port Arthur, Texas.

The proposed liquefaction project is designed to include: two natural gas liquefaction trains with a total export capability of approximately 10 million tons per annum, or 1.4 billion cubic feet per day; two 160,000-cubic-meter storage tanks; marine facilities for vessel berthing and loading; natural gas liquids and refrigerant

storage; feed gas pre-treatment; truck loading and unloading areas; and combustion turbine generators for self-generation of electrical power.

On March 20, Port Arthur LNG also filed a permit application with the U.S. Department of Energy (DOE) for authorization to export the LNG produced from the proposed project to all current and future Free Trade Agreement (FTA) countries and expects to submit to the DOE an application for authorization to export the LNG produced from Port Arthur LNG to non-FTA countries in the coming months.

"We have gained valuable experience working with the FERC during the permitting process for the Cameron LNG liquefaction project in Louisiana," said Octavio M. Simoes, president of Sempra LNG. "If we are successful, this project would provide long-term economic benefits and create new jobs in the region, while strengthening America's role as a global energy leader."

The proposed project would utilize a portion of Sempra's approximately 2,900 acres of property with 3 miles of waterfront on the Sabine-Neches Ship Channel and 1.25 miles of waterfront on the Intracoastal Waterway.

The company's Port Arthur LNG site previously was evaluated and certified by the FERC in 2006 for a proposed import regasification facility and pipeline and also was permitted by the Texas Department of Transportation for the potential relocation of a portion of State Highway 87.

Development of the Port Arthur LNG liquefaction project is contingent on completing the required commercial agreements, securing all necessary permits and approvals, obtaining financing and incentives, reaching a final investment decision and other factors associated with the investment.

Sempra U.S. Gas & Power, another subsidiary of Sempra Energy, is proposing to develop a natural gas pipeline project consisting of two separate 42-inch diameter pipeline segments that would interconnect with intra- and interstate pipelines to the north and south of the proposed Port Arthur LNG liquefaction project.

Sempra LNG successfully permitted Cameron LNG, which is now in construction. Port Arthur LNG is one of three liquefaction projects being developed by Sempra Energy. The other projects include the proposed expansion of Cameron LNG with trains No. 4 and No. 5 and liquefaction facilities at Energia Costa Azul in Baja California, Mexico.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2014 revenues of \$11 billion. The Sempra Energy companies' 17,000 employees serve more than 32 million consumers worldwide.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words like "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "contemplates," "intends," "depends," "should," "could," "would," "will," "confident," "may," "potential," "target," "pursue," "goals," "outlook," "maintain" or similar expressions, or discussions of guidance, strategies, plans, goals, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Factors among others that could cause our actual results and future actions to differ materially from those described in our forward-looking statements include: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions and the timing of actions, including issuances of permits to construct and licenses for

operation, by the California Public Utilities Commission, California State Legislature, U.S. Department of Energy, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, Atomic Safety and Licensing Board, California Energy Commission, U.S. Environmental Protection Agency, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction, maintenance and capital projects, including risks in obtaining, maintaining or extending permits, licenses, certificates and other authorizations on a timely basis and risks in obtaining adequate and competitive financing for such projects; energy markets, including the timing and extent of changes and volatility in commodity prices, and the impact of any protracted reduction in oil prices from historical averages; the impact on the value of our natural gas storage assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for natural gas storage services; delays in the timing of costs incurred and the timing of the regulatory agency authorization to recover such costs in rates from customers; capital markets conditions, including the availability of credit and the liquidity of our investments; inflation, interest and currency exchange rates; the impact of benchmark interest rates, generally Moody's A-rated utility bond yields, on our California Utilities' cost of capital; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the North American transmission grid, pipeline explosions and equipment failures and the decommissioning of San Onofre Nuclear Generating Station; cybersecurity threats to the energy grid, natural gas storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers, terrorist attacks that threaten system operations and critical infrastructure, and wars; the ability to win competitively bid infrastructure projects against a number of strong competitors willing to aggressively bid for these projects; weather conditions, conservation efforts, natural disasters, catastrophic accidents, and other events that may disrupt our operations, damage our facilities and systems, and subject us to third-party liability for property damage or personal injuries; risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; risks posed by decisions and actions of third parties who control the operations of investments in which we do not have a controlling interest; risks inherent with nuclear power facilities and radioactive materials storage, including the catastrophic release of such materials, the disallowance of the recovery of the investment in, or operating costs of, the nuclear facility due to an extended outage and facility closure, and increased regulatory oversight; business, regulatory, environmental and legal decisions and requirements; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates of the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system; the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements due to insufficient market interest, unattractive pricing or other factors; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond our control. These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov (<http://www.sec.gov>), and on the company's website at www.sempra.com (<http://www.sempra.com>). Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new

information, future events or otherwise. Sempra International, LLC, and Sempra U.S. Gas & Power, LLC, are not the same companies as the California utilities, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra International, LLC, and Sempra U.S. Gas & Power, LLC, are not regulated by the California Public Utilities Commission. Sempra International's underlying entities include Sempra Mexico and Sempra South American Utilities. Sempra U.S. Gas & Power's underlying entities include Sempra Renewables and Sempra Natural Gas.

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Sempra moves forward with Port Arthur LNG plans

Posted on March 23, 2016 | By Rhannon Meyers



Sempra Energy is pressing forward with plans to build a liquefied natural gas plant and export facility in Port Arthur.

The San Diego-based energy company has asked the federal government to start reviewing the plans for its proposed LNG project on a portion of the company's existing 2,900 acres in Port Arthur, the company announced Monday.

Before the shale boom flooded the market with cheap, abundant supplies of natural gas, Sempra Energy planned to import the supercooled liquefied gas to its Fort Arthur site, warm it back to its gaseous state and ship it out via pipeline. The Federal Energy Regulatory Commission certified the company's plans in 2006 to build the regasification facility and pipeline.

The company now is proposing to build two natural gas liquefaction trains capable of producing 1.4 billion cubic feet of liquefied gas per day, or 10 million tons per year. Plans also call for two 180,000-cubic-meter storage tanks, facilities for marine vessel berthing and loading and turbine generators so the plant can make its own electricity.

Port Arthur LNG, a subsidiary of Sempra, has asked FERC to start the pre-filing review, a necessary first step before construction can begin. The company has also asked the federal government for permission to export to countries with which the United States has free trade agreements, and plans to submit another application in the coming months to request approval to export to non-Free Trade Agreement countries.

"If we are successful, the project would provide long-term economic benefits and create new jobs in the region, while strengthening America's role as a global energy leader," Sempra LNG President Octavio M. Simoes said in a statement.

The Port Arthur plant is the latest LNG project for Sempra Energy, which is building a three-train liquefaction plant at its existing import terminal in Hackberry, Louisiana. The \$10 billion Cameron LNG project has the capacity to produce 9.97 million metric tons per year of liquefied gas. The company last month asked for federal approval to expand the project to five trains capable of producing 24.92 million metric tons of gas per year.

Before starting construction in Port Arthur, the company needs to secure all the necessary permits and approvals, obtain financing and complete commercial agreements to sell its gas, Sempra Energy said in its announcement.

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Sempra seeks FERC pre-filing review for Port Arthur LNG project

Houston (Platts)—23 Mar 2015 8:03 pm EDT/22:03 GMT

Sempra Energy has asked the Federal Energy Regulatory Commission to initiate a pre-filing review for the company's proposed Port Arthur LNG liquefaction and export facility in Texas, the company said Monday.

The site is the same as proposed by Sempra for an LNG import terminal almost 10 years ago.

The new proposed LNG project is designed to include two gas liquefaction trains with a total export capability of 10 million metric tons/year of LNG, or 1.4 Bcf/d of gas; two 160,000 cu m storage tanks; marine facilities for vessel berthing and loading; natural gas liquids and refrigerant storage; feed gas pre-treatment; truck loading and unloading areas; and combustion turbine generators for self-generation of electrical power.

The FERC pre-filing is the latest step in securing necessary permits for the project.

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LNG Daily is essential reading as LNG supply dynamics continue to change in big markets like Japan, China, India and the U.S. This premier independent news publication for the global LNG industry gives readers information on every aspect of the global market from new LNG supply projects to gas quality issues.

On March 20, Port Arthur LNG filed a permit application with the US Department of Energy for authorization to export LNG produced from the proposed project to countries that have a free trade agreement with the US.

The company said it expects to submit to the DOE an application for authorization to export to non-FTA countries within the next several months.

"We have gained valuable experience working with the FERC during the permitting process for the Cameron LNG liquefaction project in Louisiana," Octavio Simoes, president of Sempra LNG, said in a statement.

Sempra proposes to build the project on the Sabine-Neches Ship Channel and 1.25 miles of waterfront on the Intracoastal Waterway, where the company holds about 2,900 acres of property with three miles of waterfront.

FERC had already evaluated and certified the site once, in 2006 for the import regasification facility and pipeline that Sempra was proposing to build at the time.

The proposed import terminal was one of three projects the company had on the books to import LNG to North America almost a decade ago.

Sempra abandoned plans to build the import terminal when it became obvious that, because of the dramatic ramp-up of production of shale gas, the US would no longer need to import large volumes of LNG.

The company said the development of the Port Arthur export project "is contingent on completing the required commercial agreements, securing all necessary permits and approvals, obtaining financing and incentives, reaching a final investment decision and other factors associated with the investment."

Sempra US Gas & Power, another Sempra Energy subsidiary, is proposing to develop a gas pipeline project consisting of two separate 42-inch-diameter pipeline segments that would interconnect with intra- and interstate gas pipelines to the north and south of the proposed Port Arthur LNG liquefaction project.

Port Arthur LNG is one of three liquefaction projects being developed by Sempra Energy. The other projects are adding a fourth and fifth train to its proposed expansion of its Cameron LNG plant in Hackberry, Louisiana, and liquefaction facilities at its Energia Costa Azul project in Baja California Norte, Mexico.

—Jim Magill, jim.magill@platts.com

—Edited by Richard Rubln, richard.rubln@platts.com



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Two Texas LNG Projects Make FERC Prefiling Requests

[Joe Fisher](#)

March 23, 2015

Sempra Energy has asked FERC to begin the prefiling review of its proposed liquefied natural gas (LNG) export terminal in Port Arthur, TX, and associated natural gas pipeline project. NextDecade LLC made a similar filing for its LNG project in Brownsville, TX.

The Port Arthur LNG project is designed to include two liquefaction trains with a total export capability of 10 million tons per annum of LNG, or 1.4 Bcf/d of natural gas; two 160,000-cubic-meter storage tanks; marine facilities for vessel berthing and loading; natural gas liquids and refrigerant storage; feed gas pre-treatment; truck loading and unloading areas; and combustion turbine generators for self-generation of electricity.

Port Arthur also last week filed a permit application with the U.S. Department of Energy for free trade agreement (FTA) export authorization. It said it also plans to file in the coming months for non-FTA export authorization.

Sempra LNG successfully permitted Cameron LNG, which is now in construction. Port Arthur LNG is one of three other liquefaction projects being developed by Sempra Energy. The other projects are the proposed expansion of Cameron LNG with trains No. 4 and No. 5 and liquefaction facilities at the existing Energia Costa Azul in Baja California, Mexico (see *Daily GPI*, [Feb. 19](#); [Nov. 5, 2014](#)).

"We have gained valuable experience working with the FERC [Federal Energy Regulatory Commission] during the permitting process for the Cameron LNG liquefaction project in Louisiana," said Sempra LNG President Octavio M. Simoes.

The Port Arthur project would use a portion of Sempra's 2,900 acres of property with three miles of waterfront on the Sabine-Neches Ship Channel and 1.25 miles of waterfront on the Intracoastal Waterway [[PF15-18](#)]. The site previously was evaluated and certified by FERC in 2006 for a proposed import regasification facility and pipeline and also was permitted by the Texas Department of Transportation for the potential relocation of a portion of State Highway 87.

Port Arthur Pipeline LLC is proposing to develop a natural gas pipeline project consisting of two separate 42-inch diameter segments that would interconnect with intra- and interstate pipelines to the north and south of the liquefaction project. A prefiling application for the pipeline was also made last week [[PF15-19](#)].

Separately last Friday, NextDecade LLC made a prefiling request at FERC for its Rio Grande Liquefied Natural Gas terminal proposed for the Port of Brownsville, TX, and associated Rio Bravo Pipeline

project (see *Daily GPI*, [March 9](#)).

Rio Grande LNG, a wholly owned subsidiary of NextDecade, is a multi-billion dollar land-based LNG export project located on a 1,000-acre site along the Brownsville Shipping Channel [[PF15-20](#)].

NextDecade's proposal includes up to six liquefaction trains with a nominal output capacity of 4.5 million tonnes of LNG per train a year. The facility would be constructed in phases timed to meet market demand. The proposed 129-mile Rio Bravo Pipeline would supply the facility with its feed-gas, connecting the terminal to the Agua Dulce natural gas market hub.

"With its position on the Gulf of Mexico, access to abundant gas supplies, and existing infrastructure, the Rio Grande Valley presents a fantastic opportunity for our project," said NextDecade CEO Kathleen Eisbrenner.

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Sempra moves forward on Port Arthur LNG project

By Eric Besson Published 10:50 am, Tuesday, March 24, 2015



Sempra Energy is designing a natural gas liquefaction plant capable of exporting up to 10 million tons of LNG annually from its Port Arthur property, the company said in filings with federal regulators.

Sempra, under the new subsidiary Port Arthur LNG, has officially started the long, expensive process to obtain a **Federal Energy Regulatory Commission** permit. Though the company has flirted publicly with the idea for the past year, the paperwork submitted as part of the FERC pre-filing process offers the first glimpse of its specific plans.

The company owns about 3,000 acres along the Gulf Intracoastal Waterway, west of the Sabine-Neches Waterway. Years ago, Sempra obtained a FERC permit to export natural gas from that property, but increased drilling activity turned the United States into a natural gas export market.

Port Arthur LNG would install and own two 42-inch pipelines to supply the facility with natural gas. One pipeline would extend 7 miles south and east into Louisiana, according to filings. The other would run 27 miles north and east into Orange County.

The company would feed the gas into two liquefaction trains on site, cool it to liquid form and then load it onto ships for international trade.

Part of the plan includes rerouting a portion of Texas Highway 87 around the proposed facility.

Sempra is already building a \$10 billion liquefaction plant and export facility in Cameron Parish, which officials said would generate 3,000 construction jobs and 200 full-time jobs.

Cameron LNG will be capable of exporting 12 million tons of LNG per year, 20 percent more than the Port Arthur proposal, and the company has requested regulators to allow them to expand their capacity by 9 million tons.

"If we are successful, this (Port Arthur) project would provide long-term economic benefits and create new jobs in the region, while strengthening America's role as a global energy leader," Sempra President **Octavio M. Simoes** said in a printed statement.

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Sempra moving toward LNG export business

Published 11:14 am Wednesday, May 20, 2015



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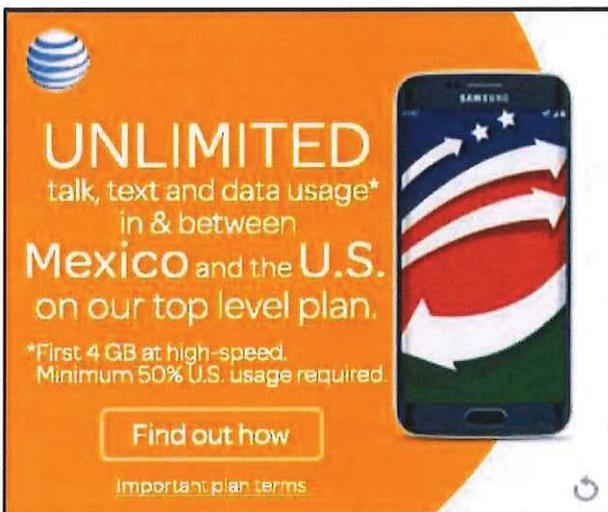
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A glut in United States natural gas production, while it means hard times for those in the oil and gas industry, here in Southeast Texas the push to find a source for the stockpiles could mean even more of a boon to an area that is already benefiting from the nation's energy renaissance.

In 2003-2004 when Sempra Energy first proposed development of a liquefied natural gas facility in Port Arthur, the company could not have guessed that abundant supplies of shale gas produced by hydraulic fracturing technology and horizontal drilling would derail the company's plans to build a regasification terminal to import sub-zero cooled liquefied natural gas to Port Arthur, Marvin L. Ivey, Commercial Development of Sempra Energy, said Tuesday.

A decade later, those plans have changed with the focus shifting from importing the product to exporting it.

Ivey detailed Sempra's latest plans to build a natural gas liquefaction and export terminal in Port Arthur Tuesday as guest speaker at the Greater Port Arthur Chamber of Commerce Leadership Breakfast. "If you first don't succeed, go big," Ivey said, adding that it was a tough climate to work in today for a big project.

Sempra, a San Diego-based energy company, has come back to look at its Port Arthur property with plans of investing from \$4 to \$10 billion for a project that would include two natural gas liquefaction trains for a total export capacity of approximately 10 million tons per year.

Ivey said the Port Arthur 2,900 acre site, which includes 3 miles of waterfront property, is ideal because of its proximity to the Gulf of Mexico.

"This site is well situated to the project as we move forward," he said.

In March, the company filed for its Free Trade Agreement, and anticipates filing for Federal Energy Regulatory Commission permits in Fourth Quarter 2015.

In 2017, the company hopes to start construction. At its peak, the construction process is expected to create an estimated 3,000 jobs to the area, with 200 permanent jobs for ongoing operations when the project is completed in 2021 or 2022.

"There's a lot of risk dollars going into a project like this," Ivey said.

As part of the proposed project, Ivey said the company planned to move a 3-mile portion of Texas 87 between the Intracoastal Canal Bridge and the Keith Lake Bridge.

With the advent of the shale gas production mostly from Pennsylvania and New York, Ivey said the U.S. is now in the position to no longer be energy dependent on other nations.

"What's changing the world today is what's happening in natural gas. The drop in prices is devastating to the oil and gas industry," Ivey said. "If we don't find a place to move the gas, then it does not come out of the ground, and those people in the oil and gas industry do not work. We are trying to find a liquid market where we can move the gas."

The Port Arthur LNG project dovetails with the company's \$10 billion three-train plant at its existing import terminal in Hackberry, La.

If the Sempra LNG facility is successful, it would be the third LNG project to be built in the area.

Sabine Pass' Golden Pass LNG Terminal is among the largest terminals in the world, capable of importing approximately 2 billion cubic feet of natural gas per day. The company is proposing to add export capabilities to its existing LNG import terminal. The company's website stated.

Construction of Cheniere's Sabine Liquefaction Project is expected to be completed by the last quarter of 2015, according to the company's website.

Development of the Port Arthur LNG liquefaction project is contingent on completing the required commercial agreements, securing all necessary permits and approvals, obtaining financing and incentives, reaching a final investment decision and other factors associated with the investment

On May 28, the Port Arthur LNG project and FERC will host an open house to present information and to answer any concerns the public might have about the project.

The public hearing is scheduled in two sessions to allow everyone the opportunity to attend, from 11:30 a.m. until 1:30 p.m. and from 5:30 p.m. until 7:30 p.m. at the Carl Parker Center.

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Sempra LNG And Woodside Sign Memorandum Of Understanding For Potential Development Of Natural Gas Liquefaction Facility At Port Arthur, Texas

Jun 3, 2015

SAN DIEGO, June 3, 2015 /PRNewswire/ -- Sempra LNG, a unit of Sempra Energy (NYSE: SRE), today announced it has executed a non-binding Memorandum of Understanding (MOU) with an affiliate of Woodside Petroleum Ltd. (Woodside) (ASX: WPL, OTC: WOPEY) to commence discussions and assessments for the potential development of Sempra LNG's proposed Port Arthur liquefaction project in Port Arthur, Texas.

"Sempra Energy and Woodside bring together an extraordinary complementary set of experience and skills from two world-class organizations," said E. Scott Chrisman, vice president of commercial & development for Sempra LNG. "We look forward to engaging Woodside in discussions regarding the proposed Port Arthur liquefaction project."

Woodside has a track record of more than 30 years of experience in the development and safe and reliable operations in the LNG industry with the North West Shelf and Pluto projects in Australia. Sempra LNG, as lead sponsor of the Cameron liquefaction project in Louisiana and currently in construction, has demonstrated its ability to develop high-value, low-cost liquefied natural gas (LNG) projects in North America.

The non-binding MOU is the initial step for Sempra LNG and Woodside to explore this opportunity and undertake due diligence for the potential development of the Port Arthur liquefaction project. Any decision to proceed with a binding agreement between Woodside and Sempra LNG in relation to the potential development of the project, including the establishment of any joint venture or partnership between Sempra LNG and Woodside, is contingent upon completing project assessments and achieving other necessary internal and external approvals for each party.

The proposed Port Arthur liquefaction project would be located at a site previously permitted for an LNG regasification terminal and would be designed to include two natural gas liquefaction trains with a total export capability of approximately 10 million metric tons per annum, or 1.4 billion cubic feet per day, as well as LNG storage tanks and marine facilities for LNG ship berthing and loading.

In March 2015, Sempra LNG's affiliate, Port Arthur LNG, LLC, initiated the Federal Energy Regulatory Commission pre-filing review for the proposed natural gas liquefaction facility and filed its permit application with the U.S. Department of Energy for authorization to export LNG produced from the proposed project to all current and future Free Trade Agreement countries.

Any development of the project remains contingent upon completing required commercial agreements; acquiring all necessary permits and approvals; securing financing commitments and potential tax incentives; achieving other customary conditions; and making a final investment decision to proceed.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2014 revenues of \$11 billion. The Sempra Energy companies' 17,000 employees serve more than 32 million consumers worldwide.

Woodside is an Australian oil and gas company with a global presence, recognized for its world-class capabilities, as an explorer, a developer, a producer and a supplier. Woodside is Australia's most experienced LNG operator and largest independent oil and gas company.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words like "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "contemplates," "intends," "depends," "should," "could," "would," "will," "confident," "may," "potential," "possible," "proposed," "target," "pursue," "goals," "outlook," "maintain" or similar expressions, or discussions of guidance, strategies, plans, goals, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of

TAB 5 - EXHIBIT 5 (cont.)

performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. **Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments;** actions and the timing of actions, including issuances of permits to construct and licenses for operation, by the California Public Utilities Commission, California State Legislature, U.S. Department of Energy, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, Atomic Safety and Licensing Board, California Energy Commission, U.S. Environmental Protection Agency, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction, maintenance and capital projects, including risks in obtaining, maintaining or extending permits, licenses, certificates and other authorizations on a timely basis and risks in obtaining adequate and competitive financing for such projects; energy markets, including the timing and extent of changes and volatility in commodity prices, and the impact of any protracted reduction in oil prices from historical averages; the impact on the value of our natural gas storage assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for natural gas storage services; delays in the timing of costs incurred and the timing of the regulatory agency authorization to recover such costs in rates from customers; capital markets conditions, including the availability of credit and the liquidity of our investments; inflation, interest and currency exchange rates; the impact of benchmark interest rates, generally Moody's A-rated utility bond yields, on our California Utilities' cost of capital; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the North American transmission grid, pipeline explosions and equipment failures and the decommissioning of San Onofre Nuclear Generating Station (SONGS); cybersecurity threats to the energy grid, natural gas storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers, terrorist attacks that threaten system operations and critical infrastructure, and wars; the ability to win competitively bid infrastructure projects against a number of strong competitors willing to aggressively bid for these projects; weather conditions, conservation efforts, natural disasters, catastrophic accidents, and other events that may disrupt our operations, damage our facilities and systems, and subject us to third-party liability for property damage or personal injuries; risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; risks posed by decisions and actions of third parties who control the operations of investments in which we do not have a controlling interest; risks inherent with nuclear power facilities and radioactive materials storage, including the catastrophic release of such materials, the disallowance of the recovery of the investment in, or operating costs of, the nuclear facility due to an extended outage and facility closure, and increased regulatory oversight; business, regulatory, environmental and legal decisions and requirements; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates of the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system; the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements due to insufficient market interest, unattractive pricing or other factors; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond our control. These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov, and on the company's website at www.sempra.com.

Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.

Sempra International, LLC, and Sempra U.S. Gas & Power, LLC, are not the same companies as the California utilities, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas),

TAB 5 - EXHIBIT 5 (cont.)

and Sempra International, LLC, and Sempra U.S. Gas & Power, LLC, are not regulated by the California Public Utilities Commission. Sempra International's underlying entities include Sempra Mexico and Sempra South American Utilities. Sempra U.S. Gas & Power's underlying entities include Sempra Renewables and Sempra Natural Gas.

SOURCE Sempra LNG

For further information: Media Contact: Paty Ortega Mitchell, Sempra LNG, (866) 257-1298, press@sempraglobal.com, www.SempraLNG.com, Financial Contact: Kendall Helm, Sempra Energy, (877) 736-7727, investor@sempra.com

[RSS](#)



TAB 6

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)

- | | |
|-----------------------------------|--------|
| 1) Jefferson County | - 100% |
| 2) City of Port Arthur | - 50% |
| 3) Port of Sabine Pass | - 100% |
| 4) Sabine Neches Navigation Dist. | - 100% |
| 5) Sabine Pass ISD | - 100% |

TAB 7

Description of Qualified Investment

A Chapter 313 Value Limitation Agreement is requested on all the proposed new improvements and fixed equipment associated with this project as described below. The proposed project primarily consists of property classified by Jefferson CAD as real estate improvements including, but not limiting to the following:

- Two liquefaction trains, each with a maximum production capacity of 5 MTPA, and each with its own gas treatment facilities;
- A natural gas liquids (NGL) and refrigerant storage area;
- A marine facility, including two LNG berths, each with three liquid loading arms, one vapor loading arm, and one spare hybrid loading arm;
- An NGL and refrigerant truck loading/unloading facility;
- Three 160,000 m³ LNG storage tanks.
- Operations, control, maintenance, warehouse and all other necessary buildings.

Also included in this application, but not limited to, are all of the associated concrete foundations, pipe supports, piping, instrumentation, power feeds, control loops, safety systems, fire water protection, insulation, and utilities necessary to safely operate the new equipment.

TAB 8

Description of Qualified Property

A Chapter 313 Value Limitation Agreement is requested on all the proposed new improvements and fixed equipment associated with this project as described below. The proposed project primarily consists of property classified by Jefferson CAD as real estate improvements including, but not limiting to the following:

- Two liquefaction trains, each with a maximum production capacity of 5 MTPA, and each with its own gas treatment facilities;
- A natural gas liquids (NGL) and refrigerant storage area;
- A marine facility, including two LNG berths, each with three liquid loading arms, one vapor loading arm, and one spare hybrid loading arm;
- An NGL and refrigerant truck loading/unloading facility;
- Three 160,000 m³ LNG storage tanks.
- Operations, control, maintenance, warehouse and all other necessary buildings.

Also included in this application, but not limited to, are all of the associated concrete foundations, pipe supports, piping, instrumentation, power feeds, control loops, safety systems, fire water protection, insulation, utilities necessary to safely operate the new equipment and the land detailed in Tab 9 of this application that is owned by Port Arthur Holding, LLC.

TAB 9

Description of Land

See Attached

JCAD Property ID	Legal Description	Owner Name	Appraised Value
127156	PT TR 1 12 N COLEMAN 154.358 (PT TR 2 N ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$30,870
127157	PT TR 1 12 N COLEMAN 215.622 (PT TR 2N ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$43,120
127158	TR 2 12 N COLEMAN .254 (TR 11 ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$8,890
127159	TR 2-A 12 N COLEMAN 3.519 (TR 12 ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$123,170
127161	SUBMERGED CANAL W BANK ONLY 12 N COLEMAN 9.64	PORT ARTHUR LNG HOLDINGS LLC	\$1,930
135396	PT TR 2 71 JNO BENNETT 102.787 (PT TR 1 ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$20,560
135397	PT TR 2 71 JNO BENNETT 20.603 (PT TR 1 ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$4,120
135424	PT TR 32 71 JNO BENNETT 23.458 (PT TR 2N ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$4,690
135425	PT TR 32 71 JNO BENNETT 7.123 (PT TR 2N ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$1,430
138597	TR 1 185 P B O CONNOR 289.500 (PT TR 1 ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$57,900
138601	PT TR 7 185 P B O CONNOR 17.547 (PT TR 2N ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$3,510
138602	1 PT TR 7 185 P B O CONNOR 143.543 (PT TR 2N ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$28,710
139549	PT TR 1 251 T&NO 76.382 (PT TR 2N ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$15,280
139550	PT TR 1 251 T&NO 238.124 (PT TR 1 ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$47,630
140424	TR 2 PEDRO DE LA 438 GARZA 63.050 (PT TR 2N ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$12,610
140433	TR 11 PEDRO DE LA 438 GARZA 1.890 (PT TR 13 ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$380
140878	TR 1 488 T&NO 259.380 (PT TR 1 ON DEED)	PORT ARTHUR LNG HOLDINGS LLC	\$51,880

TAB 10

Description of all property not eligible to become qualified property (if applicable)

Currently, the proposed temporary construction dock will be located outside of Sabine Pass ISD. Therefore, Port Arthur LNG will not be requesting that it be covered by this Value Limitation Agreement. Port Arthur LNG estimates the cost of the temporary construction dock to be approximately \$10,000,000.

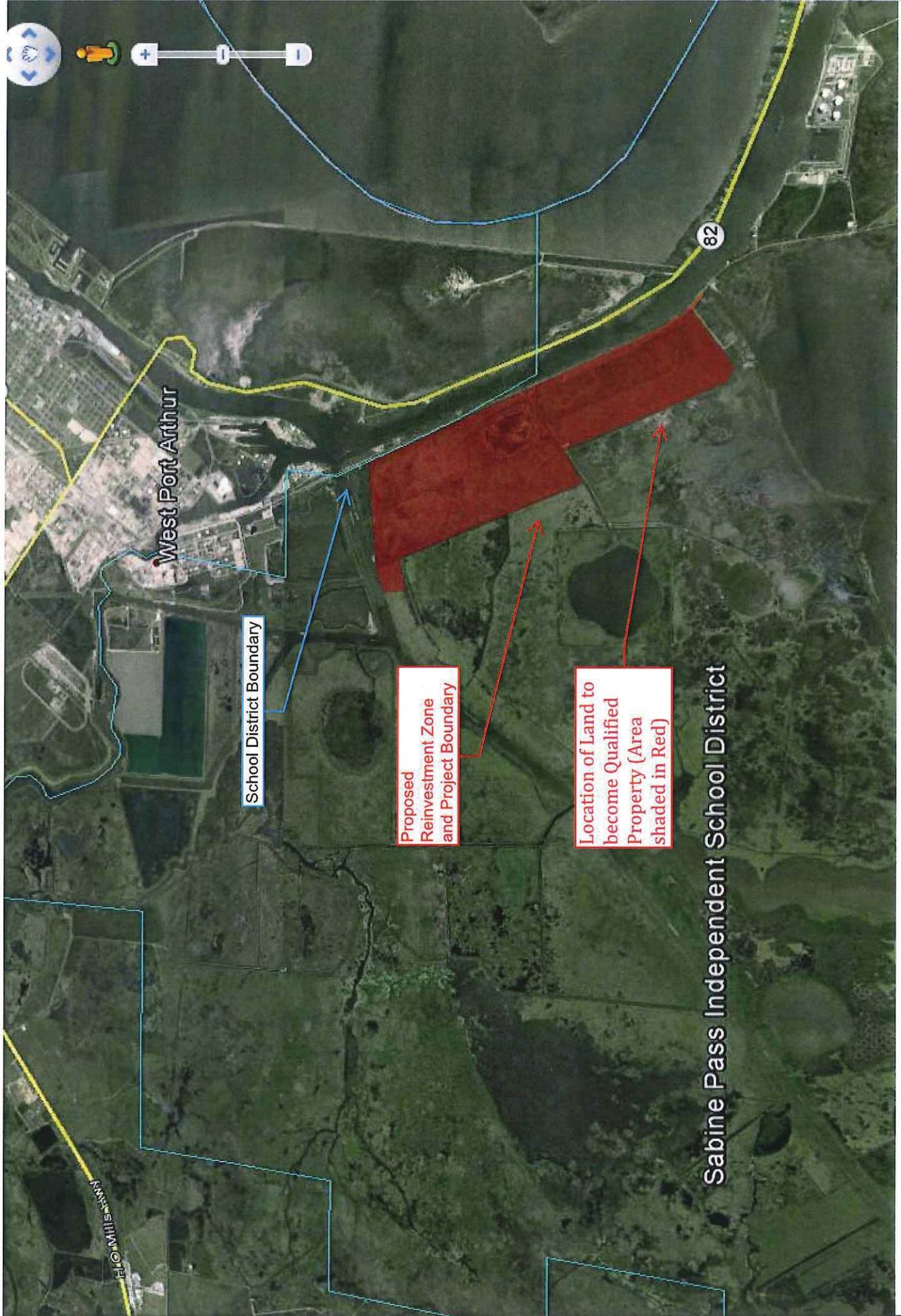
TAB 11

Maps that clearly show:

- a) Project vicinity
- b) Qualified investment including location of new building or new improvements
- c) Qualified property including location of new building or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size

11 d) THERE IS NO EXISTING PROPERTY

11a,d & f) Vicinity Map of Project, Land Location & Proposed Reinvestment Zone



Sabine Pass Independent School District

TAB 12

Request for Waiver of Job Creation Requirement and supporting information (if applicable)

Not Applicable

TAB 13

Calculation of three possible wage requirements with TWC documentation

- Jefferson County average weekly wage for all jobs (all industries)
- Jefferson County average weekly wage for all jobs (manufacturing)
- See attached Council of Governments Regional Wage Calculation and Documentation

**PORT ARTHUR LNG, LLC
TAB 13 TO CHAPTER 313 APPLICATION**

**JEFFERSON COUNTY
CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2015	\$ 1,104	\$ 57,408
SECOND	2015	\$ 1,017	\$ 52,884
THIRD	2014	\$ 974	\$ 50,648
FOURTH	2014	\$ 1,107	\$ 57,564
AVERAGE		\$ 1,050.50	\$ 54,626

**JEFFERSON COUNTY
CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2015	\$ 2,176	\$ 113,152
SECOND	2015	\$ 1,810	\$ 94,120
THIRD	2014	\$ 1,753	\$ 91,156
FOURTH	2014	\$ 1,873	\$ 97,396
AVERAGE		\$ 1,903	\$ 98,956
X		110%	110%
		\$ 2,093.30	\$ 108,851.60

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
South East	2014	\$ 1,168	\$ 60,754
X		110%	110%
		\$ 1,285.18	\$ 66,829

* SEE ATTACHED TWC DOCUMENTATION

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	1st Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,104
2015	2nd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,017
2014	3rd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$974
2014	4th Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,107

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	1st Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$2,176
2015	2nd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,810
2014	3rd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,753
2014	4th Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,873

**2014 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$24.18	\$50,305
1. Panhandle Regional Planning Commission	\$21.07	\$43,821
2. South Plains Association of Governments	\$16.75	\$34,834
3. NORTEX Regional Planning Commission	\$20.23	\$42,077
4. North Central Texas Council of Governments	\$25.32	\$52,672
5. Ark-Tex Council of Governments	\$17.80	\$37,017
6. East Texas Council of Governments	\$19.87	\$41,332
7. West Central Texas Council of Governments	\$19.41	\$40,365
8. Rio Grande Council of Governments	\$17.82	\$37,063
9. Permian Basin Regional Planning Commission	\$23.65	\$49,196
10. Concho Valley Council of Governments	\$18.70	\$38,886
11. Heart of Texas Council of Governments	\$20.98	\$43,636
12. Capital Area Council of Governments	\$28.34	\$58,937
13. Brazos Valley Council of Governments	\$17.57	\$36,547
14. Deep East Texas Council of Governments	\$17.76	\$36,939
15. South East Texas Regional Planning Commission	\$29.21	\$60,754
16. Houston-Galveston Area Council	\$26.21	\$54,524
17. Golden Crescent Regional Planning Commission	\$23.31	\$48,487
18. Alamo Area Council of Governments	\$19.46	\$40,477
19. South Texas Development Council	\$13.91	\$28,923
20. Coastal Bend Council of Governments	\$25.12	\$52,240
21. Lower Rio Grande Valley Development Council	\$16.25	\$33,808
22. Texoma Council of Governments	\$20.51	\$42,668
23. Central Texas Council of Governments	\$18.02	\$37,486
24. Middle Rio Grande Development Council	\$20.02	\$41,646

110% x \$60,754
= \$66,829

Source: Texas Occupational Employment and Wages

Data published: July 2015

Data published annually, next update will be July 31, 2016

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

Port Arthur LNG, LLC

Chapter 313 Application to Sabine Pass ISD

Cummings Westlake, LLC

TAB 14

Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)

See attached Schedules A1, A2, B, C and D

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

PROPERTY INVESTMENT AMOUNTS

		(Estimated investment in each year. Do not put cumulative totals.)						
		Column A	Column B	Column C	Column D	Column E	Column F	
		New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A-F+C+D)		
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year only) (YYYY)	Not eligible to become Qualified Property					
Investment made before filing complete application with district	-	2017-2018	2017	\$0	\$0	\$0	\$0	
Investment made after filing complete application with district, but before final board approval of application	-	2018-2019	2018	\$202,384,615	\$3,000,000	\$10,000,000	\$215,384,615	
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period	-	2019-2020	2019	\$1,274,307,692	\$16,000,000	\$0	\$1,292,307,692	
	-	2020-2021	2020	\$1,274,307,692	\$16,000,000	\$0	\$1,292,307,692	
	QTP1	2021-2022	2021	\$1,274,307,692	\$16,000,000	\$0	\$1,292,307,692	
	QTP2	2022-2023	2022	\$1,274,307,692	\$16,000,000	\$0	\$1,292,307,692	
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$5,299,615,385	\$75,000,000	\$10,000,000	\$5,384,615,385	
Total Qualified Investment (sum of green cells)				\$2,584,615,385	Enter amounts from TOTAL row above in Schedule A2			

For All Columns: List amount invested each year, not cumulative totals.
 Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.
 Column B: The total dollar amount of planned investment each year in buildings or nonremovable components of buildings.
 Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of §15.02(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, rebuild, renovate, modify or upgrade existing property; or is added to existing property—described in SECTION 15, question #5 of the application.
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.
 Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.
 Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Date: 10/28/2015
Applicant Name: PORT ARTHUR LNG, LLC
ISD Name: Sabine Pass Independent School District

PROPERTY INVESTMENT AMOUNTS
(Estimated investment in each year. Do not put cumulative totals.)

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other investment made during this year that will become Qualified Property (SEE NOTE)	Column D Other investment made during this year that will become Qualified Property (SEE NOTE)	Column E Total Investment (A+B+C+D)
Total Investment from Schedule A1*			\$5,299,615,385	\$75,000,000	\$10,000,000		\$5,384,615,385
Each year prior to start of value limitation period** <i>(Enter as many rows as necessary)</i>							
0	NA	NA	\$0	\$0	\$0	\$0	\$0
1	2023-2024	2023	\$215,384,615	\$0	\$0	\$0	\$215,384,615
2	2024-2025	2024	\$0	\$0	\$0	\$0	\$0
3	2025-2026	2025	\$0	\$0	\$0	\$0	\$0
4	2026-2027	2026	\$0	\$0	\$0	\$0	\$0
5	2027-2028	2027	\$0	\$0	\$0	\$0	\$0
6	2028-2029	2028	\$0	\$0	\$0	\$0	\$0
7	2029-2030	2029	\$0	\$0	\$0	\$0	\$0
8	2030-2031	2030	\$0	\$0	\$0	\$0	\$0
9	2031-2032	2031	\$0	\$0	\$0	\$0	\$0
10	2032-2033	2032	\$0	\$0	\$0	\$0	\$0
Total Investment made through limitation			\$215,384,615				\$215,384,615
11	2033-2034	2033					\$0
12	2034-2035	2034					\$0
13	2035-2036	2035					\$0
14	2036-2037	2036					\$0
15	2037-2038	2037					\$0
16	2038-2039	2038					\$0
17	2039-2040	2039					\$0
18	2040-2041	2040					\$0
19	2041-2042	2041					\$0
20	2042-2043	2042					\$0
21	2043-2044	2043					\$0
22	2044-2045	2044					\$0
23	2045-2046	2045					\$0
24	2046-2047	2046					\$0
25	2047-2048	2047					\$0
Additional years for 25 year economic impact as required by 313.026(c)(1)							
Continue to maintain viable presence							

* All investments made through the qualifying time period are captured and totaled on Schedule A1 (this box) and incorporated into this schedule in the first row.

** Only investment made during, deliberate of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date: 10/28/2015
 Applicant Name: PORT ARTHUR LNG, LLC
 ISD Name: Sabine Pass Independent School District

Form 50-296A
 Revised May 2014

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Estimated Taxable Value		
				Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	\$456,680	\$150,000	\$10,119,000	\$10,219,680	\$10,219,680	\$10,219,680
	0	2020-2021	\$456,680	\$6,300,000	\$443,008,000	\$427,614,680	\$427,614,680	\$427,614,680
	0	2021-2022	\$456,680	\$21,450,000	\$1,650,600,000	\$1,589,976,680	\$1,589,976,680	\$1,589,976,680
	0	2022-2023	\$456,680	\$42,750,000	\$3,018,981,000	\$2,911,238,680	\$2,911,238,680	\$2,911,238,680
Value Limitation Period	1	2023-2024	\$456,680	\$73,125,000	\$5,034,635,000	\$4,856,484,680	\$4,856,484,680	\$30,000,000
	2	2024-2025	\$456,680	\$74,250,000	\$5,413,750,000	\$5,217,768,680	\$5,217,768,680	\$30,000,000
	3	2025-2026	\$456,680	\$73,136,250	\$5,069,926,750	\$4,890,023,680	\$4,890,023,680	\$30,000,000
	4	2026-2027	\$456,680	\$72,039,206	\$4,744,390,794	\$4,579,666,680	\$4,579,666,680	\$30,000,000
	5	2027-2028	\$456,680	\$70,958,618	\$4,436,212,382	\$4,285,816,680	\$4,285,816,680	\$30,000,000
	6	2028-2029	\$456,680	\$69,894,239	\$4,144,507,761	\$4,007,633,680	\$4,007,633,680	\$30,000,000
	7	2029-2030	\$456,680	\$68,845,825	\$3,868,436,175	\$3,744,316,680	\$3,744,316,680	\$30,000,000
	8	2030-2031	\$456,680	\$67,813,138	\$3,607,200,862	\$3,495,110,680	\$3,495,110,680	\$30,000,000
	9	2031-2032	\$456,680	\$66,795,941	\$3,360,045,059	\$3,259,295,680	\$3,259,295,680	\$30,000,000
	10	2032-2033	\$456,680	\$65,794,002	\$3,126,248,998	\$3,036,187,680	\$3,036,187,680	\$30,000,000
Continue to maintain viable presence	11	2033-2034	\$456,680	\$64,807,092	\$2,905,129,908	\$2,825,137,680	\$2,825,137,680	\$2,825,137,680
	12	2034-2035	\$456,680	\$63,834,985	\$2,696,038,015	\$2,625,527,680	\$2,625,527,680	\$2,625,527,680
	13	2035-2036	\$456,680	\$62,877,461	\$2,498,358,539	\$2,436,774,680	\$2,436,774,680	\$2,436,774,680
	14	2036-2037	\$456,680	\$61,934,299	\$2,311,506,701	\$2,258,322,680	\$2,258,322,680	\$2,258,322,680
	15	2037-2038	\$456,680	\$61,005,284	\$2,134,925,716	\$2,089,641,680	\$2,089,641,680	\$2,089,641,680
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2038-2039	\$456,680	\$60,090,205	\$1,968,088,795	\$1,930,231,680	\$1,930,231,680	\$1,930,231,680
	17	2039-2040	\$456,680	\$59,188,852	\$1,810,495,148	\$1,779,615,680	\$1,779,615,680	\$1,779,615,680
	18	2040-2041	\$456,680	\$58,301,019	\$1,661,668,981	\$1,637,343,680	\$1,637,343,680	\$1,637,343,680
	19	2041-2042	\$456,680	\$57,426,504	\$1,521,159,496	\$1,502,984,680	\$1,502,984,680	\$1,502,984,680
	20	2042-2043	\$456,680	\$56,565,106	\$1,388,536,894	\$1,376,131,680	\$1,376,131,680	\$1,376,131,680
	21	2043-2044	\$456,680	\$55,716,630	\$1,263,393,370	\$1,256,396,680	\$1,256,396,680	\$1,256,396,680
	22	2044-2045	\$456,680	\$54,880,880	\$1,145,343,120	\$1,143,413,680	\$1,143,413,680	\$1,143,413,680
	23	2045-2046	\$456,680	\$54,057,667	\$1,088,076,000	\$1,088,186,347	\$1,088,186,347	\$1,088,186,347
	24	2046-2047	\$456,680	\$53,246,802	\$1,033,672,000	\$1,035,691,482	\$1,035,691,482	\$1,035,691,482
	25	2047-2048	\$456,680	\$52,448,100	\$981,988,000	\$985,793,780	\$985,793,780	\$985,793,780

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
 Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date 10/28/2015

Applicant Name PORT ARTHUR LNG, LLC

ISD Name Sabine Pass Independent School District

	Construction			Non-Qualifying Jobs		Qualifying Jobs	
	Column A	Column B	Column C	Column D	Column E		
	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs		
Tax Year (Actual tax year) YYYY	School Year (YYYY-YYYY)	Year	Column C	Column D	Column E		
	2018-2019	2018	231 FTE's	0	\$0		
	2019-2020	2019	1,385 FTE's	0	\$0		
	2020-2021	2020	1,385 FTE's	0	\$0		
	2021-2022	2021	1,385 FTE's	0	\$0		
	2022-2023	2022	1,385 FTE's	0	\$0		
	2023-2024	2023	231 FTE's	20	\$66,830		
	2024-2025	2024	0	20	\$66,830		
	2025-2026	2025	0	20	\$66,830		
	2026-2027	2026	0	20	\$66,830		
	2027-2028	2027	0	20	\$66,830		
	2028-2029	2028	0	20	\$66,830		
	2029-2030	2029	0	20	\$66,830		
	2030-2031	2030	0	20	\$66,830		
	2031-2032	2031	0	20	\$66,830		
	2032-2033	2032	0	20	\$66,830		
	2033-2048	2033-2047	0	20	\$66,830		
Each year prior to start of Value Limitation Period <i>insert as many rows as necessary</i>							
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>							
Years Following Value Limitation Period							

Notes: See TAC 9.1051 for definition of non-qualifying jobs. Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25) Yes No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? Yes No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Port Arthur LNG, LLC

Chapter 313 Application to Sabine Pass ISD

Cummings Westlake, LLC

TAB 15

Economic Impact Analysis, other payments made in the state or other economic information (if applicable)

None

TAB 16

Description of Reinvestment Zone or Enterprise Zone, including:

- a) Evidence that the area qualifies as an enterprise zone as defined by the Governor's office*
- b) Legal description of reinvestment zone**
- c) Order, resolution, or ordinance established the reinvestment zone**
- d) Guidelines and criteria for creating the zone**

16 a) Not Applicable

16 b) Will be submitted once Jefferson County creates the Reinvestment Zone

16 c) Will be submitted once Jefferson County creates the Reinvestment Zone



JEFFERSON COUNTY AMENDED UNIFORM TAX ABATEMENT POLICY-2014

ADMONTORY PROVISIONS

The final determination of value to be abated is vested with the Jefferson County Appraisal District (JCAD), an agency autonomous from Jefferson County. The Procedures used by JCAD are attached as Exhibit "A" and incorporated and adopted in this Abatement Policy for all purposes. These provisions are illustrative only and shall not limit the Appraisal District in making determinations in any manner otherwise allowed by law.

Businesses applying for tax abatement with the County are advised that any agreement with the County applies only to taxes assessed by Jefferson County. Any abatement agreement with other taxing entities must be negotiated directly with such entities. In addition, each individual or business receiving an abatement retains the responsibility for annually applying to the Jefferson County Appraisal District for recognition and implementation of such abatement agreement.

STATEMENT OF PURPOSE

SECTION I

(a) The Commissioners Court of Jefferson County, Texas adopts this tax abatement policy to provide incentives to the owner of real property, who proposes a Project to develop, redevelop or improve eligible facilities. The incentives will consist of a limited special exemption from certain taxes provided that the Owner agrees to accept and abide by this Policy and provided that the real property is located in a lawfully created Reinvestment or Enterprise Zone.

(b) This policy is intended to improve the quality of life in economically depressed areas and throughout the County by stimulating industrial development, and job creation and retention provided that the taxable value of the property of the owner is not adversely affected..

DEFINITIONS

SECTION II

(a) "**Abatement**" means the full or partial exemption from ad valorem taxes of certain real property values in a reinvestment or enterprise zone designated by the County for economic development purposes.

(b) **"Agreement"** means a contractual agreement between a property owner and/or lessee and the County.

(c) **"Base Year"** means the calendar year in which the abatement contract is executed (signed).

(d) **"Base Year Value"** means the taxable value of eligible industrial realty improvements of the owner within Jefferson County on January 1 preceding the execution of the abatement agreement and which property is owned by the owner, co-owner and/or its parent companies, subsidiaries, partner or joint ventures or any entity exercising legal control over the owner or subject to control by the owner. Owner will attach as Exhibit "F-Affiliates" those properties which are co-owned or which are parent companies, partnerships, joint-ventures or other entities in Jefferson County over which the Owner herein exercises legal control.

(e) **"Deferred Maintenance"** means improvements necessary for continued operation which that do not improve productivity, or alter the process technology, reduce pollution or conserve resources.

(f) **"Distribution Center"** means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the Facility operator where a majority of the goods or services are distributed to points beyond Jefferson County.

(g) **"Eligible Facilities"** or "Eligible Projects" means new, expanded or modernized buildings and structures, as defined in the Texas Property Tax Code, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment or enterprise zone that would be a benefit to the property and that would contribute to the economic development within the County, but does not include facilities which are intended primarily to provide goods or services to residents or existing businesses located in the County such as, but not limited to, restaurants and retail sales establishments. Eligible facilities may include, but shall not be limited to, industrial buildings and warehouses. Eligible facilities may also include facilities designed to serve a regional population greater than the County for medical, scientific, recreational or other purposes.

(h) **"Eligible Property"** means realty improvements, the on-site buildings, structures, fixed machinery and equipment, storage tanks, process units (including all integral components necessary for operations), site improvements, and infrastructure included in the PROJECT, and the permanent office space and related fixed improvements necessary to the operation and administration of the PROJECT, as defined in the Tax Code, but does not include personal property.

(i) **"Expansion"** means the addition of buildings, structures, machinery, tangible personal property, equipment, payroll or other taxable value for purposes of increasing production capacity.

(j) "**Modernization**" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, equipment, pollution control devices or resource conservation equipment. Modernization shall include improvements for the purpose of increasing productivity or updating the technology of machinery and equipment, or both.

(k) "**Facility**" means property improvements completed or in the process of construction which together comprise an integral whole.

(l) "**New Facility**" means a property previously undeveloped which is placed into service by means other than in conjunction with Expansion or Modernization.

(m) "**Productive Life**" means the number of years a property improvement is expected to be in service in a facility.

WHEN ABATEMENT AUTHORIZED

SECTION III

(a) **Eligible Facilities.** Upon application, Eligible Facilities shall be considered for tax abatement as hereinafter provided.

(b) **Creation of New Value.** Abatement may only be granted for the creation of additional value to eligible facilities made subsequent to and specified in an abatement agreement between the County and the property owner or lessee, subject to such limitations as the County may require. Under no circumstances will abatements be considered or granted once construction on a facility or project has begun.

(c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.

(d) **Eligible Property.** Abatement may be extended to the increase in value of buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility.

(e) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for tax abatement: land, supplies, inventory, vehicles, vessels, housing, improvements for the generation or transmission of electrical energy not wholly consumed by a new facility or expansion; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the facility; deferred maintenance, property to be rented or leased (except as provided in Section III(f)), property which has a productive life of less than ten years, or any other property for which abatement is not allowed by state law.

(f) **Owned/Leased Facilities.** If a leased facility is granted abatement, both the owner/lessor and the lessee shall be parties to the abatement contract with the County.

(g) **Economic Qualification.** In order for an Eligible Facility to receive tax abatement the planned improvement:

(1) Must create an increased appraised ad valorem tax value based upon the Jefferson County

Appraisal District's assessment of the eligible property; and

(2) Must prevent the loss of payroll or retain, increase or create payroll (full-time employment) on a permanent basis in the County.

(3) Must not have the effect of displacing workers or transferring employment from one part of the County to another.

(4) Must demonstrate by an independent economic impact analysis that the local economic benefit will be substantially in excess of the amount of anticipated foregone tax revenues resulting from the abatement.

Factors Considered By County In Considering Abatement Requests

Section IV

(a) **Standards For Tax Abatement.** The following non-exclusive factors may be considered in determining whether to grant tax abatements for an Eligible Facility or Project, and if so, the percentage of value to be abated and the duration of the tax abatement:

(1) Existing improvements, if any;

(2) Type and value of proposed improvements;

(3) Productive life of proposed improvements;

(4) Number of existing jobs to be retained by proposed improvements;

(5) Number and types of new jobs to be created by proposed improvements;

(6) The extent to which new jobs to be created will be filled by persons who are economically disadvantaged, including residents of a Reinvestment or Enterprise Zone;

(7) The extent to which local labor, local subcontractors and local vendors and suppliers will be used in the construction phase of the project;

(8) The amount of local taxes to be generated directly;

(9) The amount the property tax base valuation will be increased during term of abatement and after abatement;

- (10) The amount of economic impact the Eligible Facility will provide to the local community;
- (11) The costs to be incurred by the County to provide facilities or services directly resulting from the new improvements;
- (12) The amount of ad valorem taxes to be paid to the County during the abatement period considering (a) the existing values; (b) the percentage of new value abated; (c) the abatement period; and (d) the value after expiration of the abatement period;
- (13) The population growth of the County projected to occur directly as a result of new improvements;
- (14) The types and values of public improvements, if any, to be made by the applicant seeking abatement;
- (15) Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
- (16) The impact of the proposed project on the business opportunities of existing businesses;
- (17) The attraction of other new businesses to the area as a result of the project;
- (18) The overall compatibility with the zoning ordinances and comprehensive plan for the area;
- (19) Whether the project is environmentally compatible with no negative impact on quality of life perceptions; Each application for tax abatement shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

(b) **Local Employment.** For purposes of evaluating Section III(h)(7): Local labor is defined as those laborers or skilled craftsmen who are residents and domiciliaries of the nine county region comprised of Jefferson, Orange, Hardin, Jasper, Newton, Liberty, Tyler and Chambers counties, as well as the Bolivar Peninsula area of Galveston County. Local vendors and suppliers shall include only those located or having a principal office in Jefferson County. Local Subcontractors shall include only those located or having a principal office in Jefferson County.

Each recipient of property tax abatement shall additionally agree to give preference and priority to local manufacturers, suppliers, vendors, contractors and labor, except where not reasonably possible to do so without significant added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exception, cases involving purchases over \$10,000.00, a justification for such purchase shall be included in the annual report. Each recipient shall further acknowledge that is a legal and moral obligation of persons receiving property tax abatement to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. In the event of breach of the "buy-local" provision, the percentage of abatement shall be proportionately reduced in an amount equal to the amount the disqualified contract bears to the total construction cost for the project.

(c) Each recipient of a property tax abatement must also provide bidding information to local contractors, manufacturers and labor to allow them to have sufficient information and time to submit their bids and pre-bid meetings must be held between the owner and potential local bidders and suppliers of services and materials.

(d) Historically Underutilized Businesses/Disadvantaged Business Enterprises.

The County will also strongly consider the extent to which the project will encourage and promote the utilization of Historically Underutilized Businesses (HUBs) (also known as Disadvantaged Business Enterprises, or DBEs) by the owner and general contractor by ensuring that qualified HUB vendors and contractors are given an opportunity to bid on all contracts.

1. A Historically Underutilized Business (HUB) is a business owned or controlled by Socially and Economically Disadvantaged Individuals as defined by all applicable federal or state laws and local policies, including Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans, women and individuals with disabilities. A HUB is one that is at least 51 percent owned or controlled by one or more women or Socially and Economically Disadvantaged Individuals who actively participate in the conduct of the business or, in the case of a publicly owned business, one in which at least 51 percent of the stock is controlled by one or more women or Socially and Economically Disadvantaged Individuals. A business that has been certified as a HUB/DBE by an agency of the federal government or the State of Texas is presumed to be a HUB/DBE for purposes of this policy. Only a HUB/DBE with its principal office in Jefferson, Hardin, and Orange, County will be recognized as a HUB/DBE for purposes of this policy. Jefferson County will supply a Minority Business Directory to each applicant.

2. The County will require that each abatement contract between itself and any individual or entity seeking the abatement of ad valorem taxes contain a provision requiring the owner, on at least a quarterly basis, and at owner's cost, to allow the full examination by County or its designated representative(s) of all documents necessary for County to assure that best efforts have been used by owner to utilize local labor, subcontractors, vendors, suppliers and HUB's/DBE's. The County will also require that such contracts contain provisions binding the engineering/construction firms utilized as general contractors on the Project to the terms of the abatement contract.

(e) Denial of Abatement. Neither a reinvestment or enterprise zone nor abatement agreement shall be authorized if it is determined that:

(1) There would be a substantial adverse affect on the provision of government service or tax base;

(2) The applicant has insufficient financial capacity;

(3) Planned or potential use of the property would constitute a substantial hazard to public safety, health or morals;

(4) The project would cause a violation of state or federal laws; or

(5) For any other reason deemed appropriate by the County including the pendency of

litigation between the individual or entity requesting the creation of the reinvestment or enterprise zone and the County.

(f) **"Taxability"** From the execution of the abatement agreement to the end of the agreement period, taxes shall be payable as follows:

- (1) The value of ineligible property as provided in Section II(e) shall be fully taxable; and
- (2) The base year value of existing eligible property as determined each year shall be fully taxable.

APPLICATION PROCESS

SECTION V

(a) Any present owner, potential owner or Lessee of taxable property in the County may request the creation of a reinvestment or enterprise zone and tax abatement by filing a written request with the County Judge.

(b) The application shall consist of a completed application form which shall provide detailed information on the items described in Section III(h) hereof; a map and property description with specific metes and bounds; a time schedule for undertaking and completing the planned improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as may be deemed appropriate for evaluating the financial capacity and other factors of the applicant. The County shall also require a non-refundable application fee in the amount of \$1,000.00 to be submitted with the application.

(c) Prior to the adoption of an ordinance order designating a reinvestment or application by the County for designation of an enterprise zone, the County shall: (1) give written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located not later than seventh (7th) day before the public hearing; and (2) publish notice of a public hearing in a newspaper of general circulation within such taxing jurisdiction not later than the seventh (7th) day before the public hearing. Before acting upon the application, the County shall, through public hearing, afford the applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.

(d) The County shall make every reasonable effort to either approve or disapprove the application for tax abatement within forty-five (45) days after receipt of the application. The County shall notify the applicant of approval or disapproval.

(e) The County shall not establish a reinvestment or enterprise zone or enter into an abatement agreement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation or improvements related to a proposed modernization, expansion or new facility.

(f) Information that is provided to the County in connection with an application or request for tax abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which a tax abatement agreement is requested is confidential and not subject to public disclosure pursuant to the Texas Public Information Act until the tax abatement agreement is executed. That information in the possession of a taxing unit after the agreement is executed is not confidential and is subject to disclosure.

AGREEMENT

SECTION VI

(a) Not later than the seventh (7th) day before the date on which the County enters into the abatement agreement, the County shall deliver to the presiding officer of the governing body of each other taxing unit in which the property is located a written notice that the County intends to enter into the agreement. The notice shall include a copy of the prepared agreement.

(b) The County shall formally pass a resolution and execute an agreement with the owner of the facility and lessee, as the case may be, which shall include at least the following terms:

- (1) Estimated value to be abated and the base year value;
- (2) Percent of value to be abated each year as provided in Section III(g);
- (3) The commencement date and the termination date of abatement;
- (4) The proposed use of the facility, nature of construction, time schedule, map, property description and improvement list as provided in application, Section IV(b);
- (5) Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, or assignment;
- (6) Provision for access to and authorization for inspection of the property by County employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;
- (7) Limitations on the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
- (8) Provision for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;
- (9) Provision that all permanent jobs be registered with the Texas Workforce Commission and that all contractors shall give preference to and to seek qualified workers through the Texas Workforce Commission.
- (10) Contain each and every term agreed to by the owner of the property;
- (11) Requirement that the owner or lessee of the property certify annually to the governing body of each taxing unit that the owner or lessee is in compliance with each applicable term of the agreement; and
- (12) All terms required by Texas Tax Code §312.205, as amended; Such agreement shall normally be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the County.

RECAPTURE

SECTION VII

(a) In the event that the company or individual (1) allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the abatement agreement; and fails to cure during the cure period, or discontinues production the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.

(b) Should the County determine that the company or individual is in default according to the terms and conditions of its agreement, the County shall notify the company or individual of such default in writing at the address stated in the agreement; and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the agreement may be terminated. Alternatively, County may, as a penalty for default or non-compliance with the provisions of an abatement contract, reduce the term of the abatement period and/or the annual percentage abatements available thereunder.

(c) Payment in Lieu of Taxes: If, during the period of this abatement, any Federal or State law provides an additional tax exemption for the property that is already the subject of this agreement, Applicant agrees to decline that tax exemption during the period of this abatement. If Applicant is unable to decline that tax exemption, Applicant agrees to pay the taxes, or payment in lieu of taxes, on the reduction of property tax revenue to the County that is the result of said exemption. Any payment in lieu of taxes shall be due on or before November 15 of the year in which payment is due.

(d) By this, it is understood and agreed that if the party granted this abatement avails itself of a Foreign Trade Zone exemption, the abated value subject to this contract will be reduced dollar for dollar and taxed.

(e) It is understood and agreed by the owner that, if at any time during the abatement, the owner prevails in an action to contest the taxable value of the property of owner that is the subject of the abatement for Unequal Appraisal or revision thereof pursuant to Section 42.26, Texas Tax Code, the County shall reduce the amount of abatement dollar for dollar for each dollar that the taxable value is reduced as a result of that contest.

ADMINISTRATION

SECTION VIII

(a) The Chief Appraiser of the Jefferson County Appraisal District will annually determine an assessment of the real and personal property subject to each abatement agreement. Each year, the company or individual receiving abatement shall furnish the appraiser with such information as may be necessary to determine compliance with the abatement

agreement. Once value has been established, the Chief Appraiser will notify the County of the amount of the assessment.

(b) The abatement agreement shall stipulate that employees and/or designated representatives of the County will have access to the facility during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. Inspections will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representative of the company or individual and in accordance with its safety standards.

(c) Upon completion of construction, the designated representative of the Owner shall annually evaluate each facility receiving abatement to insure compliance with the agreement, and a formal report shall be made to the County.

(d) During the course of construction of the Project, Owner and its general contractor and/or subcontractors shall, on at least a quarterly basis, meet with designated County representatives for an onsite inspection to assure compliance with the terms of the abatement agreement. Owner shall be responsible to County for the payment of costs associated with such monitoring. In the event it is determined that Owner or its contractors have failed to comply with the terms of the abatement agreement, then County may terminate the abatement agreement or, in County's discretion, reduce the duration or annual percentages of such abatement.

(e) During construction, the Applicant shall maintain appropriate records of the employees affected by this abatement, including but not limited to, proof of employees' legal residence, proof of immigration-resident status, and, if applicable, such other documentation that may be required to document compliance with the Agreement

(f) The Chief Appraiser of the Jefferson County Appraisal District shall timely file with the Texas Department of Economic Development and the State Property Tax Board all information required by the Tax Code.

(g) All requirements of the Abatement Agreement shall apply to Applicant's contractors/subcontractors and Applicant shall ensure that they abide by the terms of the Agreement.

AGREEMENT

SECTION IX

Abatement may be transferred, assumed and assigned in whole or in part by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners' Court; subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld. As a condition of transfer, an assignment fee of \$10,000.00 may be required, with the maximum fee being \$10,000.00

SUNSET PROVISION

SECTION X

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years, unless amended by three-quarters of the Commissioners' Court at which time all reinvestment and enterprise zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the guidelines and criteria may be modified, renewed or eliminated.

DISCRETION OF THE COUNTY

SECTION XI

The adoption of these guidelines and criteria by the County does not:

- (1) Limit the discretion of the County to decide whether to enter into a specific tax abatement agreement;
- (2) Limit the discretion of the County to delegate to its employees the authority to determine whether or not the County should consider a particular application or request for tax abatement; or
- (3) Create any property, contract, or other legal rights in any person to have the County consider or grant a specific application or request for tax abatement.

QUESTIONS TO BE ANSWERED IN ORDER TO DEVELOP AN APPLICATION AND ECONOMIC IMPACT STATEMENT FOR VALUE ADDED TAX ABATEMENTS IN JEFFERSON COUNTY

General:

Jefferson County will provide a representative to assist in preparation and presentation of all documents and to guide them through the abatement process.

Opening Paragraph:

The application should include a summary statement about the company and its operations. This information can come from an annual report, corporate 10K or other document provided by the company. (Please include these documents with this questionnaire.)

Economic Impact Analysis:

The application must include the attachment of an independently prepared economic impact analysis of the proposed facility as it impacts the local economy detailing the information referred in Section III herein.

Maps and Plats

Provide maps, plats, and drawings necessary to establish the location of the improvements and their relationships to the boundaries of cities, ETJ's, and reinvestment or enterprise zone boundaries.

Questions to be Answered

(1) Is your project within a city limit? _____. Name of City

(2) Is your project within an ETJ? . Name of City ETJ

(3) Is your project within an Enterprise or Reinvestment Zone? Which?

(4) Will you own the realty or lease the realty?

(5) Present Appraisal District value of land and any EXISTING improvements owned by the

OWNER:

(Answer this question based on Appraisal District records for the specific site you select.)

Cost of Land (If you are purchasing): \$ _____

Number of Acres: _____ or Square Feet: _____

(6) Type and value of proposed improvements:

Type of construction:

(Tiltwall, Build-Out of Existing Facility, Etc.)

Value of Construction:

Value of Equipment:

Value of Pollution Control Devices: It is understood and agreed that Applicant. will not seek a tax exemption for any equipment or portion of the facility which merely reduces the pollution characteristics of the finished product produced by the facility and that an exemption will only be sought for equipment and technology utilized to reduce pollution at or around the facility.

(7) Productive life of proposed improvements: _____ years, or term of initial lease: _____

(8) Number of existing jobs to be retained by proposed improvements:

_____ (Answer only if the location is already in or near Jefferson County and now employs Jefferson residents.)

(9) Number and types of new jobs to be created by proposed improvements: _____

Include in this answer the number of Jefferson County residents that will be employed.

(10) Amount of Annual local payroll to be created: _____.

(11) What percentage and type of jobs to be created will Jefferson residents have the opportunity to fill?

(12) Amount property tax base valuation will be increased:

During term of abatement: _____

After term of abatement: _____

(13) The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements: _____

(Explain any costs for development or depletion of infrastructure the city is being asked to absorb, if any.)

(14) The amount of ad valorem taxes to be paid to the county during the abatement period considering: (a) the existing values; (b) the percentage of new value abated; (c) the abatement period; and (d) the value after expiration of the abatement period.

(15) The population growth of the county that will occur directly as a result of new improvements: _____

(If you relocate to Jefferson County, how many of your employees do you anticipate to relocate?)

(16) The types and values of public improvements, if any, to be made by applicant seeking abatement:

_____ (List any facilities from which the public might benefit.)

(17) Do the proposed improvements compete with existing businesses to the detriment of the local economy:

(18) The impact on the business opportunities of existing businesses:

(Are there possibilities for local businesses to become suppliers? Any new retail opportunities? If you have previously conducted business within Jefferson County, please provide a list of any and all local/non-local HUB/DBE companies with whom you have worked and the extent of that work relationship)

(19) The attraction of other new businesses to the area:

(Will any of your suppliers, customers, parent, or sister companies relocate because of your relocation?)

(20) The overall compatibility with the zoning ordinances and comprehensive plan for the area:

(21) Describe, including the estimated value, all pollution control devices and other improvements for which you intend to seek TNRCC exemption from taxation:

NOTE: Failure to accurately disclose exempted property may result in a total default under the Abatement Contract, resulting in recapture of previously abated taxes and forfeiture of future abatement.

EXHIBIT "A"

JEFFERSON COUNTY APPRAISAL DISTRICT PROCEDURE FOR CALCULATING ABATEMENTS

Purpose

The purpose of this procedure is to clarify the method used in calculating a tax abatement. This procedure requires calculation of the Current Year Market Value, Base Year Value, and Taxable Value as these terms are defined below. -In accordance with the Jefferson County Uniform Tax Abatement Policy, the Real Property Owner's Current Taxable Value shall not be less than the Base Year Value in order for a project to receive the full amount of abatement.

Calculation of "Base Year Value"

"Base Year Value" for each taxing entity executing an abatement contract is the Taxable Value of all industrial realty improvements of a property owner and/or its affiliates located within that entity for the tax period defined as the "Base Year". "Base year" is defined as the calendar year in which the abatement contract is executed (signed).

Calculation of "Current Year Market Value"

"Current Year Market Value" for each taxing entity executing an abatement agreement is determined by calculating for the Current Tax Year the Market Value of all industrial realty improvements of a property owner and/or its affiliates that comprise the "Base Year Value."

Calculation of "Taxable Value"

"Taxable Value" for each taxing entity executing an abatement agreement is determined by deducting from the Market Value of all industrial realty improvements of a property

owner and/or its affiliates the amount of any applicable exemptions and abatements granted for that Tax Year.

Calculation of Abated Value

The following procedures are followed for each project for which a tax abatement contract has been executed and for each taxing entity granting the abatement.

VALUE POTENTIALLY ELIGIBLE FOR ABATEMENT:

The Base Year Value is subtracted from the Current Year Market Value. If the difference is greater than zero (0), then the remaining value is the value potentially eligible for abatement. If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

VALUE AVAILABLE FOR ABATEMENT:

For each project that remains potentially eligible for abatement, a preliminary calculation of the abated value of all other projects for the owner and/or its affiliates, if any, must be made. This calculation must first be done based on a preliminary abated value for subsequent projects since the full calculation has yet to be performed. For multiple abated projects, the calculations of the preliminary abated values are made in chronological order based on the date the contract was executed. Once the abated value for the subsequent project is calculated, if the actual abated value differs from the preliminary abated value, this calculation must be redone in order to reflect the actual abated value.

Once all calculations have been completed, the abated value of other projects for the owner and/or its affiliates, if any, is subtracted from the Value Potentially Available for Abatement. If the difference is greater than zero (0), then the remaining value is the Value Available for Abatement.

If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

VALUE SUBJECT TO ABATEMENT:

The project base value, if applicable, is subtracted from the current year project value, and the percentage of abatement to be granted is then applied to the net amount to determine the Value Subject to Abatement.

ABATED VALUE:

Any applicable reductions for Foreign Trade Zone or Pollution Control restrictions are subtracted from the Value Subject to Abatement. If the difference is less than the Value Available for Abatement, then this is the Abated Value.

If the difference is greater than the Value Available for Abatement, then the Value Available for Abatement becomes the Abated Value.

Port Arthur LNG, LLC

Chapter 313 Application to Sabine Pass ISD

Cummings Westlake, LLC

TAB 17

Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)

See Attached

SECTION 16: Authorized Signatures and Applicant Certification

When the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here Kristi Heid Superintendent
Print Name (Authorized School District Representative)

sign here [Signature] Signature (Authorized School District Representative)

Superintendent
Title

12-14-15
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here James Asay Vice President - Tax
Print Name (Authorized Company Representative (Applicant))

sign here [Signature] Signature (Authorized Company Representative (Applicant))

Vice President - Tax
Title

12/8/2015
Date

GIVEN under my hand and seal of office this, the

day of

See attached.

(Notary Seal)

See attached all-purpose Acknowledgment
Notary Public in and for the State of Texas

My Commission expires: Nov 15, 2018

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

ALL-PURPOSE ACKNOWLEDGMENT

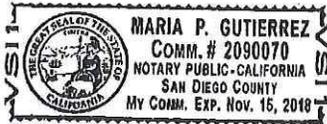
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this Certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
 County of San Diego } SS.

On December 8, 2015, before me, MARIA P. GUTIERREZ, Notary Public,
DATE

personally appeared James Asay, who proved to me on the

basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Maria P. Gutierrez
 NOTARY'S SIGNATURE

PLACE NOTARY SEAL IN ABOVE SPACE

OPTIONAL INFORMATION

The information below is optional. However, it may prove valuable and could prevent fraudulent attachment of this form to an unauthorized document.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

- INDIVIDUAL
- CORPORATE OFFICER Vice President - Tax
TITLE(S)
- PARTNER(S)
- ATTORNEY-IN-FACT
- GUARDIAN/CONSERVATOR
- SUBSCRIBING WITNESS
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Application for Appraised Value
Limitation on Qualifying Property
TITLE OR TYPE OF DOCUMENT

81 - (Eighty-one)
NUMBER OF PAGES

December 8, 2015
DATE OF DOCUMENT

SIGNER (PRINCIPAL) IS REPRESENTING:
 NAME OF PERSON(S) OR ENTITY(IES)

RIGHT
 THUMBPRINT
 OF
 SIGNER

OTHER

