

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

November 30, 2022

Dr. Michelle Cavazos
Superintendent
Gregory-Portland Independent School District
1200 Broadway Blvd.
Portland, TX 78374

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Gregory-Portland Independent
School District and Corpus Christi Liquefaction, LLC, Application 1918

Dear Superintendent Cavazos:

On September 6, 2022, the Comptroller issued written notice that Corpus Christi Liquefaction, LLC (applicant) submitted a completed application (Application 1918) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on May 16, 2022, to the Gregory-Portland Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d) Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1918.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value subject to the inclusion of the following provision in the agreement:

The limitation period for the project is deferred to 2042. At any time prior to the commencement of the limitation period, the Comptroller may require the applicant to provide additional information necessary to reassess the economic impact for the project. If, after completing a reassessment of the economic impact analysis the Comptroller determines the project does not meet the requirements under Section 313.026(c), Tax Code, the Comptroller may withdraw its certificate for the limitation based on the revised economic impact analysis, and the District shall terminate this Agreement upon the withdrawal of the certificate. In the event of such termination, the Applicant shall pay to the District liquidated damages as calculated in Section 9.4C of the agreement. This provision inures to the benefit of the Comptroller and may be enforced by the Comptroller.

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1). This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application.


If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

Additionally, this certificate is contingent on the school district approving and executing the agreement by **December 31, 2022**.

Note that any building or improvement existing as of the application review start date of September 6, 2022, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:

11EA6DEF0EC441E...

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Corpus Christi Liquefaction, LLC (project) applying to Gregory-Portland Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Corpus Christi Liquefaction, LLC.

Applicant	Corpus Christi Liquefaction, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Gregory-Portland ISD
2020-2021 Average Daily Attendance	4,351
County	San Patricio
Proposed Total Investment in District	\$850,000,000
Proposed Qualified Investment	\$40,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2028-2029
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,557
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,523
Minimum annual wage committed to by applicant for qualified jobs	\$80,964
Minimum weekly wage required for non-qualifying jobs	\$1,083.50
Minimum annual wage required for non-qualifying jobs	\$56,342
Investment per Qualifying Job	\$85,000,000
Estimated M&O levy without any limit (15 years)	\$81,372,706
Estimated M&O levy with Limitation (15 years)	\$23,895,774
Estimated gross M&O tax benefit (15 years)	\$57,476,932

Table 2 is the estimated statewide economic impact of Corpus Christi Liquefaction, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2033	0	0	0	\$0	\$0	\$0
2034	0	0	0	\$0	\$0	\$0
2035	0	0	0	\$0	\$0	\$0
2036	0	0	0	\$0	\$0	\$0
2037	0	0	0	\$0	\$0	\$0
2038	1250	1,251	2501	\$93,750,000	\$230,275,000	\$324,025,000
2039	1000	1,055	2055	\$75,000,000	\$225,408,000	\$300,408,000
2040	800	872	1672	\$60,000,000	\$210,734,000	\$270,734,000
2041	500	541	1041	\$37,500,000	\$159,023,000	\$196,523,000
2042	10	54	64	\$809,640	\$58,103,360	\$58,913,000
2043	10	(5)	5	\$809,640	\$38,107,360	\$38,917,000
2044	10	(37)	-27	\$809,640	\$24,522,360	\$25,332,000
2045	10	(37)	-27	\$809,640	\$18,031,360	\$18,841,000
2046	10	(21)	-11	\$809,640	\$16,318,360	\$17,128,000
2047	10	1	11	\$809,640	\$17,615,360	\$18,425,000
2048	10	24	34	\$809,640	\$19,834,360	\$20,644,000
2049	10	45	55	\$809,640	\$23,456,360	\$24,266,000
2050	10	62	72	\$809,640	\$27,254,360	\$28,064,000
2051	10	76	86	\$809,640	\$31,281,360	\$32,091,000
2052	10	81	91	\$809,640	\$33,761,360	\$34,571,000
2053	10	86	96	\$809,640	\$36,342,360	\$37,152,000
2054	10	87	97	\$809,640	\$38,023,360	\$38,833,000
2055	10	86	96	\$809,640	\$39,344,360	\$40,154,000
2056	10	84	94	\$809,640	\$40,148,360	\$40,958,000

Source: CPA REMI, Corpus Christi Liquefaction, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Gregory-Portland ISD I&S Tax Levy	Gregory-Portland ISD M&O Tax Levy	Gregory-Portland ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio Drainage Tax Levy	County Special Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2500	0.9630		0.3989	0.0598	0.0961	
2042	\$655,546,365	\$655,546,365		\$1,638,866	\$6,312,911	\$7,951,777	\$2,614,974	\$392,017	\$629,980	\$11,588,749
2043	\$720,798,324	\$720,798,324		\$1,801,996	\$6,941,288	\$8,743,284	\$2,875,265	\$431,037	\$692,687	\$12,742,273
2044	\$726,750,000	\$726,750,000		\$1,816,875	\$6,998,603	\$8,815,478	\$2,899,006	\$434,597	\$698,407	\$12,847,487
2045	\$690,412,500	\$690,412,500		\$1,726,031	\$6,648,672	\$8,374,704	\$2,754,055	\$412,867	\$663,486	\$12,205,112
2046	\$655,891,875	\$655,891,875		\$1,639,730	\$6,316,239	\$7,955,968	\$2,616,353	\$392,223	\$630,312	\$11,594,857
2047	\$623,097,281	\$623,097,281		\$1,557,743	\$6,000,427	\$7,558,170	\$2,485,535	\$372,612	\$598,796	\$11,015,114
2048	\$591,942,417	\$591,942,417		\$1,479,856	\$5,700,405	\$7,180,262	\$2,361,258	\$353,982	\$568,857	\$10,464,358
2049	\$562,345,296	\$562,345,296		\$1,405,863	\$5,415,385	\$6,821,248	\$2,243,195	\$336,282	\$540,414	\$9,941,140
2050	\$534,228,032	\$534,228,032		\$1,335,570	\$5,144,616	\$6,480,186	\$2,131,036	\$319,468	\$513,393	\$9,444,083
2051	\$507,516,630	\$507,516,630		\$1,268,792	\$4,887,385	\$6,156,177	\$2,024,484	\$303,495	\$487,723	\$8,971,879
2052	\$482,140,798	\$482,140,798		\$1,205,352	\$4,643,016	\$5,848,368	\$1,923,260	\$288,320	\$463,337	\$8,523,285
2053	\$458,033,759	\$458,033,759		\$1,145,084	\$4,410,865	\$5,555,949	\$1,827,097	\$273,904	\$440,170	\$8,097,121
2054	\$435,132,071	\$435,132,071		\$1,087,830	\$4,190,322	\$5,278,152	\$1,735,742	\$260,209	\$418,162	\$7,692,265
2055	\$413,375,467	\$413,375,467		\$1,033,439	\$3,980,806	\$5,014,244	\$1,648,955	\$247,199	\$397,254	\$7,307,652
2056	\$392,706,694	\$392,706,694		\$981,767	\$3,781,765	\$4,763,532	\$1,566,507	\$234,839	\$377,391	\$6,942,269
			Total	\$21,124,794	\$81,372,706	\$102,497,499	\$33,706,721	\$5,053,051	\$8,120,371	\$149,377,642

Source: CPA, Corpus Christi Liquefaction, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and San Patricio County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Gregory-Portland ISD I&S Tax Levy	Gregory-Portland ISD M&O Tax Levy	Gregory-Portland ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio Drainage Tax Levy	County Special Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2500	0.9630		0.3989	0.0598	0.0961	
2042	\$655,546,365	\$30,000,000		\$1,638,866	\$288,900	\$1,927,766	\$2,614,974	\$392,017	\$629,980	\$5,564,737
2043	\$720,798,324	\$30,000,000		\$1,801,996	\$288,900	\$2,090,896	\$2,875,265	\$431,037	\$692,687	\$6,089,885
2044	\$726,750,000	\$30,000,000		\$1,816,875	\$288,900	\$2,105,775	\$2,899,006	\$434,597	\$698,407	\$6,137,784
2045	\$690,412,500	\$30,000,000		\$1,726,031	\$288,900	\$2,014,931	\$2,754,055	\$412,867	\$663,486	\$5,845,340
2046	\$655,891,875	\$30,000,000		\$1,639,730	\$288,900	\$1,928,630	\$2,616,353	\$392,223	\$630,312	\$5,567,518
2047	\$623,097,281	\$30,000,000		\$1,557,743	\$288,900	\$1,846,643	\$2,485,535	\$372,612	\$598,796	\$5,303,587
2048	\$591,942,417	\$30,000,000		\$1,479,856	\$288,900	\$1,768,756	\$2,361,258	\$353,982	\$568,857	\$5,052,853
2049	\$562,345,296	\$30,000,000		\$1,405,863	\$288,900	\$1,694,763	\$2,243,195	\$336,282	\$540,414	\$4,814,655
2050	\$534,228,032	\$30,000,000		\$1,335,570	\$288,900	\$1,624,470	\$2,131,036	\$319,468	\$513,393	\$4,588,367
2051	\$507,516,630	\$30,000,000		\$1,268,792	\$288,900	\$1,557,692	\$2,024,484	\$303,495	\$487,723	\$4,373,394
2052	\$482,140,798	\$482,140,798		\$1,205,352	\$4,643,016	\$5,848,368	\$1,923,260	\$288,320	\$463,337	\$8,523,285
2053	\$458,033,759	\$458,033,759		\$1,145,084	\$4,410,865	\$5,555,949	\$1,827,097	\$273,904	\$440,170	\$8,097,121
2054	\$435,132,071	\$435,132,071		\$1,087,830	\$4,190,322	\$5,278,152	\$1,735,742	\$260,209	\$418,162	\$7,692,265
2055	\$413,375,467	\$413,375,467		\$1,033,439	\$3,980,806	\$5,014,244	\$1,648,955	\$247,199	\$397,254	\$7,307,652
2056	\$392,706,694	\$392,706,694		\$981,767	\$3,781,765	\$4,763,532	\$1,566,507	\$234,839	\$377,391	\$6,942,269
			Total	\$21,124,794	\$23,895,774	\$45,020,568	\$33,706,721	\$5,053,051	\$8,120,371	\$91,900,710
			Diff	\$0	\$57,476,932	\$57,476,932	\$0	\$0	\$0	\$57,476,932
Assumes School Value Limitation.										

Source: CPA, Corpus Christi Liquefaction, LLC
*Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Corpus Christi Liquefaction, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2039	\$544,756	\$544,756	\$0	\$0
	2040	\$1,950,409	\$2,495,165	\$0	\$0
	2041	\$4,562,175	\$7,057,340	\$0	\$0
Limitation Period (10 Years)	2042	\$288,900	\$7,346,240	\$6,024,011	\$6,024,011
	2043	\$288,900	\$7,635,140	\$6,652,388	\$12,676,399
	2044	\$288,900	\$7,924,040	\$6,709,703	\$19,386,102
	2045	\$288,900	\$8,212,940	\$6,359,772	\$25,745,874
	2046	\$288,900	\$8,501,840	\$6,027,339	\$31,773,213
	2047	\$288,900	\$8,790,740	\$5,711,527	\$37,484,740
	2048	\$288,900	\$9,079,640	\$5,411,505	\$42,896,245
	2049	\$288,900	\$9,368,540	\$5,126,485	\$48,022,730
	2050	\$288,900	\$9,657,440	\$4,855,716	\$52,878,446
	2051	\$288,900	\$9,946,340	\$4,598,485	\$57,476,932
Maintain Viable Presence (5 Years)	2052	\$4,643,016	\$14,589,356	\$0	\$57,476,932
	2053	\$4,410,865	\$19,000,221	\$0	\$57,476,932
	2054	\$4,190,322	\$23,190,543	\$0	\$57,476,932
	2055	\$3,980,806	\$27,171,348	\$0	\$57,476,932
	2056	\$3,781,765	\$30,953,114	\$0	\$57,476,932
Additional Years as Required by 313.026(c)(1) (10 Years)	2057	\$3,592,677	\$34,545,791	\$0	\$57,476,932
	2058	\$3,413,043	\$37,958,834	\$0	\$57,476,932
	2059	\$3,242,391	\$41,201,226	\$0	\$57,476,932
	2060	\$3,080,272	\$44,281,497	\$0	\$57,476,932
	2061	\$2,926,258	\$47,207,755	\$0	\$57,476,932
	2062	\$2,779,945	\$49,987,700	\$0	\$57,476,932
	2063	\$2,640,948	\$52,628,648	\$0	\$57,476,932
	2064	\$2,508,900	\$55,137,549	\$0	\$57,476,932
	2065	\$2,383,455	\$57,521,004	\$0	\$57,476,932
	2066	\$2,264,283	\$59,785,287	\$0	\$57,476,932
		\$59,785,287	is greater than	\$57,476,932	
Analysis Summary					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Corpus Christi Liquefaction, LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Corpus Christi Liquefaction, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Corpus Christi Liquefaction, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The applicant’s parent company, Cheniere Energy, is a leader in the global LNG industry, with six LNG trains in production at its Sabine Pass facility in Louisiana, three LNG trains in production near Corpus Christi, Texas (the Corpus Christi facility is covered by Chapter 313 Agreement Nos. 296, 297 and 298 (the “CCL Project”)), and a project for seven mid-scale LNG trains under development near Corpus Christi, Texas (this development is covered by Chapter 313 Agreement Nos. 1179 and 1180). The company is evaluating new LNG investment opportunities. The applicant requires this appraised value limitation in order to move forward with the development of the Considered Project in Corpus Christi. Without this appraised value limitation, the impact of high Texas property taxes on the cost of the Considered Project would not allow the Considered Project to compete for global LNG customers against similar projects operated by Cheniere in Louisiana, or with its competitors in the United States and around the world. Without this appraised value limitation Cheniere would have to strongly consider making this investment at a site outside of Texas.”
 - B. “The Considered Project is still in the very earliest of the evaluation stage. Cheniere has no sales contracts for the additional capacity and does not intend to start marketing any such potential capacity until the technical and commercial viability of the Considered Project is more fully established. No engineering, procurement or construction contracts have been signed to support the Considered Project. No public announcements of a definitive intent to construct the Considered Project have been made. No regulatory permit applications have been filed. No public announcements of a definitive intent to construct the Project have been made. Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; this work is necessary for purposes of determining

whether the Considered Project is technically viable and can be cost-competitive in the global marketplace.”

- C. “Because of the appraised value limitation provided by the Gregory-Portland ISD and the State of Texas for the Operating Project, the applicant was able to execute 20-year sales and purchase agreements with seven non-affiliated customers at a capacity price of around \$3.50 per million BTUs. These sale commitments represented fixed fees of around \$1.5 billion per year, which enabled the project financing for construction of these facilities. Today, long term capacity prices have reduced to around \$2.00-\$2.25 per million BTUs. The appraised value limitation for the Considered Project would help keep costs within LNG customer expectations amidst a competitive market – increasing the applicant’s ability to secure customer commitments and reach a final investment decision (“FID”).”
- D. “While the Considered Project would be located adjacent to the Covered Project, the Considered Project would operate largely independent from the Covered Project, other than LNG transfer lines which would be interconnected with the Operating Project’s marine terminal. Operation of the Covered Project would not be dependent on, rely on, or be enhanced by construction of the Considered Project, and it would not be detrimental to the Covered Project if the Considered Project were located elsewhere. Finally, because construction of the Considered Project would continue for several years and would operate largely independent from the Covered Project, the Considered Project should not be viewed as an expansion of the Covered Project.”
- E. “In summary, the ultimate determination for the Applicant to deploy capital investment in a Particular country or state depends on the project economics. In the case of the investment on this proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief from local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis and a determining factor for investment in Texas. The global LNG market is very competitive. Without the Chapter 313 value limitation, siting the project in Texas is far less attractive. In a capital constrained environment, the economics of each project are challenged against each other and only the best will have a chance to advance.”
- F. “Only certain preliminary agreements and other technical studies and estimates have begun; this work is necessary for purposes of determining whether the Considered Project is technically viable and cost-competitive in the global marketplace.”
- G. “There are no current business activities occurring at the location where the Considered Project would occur.”
- H. “The Applicant continuously evaluates long-term investment opportunities. These evaluations weigh a number of factors, including return on investment which is directly impacted by the cost of operations. The local property tax burden represents a significant amount of operational cost. As the Applicant weighs these factors in evaluating a project’s viability, economic incentives such as the Chapter 313 directly impact the economics of the Project. Without this incentive, the Project would be less competitive with competitor projects, and thus, this incentive will be a determining factor in the final investment decision.”
- Per company website *Cheniere.com*:
 - A. “Cheniere’s energy infrastructure represents a more than \$38 billion investment in the future of energy and is a demonstration of the company’s ability to execute. Cheniere established industry records for bringing new liquefaction units online ahead of schedule and is the fastest company to produce and export 1,000 cargoes of LNG.”
 - B. “Cheniere’s Corpus Christi LNG facility in South Texas is the first greenfield LNG export facility in the U.S. lower 48 and began operations in 2018. All three trains are operating, and the aggregate nominal production capacity of the Corpus Christi facility is approximately 15 mtpa of LNG.”
 - C. “Cheniere’s 1,000+ acre Corpus Christi Liquefaction facility (CCL) is located in the Corpus Christi Bay in San Patricio County, Texas, where energy infrastructure and estuaries coexist. CCL currently has three fully operational liquefaction units — or “trains.” All three trains were completed ahead of schedule and within budget, and each train is designed to produce ~5 million tonnes per annum (mtpa) of LNG.”

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

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.

SECTION 9: Projected Timeline

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement September 2022
 2. Estimated commencement of construction January 2028
 3. Beginning of qualifying time period (MM/DD/YYYY) January 1, 2028
 4. First year of limitation (YYYY) January 1, 2042
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
- ☐ A. January 1 following the application date ☐ B. January 1 following the end of QTP
- ☒ C. January 1 following the commencement of commercial operations
5. Commencement of commercial operations December 2041

SECTION 10: The Property

1. County or counties in which the proposed project will be located San Patricio County
2. Central Appraisal District (CAD) that will be responsible for appraising the property San Patricio 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:

M&O (ISD): <u>Gregory-Portland ISD; 100%; \$0.9603</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Gregory-Portland ISD; 100%; \$0.2500</u> <small>(Name, tax rate and percent of project)</small>
County: <u>San Patricio County; 100%; \$0.398976</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</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>San Pat Drainage; 100%; \$0.059893</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>County Special; 100%; \$0.096181</u> <small>(Name, tax rate and percent of project)</small>

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value



TAB 5

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

The applicant's parent company, Cheniere Energy, is a leader in the global LNG industry, with six LNG trains in production at its Sabine Pass facility in Louisiana, three LNG trains in production near Corpus Christi, Texas (the Corpus Christi facility is covered by Chapter 313 Agreement Nos. 296, 297 and 298 (the "CCL Project")), and a project for seven mid-scale LNG trains under development near Corpus Christi, Texas (this development is covered by Chapter 313 Agreement Nos. 1179 and 1180). The company is evaluating new LNG investment opportunities. The applicant requires this appraised value limitation in order to move forward with the development of the Considered Project in Corpus Christi. Without this appraised value limitation, the impact of high Texas property taxes on the cost of the Considered Project would not allow the Considered Project to compete for global LNG customers against similar projects operated by Cheniere in Louisiana, or with its competitors in the United States and around the world. Without this appraised value limitation Cheniere would have to strongly consider making this investment at a site outside of Texas.

The Considered Project is still in the very earliest of the evaluation stage. Cheniere has no sales contracts for the additional capacity and does not intend to start marketing any such potential capacity until the technical and commercial viability of the Considered Project is more fully established. No engineering, procurement or construction contracts have been signed to support the Considered Project. No public announcements of a definitive intent to construct the Considered Project have been made. No regulatory permit applications have been filed. No public announcements of a definitive intent to construct the Project have been made. No agreements pertaining to preliminary design and engineering work have been entered into.

Because of the appraised value limitation provided by the Gregory-Portland ISD and the State of Texas for the Operating Project, the applicant was able to execute 20-year sales and purchase agreements with seven non-affiliated customers at a capacity price of around \$3.50 per million BTUs. These sale commitments represented fixed fees of around \$1.5 billion per year, which enabled the project financing for construction of these facilities. Today, long term capacity prices have reduced to around \$2.00-\$2.25 per million BTUs. The appraised value limitation for the Considered Project would help keep costs within LNG customer expectations amidst a competitive market – increasing the applicant's ability to secure customer commitments and reach a final investment decision ("FID")

While the Considered Project would be located adjacent to the Covered Project, the Considered Project would operate largely independent from the Covered Project, other than LNG transfer lines which would be interconnected with the Operating Project's marine terminal. Operation of the Covered



Project would not be dependent on, rely on, or be enhanced by construction of the Considered Project, and it would not be detrimental to the Covered Project if the Considered Project were located elsewhere. Finally, because construction of the Considered Project would continue for several years and would operate largely independent from the Covered Project, the Considered Project should not be viewed as an expansion of the Covered Project.

In summary, the ultimate determination for the Applicant to deploy capital investment in a particular country or state depends on the project economics. In the case of the investment on this proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief from local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis and a determining factor for investment in Texas. The global LNG market is very competitive. Without the Chapter 313 value limitation, siting the project in Texas is far less attractive. In a capital constrained environment, the economics of each project are challenged against each other and only the best will have a chance to advance.

Set forth below is additional information in response to the questions in Section 8 of the Application.

1. Does the applicant currently own the land on which the proposed project will occur?

No.

2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

No. Only certain preliminary agreements and other technical studies and estimates have begun; this work is necessary for purposes of determining whether the Considered Project is technically viable and cost-competitive in the global marketplace.

3. Does the applicant have current business activities at the location where the proposed project will occur?

There are no current business activities occurring at the location where the Considered Project would occur.

4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

No.

5. Has the applicant received any local or state permits for activities on the proposed project site?

No.



- 6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?**
No.
- 7. Is the applicant evaluating other locations not in Texas for the proposed project?**
Yes, the Applicant continuously evaluates long-term investment opportunities. These evaluations weigh a number of factors, including return on investment which is directly impacted by the cost of operations. The local property tax burden represents a significant amount of operational cost. As the Applicant weighs these factors in evaluating a project's viability, economic incentives such as the Chapter 313 directly impact the economics of the Project. Without this incentive, the Project would be less competitive with competitor projects, and thus, this incentive will be a determining factor in the final investment decision.
- 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with alternative investment opportunities?**
No.
- 9. Has the applicant provided information related to the applicant's inputs, transportation, and market for the proposed project?**
No.
- 10. Are you submitting information to assist in the determinations 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.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



We are US LNG

Who we are

Our company

Around the globe, countries, communities and companies want many of the same things: to be productive, healthy and safe. At Cheniere, we provide clean, secure and affordable energy to the world — energy that can reduce carbon emissions, help lead to cleaner air, and light homes and power factories — all manufactured and transported by modern energy infrastructure run by a world-class workforce.

The energy we make is liquefied natural gas, or **LNG**. We began operations in 2016, and we're already the largest producer of LNG in the United States and the second largest LNG operator in the world. Our LNG has reached dozens of markets on five continents, and the demand for our fuel is expected to grow as countries around the world seek cleaner ways to power their economies.

While you'll find our headquarters in Houston, Texas, and our LNG facilities in Southwest Louisiana and South Texas, we are a global company with offices in London, Singapore,



Our facilities

Cheniere's energy infrastructure represents a more than \$38 billion investment in the future of energy and is a demonstration of the company's ability to execute. Cheniere established industry records for bringing new liquefaction units online ahead of schedule and is the fastest company to produce and export 1,000 cargoes of LNG.

Cheniere is operating, constructing and developing two LNG facilities on the U.S. Gulf Coast. These massive LNG facilities reliably and safely process billions of cubic feet of natural gas per day into LNG and load the liquid energy onto insulated ships that keep the product cold for their journeys around the world.

Cheniere's Sabine Pass LNG facility, which is located in Cameron Parish in Southwest Louisiana, began export operations in 2016 and currently has six fully operational liquefaction units, or "trains." With all six trains complete, the aggregate nominal production capacity of Sabine Pass is approximately 30 million tonnes per annum (mtpa) of LNG.

Cheniere's Corpus Christi LNG facility in South Texas is the first greenfield LNG export facility in the U.S. lower 48 and began operations in 2018. All three trains are operating, and the aggregate nominal production capacity of the Corpus Christi facility is approximately 15 mtpa of LNG.

Our business

What we do is provide LNG to customers, but how we do it makes us different. Cheniere is a full-service LNG provider.

We purchase natural gas from the robust, transparent and liquid North American gas market, process the natural gas into LNG, and offer our customers the option to load the LNG onto their vessels at our terminals, or we will deliver the LNG to specification facilities.



Approximately 85% of Cheniere's expected aggregate LNG production capacity, either completed or under construction, is contracted through long-term take-or-pay style agreements with creditworthy counterparties. The remaining volumes of LNG we can produce are available for our integrated marketing unit to sell into the market. That gives Cheniere the unique combination of stability and opportunity — long-term, contracted, stable cash flows, plus marketing opportunities driven by shorter-term natural gas supply and demand fundamentals in markets worldwide.

Natural gas is transported to Cheniere's LNG facilities on third-party pipelines on which we own firm transportation capacity, as well as on pipelines Cheniere has constructed, owns and operates.





Where operational excellence meets expansion opportunity

Where we work / Corpus Christi

Corpus Christi Liquefaction

~15_{mtpa}

LNG PRODUCTION CAPACITY

~600

CARGOES PRODUCED



3

TRAINS IN OPERATION

2018

FIRST LNG

Quick facts

Site: 1,000+ acres

Access: 45' channel depth

Proximity: 15 nautical miles from coast

Berths: 2 docks

Storage: 3 tanks (~10 Bcfe)



In service: 2019

Personnel: ~750

Overview

In South Texas, the first greenfield LNG export facility in the contiguous United States stands as an example of Cheniere's history of operational excellence, delivering new infrastructure ahead of schedule and producing energy safely and reliably. With access to abundant, low-cost natural gas and a proposed and fully permitted expansion project, the Corpus Christi Liquefaction facility also provides Cheniere potential for growth as the world requires new sources of cleaner energy solutions.

Cheniere's 1,000+ acre Corpus Christi Liquefaction facility (CCL) is located in the Corpus Christi Bay in San Patricio County, Texas, where energy infrastructure and estuaries coexist. CCL currently has three fully operational liquefaction units — or "trains." All three trains were completed ahead of schedule and within budget, and each train is designed to produce ~5 million tonnes per annum (mtpa) of LNG.

Construction of this liquefaction project was a massive undertaking. If we added up each of the components of the two trains currently operating, we would need more than 190,000 cubic meters of concrete, more than 45,000 tonnes of structural steel, 322 kilometers of pipe and 4,000 kilometers of electrical cable. That's enough cable to cover the distance from California to North Carolina! And because of the biodiversity of CCL's location, as part of our development project, we facilitated the permitting, design and construction of more than \$8 million of breakwater protection projects.

The facility's three containment tanks each have the capacity to store 160,000 cubic meters of LNG — and while we'd never put them there, they are each large enough to fit a 747 airliner. The facility's two berths have the capacity to receive the world's largest LNG carrier,



Corpus Christi Stage 3 will consist of seven “midscale” trains that will add approximately 10+ mtpa of production capacity, bringing CCL’s total nominal capacity to more than 25 mtpa. In June 2022, we announced a positive Final Investment Decision (FID) and issued full notice to proceed to Bechtel to continue construction on CCL Stage 3 which had begun earlier in the year under a limited notice to proceed.

The Corpus Christi site is built at ~25’ above sea level, and is strategically situated for LNG exports given its large acreage position, interconnections with multiple interstate and intrastate pipeline systems and its premier marine access, located less than 15 miles from the coast. CCL has the ability to access natural gas from some of the most prolific production regions in the country, including the Permian Basin. The approximately 22-mile, 48” [Cheniere Corpus Christi Pipeline](#) connects CCL to several interstate and intrastate pipelines, giving the facility access to robust gas resources. Cheniere also has access to an extensive pipeline network through long-term transportation agreements. CCL works with dozens of natural gas producers and infrastructure companies to purchase natural gas and reliably transport the supply to the terminal.