



AGENDA MEMORANDUM

Future Item for the City Council Meeting of January 20, 2015
Action Item for the City Council Meeting of January 27, 2015

DATE: January 2, 2015
TO: Ronald L. Olson, City Manager
THROUGH: Wes Pierson, Assistant City Manager
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Chapter 380 Agreement for Corpus Christi Liquefaction, LLC (Cheneire)

CAPTION:

Approving a resolution authorizing the City Manager or designee to execute a Chapter 380 Economic Development Incentive Agreement with Corpus Christi Liquefaction, LLC ("Agreement") for certain economic development grants for development of a liquid natural gas facility within the City's extraterritorial jurisdiction and for construction of docks potentially within the Corpus Christi city limits for the benefit of the City.

PURPOSE:

The Chapter 380 agreement between the City and Corpus Christi Liquefaction, LLC will provide economic incentives to develop and operate a liquid natural gas facility in the City's extra territorial jurisdiction and for construction of docks potentially within the Corpus Christi city limits. The agreement provides for sharing certain tax revenues and provides for non-annexation of the project over a nineteen year term.

BACKGROUND AND FINDINGS:

Cheniere plans to construct a natural gas liquefaction facility in three phases, or "trains", which will be constructed on land located within City limits and within City's extraterritorial jurisdiction. The first train of the Facility will be constructed at a cost of at least One Billion Five Hundred Million Dollars (\$1,500,000,000) and employ at least ninety (90) full-time employees; (ii) the second train of the Facility will be constructed at a cost of at least Seven Hundred Fifty Million Dollars (\$750,000,000) and employ at least thirty-five (35) full-time employees; and (iii) the third train of the Facility will be constructed at a cost of at least Seven Hundred Fifty Million Dollars (\$750,000,000) and employ at least thirty-five (35) full-time employees.

The Cheniere project has been approved by the Federal Energy Regulatory Commission (FERC).

The Chapter 380 agreement provides for sharing certain tax revenues and provides for non-annexation of the project over a nineteen year term.

ALTERNATIVES:

This agreement is essential to the company receiving the required financing to build the facility.

OTHER CONSIDERATIONS:

Cheniere has received tax abatement agreements with San Patricio County and the San Patricio County Drainage District. It is also working with Nueces County for a tax abatement agreement on the docks that will be constructed within Nueces County. Cheniere has also entered into a Chapter 313 agreement with Gregory-Portland ISD.

CONFORMITY TO CITY POLICY:

This project is consistent with the City's stated goals of promoting economic development and incentivizing business to expand and thrive in Corpus Christi.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Legal

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

| Fiscal Year: 2014-2015 | Project to Date Expenditures (CIP only) | Current Year | Future Years | TOTALS |
|-------------------------------|--|---------------------|---------------------|---------------|
| Line Item Budget | | | | |
| Encumbered / Expended Amount | | | | |
| This item | | | | |
| BALANCE | | | | |

RECOMMENDATION:

Staff recommends approval of the Chapter 380 agreement between the City of Corpus Christi and Corpus Christi Liquefaction LLC.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Chapter 380 Agreement