



TEDC 2024 CEDA APPLICATION

All Applications Must Be Received by August 16, 2024

The 2024 CEDA nominations will be judged in each of the five categories that have made the most significant contribution to economic development in their community and the State of Texas.

AWARD CATEGORIES

The CEDA will be awarded to one community from each of the following five population categories: (as currently marketed). Mark the population category for which you are applying. In addition to CEDA by population, applicants will be considered for five criteria awards such as: Innovativeness, Transferability, Community Commitment & Leverage, Measured Objectives and Secondary Benefits.

- Population less than 10,000
- Population 10,001 to 20,000
- Population 20,001 to 50,000
- Population 50,001 to 100,000
- Population 100,001 to 250,000
- Population 250,001 and above

NOMINATION:

Name of Community: Cameron County

TEDC Member Name: Ramiro Aleman (individual member, not organization)

Telephone #: 956.544.0828

Email Address: ramiro.aleman@co.cameron.tx.us

Community Population (as currently marketed): 426,710

Community/Organization Linked-In Profile: _____

Application Submitted By: Ramiro Aleman

Email Address: ramiro.aleman@co.cameron.tx.us

Media Contacts: [optional]

Organization: _____ Contact Name: _____

Email Address: _____

Organization: _____ Contact Name: _____

Email Address: _____



NEXTDECADE RIO GRANDE LNG PROJECT

OVERVIEW

On July 12, 2023, NextDecade Corporation announced a positive final investment decision (FID)¹ regarding the company's Rio Grande LNG (RGLNG) Project, marking the beginning of Phase 1 construction of the first three of five liquefaction trains in Cameron County, Texas. The groundbreaking ceremony took place on October 3, 2023² on the 984-acre project site, located on the banks of an uncongested deep-water channel of the Port of Brownsville.

For RGLNG, the major benefits of the site location are the access to a skilled workforce located in and around Cameron County, and the convenient export and transportation made possible by the historic Brazos Island Harbor (BIH) ship channel in the Foreign Trade Zone #62. Lack of congestion in the channel was also an important factor, as was the favorable south Texas Climate. Currently the traffic in the Port of Brownsville's deep-water channel averages about one vessel per day, and the frequency of severe storms is minimal.

For Cameron County, this project represents a significant step forward in bringing industrial development on a much larger scale to the economically challenged region with historically high poverty rates, high unemployment rates and even higher underemployment rates. With the total capital investment of \$18.4 billion³ for Phase 1 of the project, Rio Grande LNG is not only the largest development project in Cameron County, but the largest privately funded infrastructure project in the State of Texas. It is also the first U.S. LNG project to offer reduction of more than 90 percent of the CO₂ emissions through its planned carbon capture and storage project⁴. At full scale (five trains), RGLNG will deliver enough energy to heat and cool the equivalent of nearly 34 million U.S. households annually. As Energy plays an important role in the Target Industry Clusters of the State of Texas, and Texas is home to one-fourth of U.S. natural gas reserves⁵, this project will help achieve the goal of Texas being the number one LNG Exporter, in addition to being the number one producer of crude oil and natural gas in the nation.

I INNOVATIVENESS

The collaboration of private, local, and federal entities in Port of Brownsville allows a far-reaching impact of the RGLNG Project to the region. In 2019, NextDecade agreed to privately fund a significant portion (Phase 1) of the Brazos Island Harbor Channel Improvement project, which had awaited funding since the finishing of the Final Integrated Feasibility Report and Environmental Assessment (FIFR-EA) in July of

¹ <https://investors.next-decade.com/news-releases/news-release-details/nextdecade-announces-positive-final-investment-decision-rio>

² <https://www.offshore-energy.biz/watch-nextdecade-breaks-ground-on-rio-grande-lng/>

³ Cameron County LNG Summaries 1 24 24

⁴ <https://www.next-decade.com/rio-grande-lng/>

⁵ <https://gov.texas.gov/business/page/target-industries>

2014⁶. The project is set to deepen the 17-mile-long Port of Brownsville Ship Channel from 42 feet to 52 feet.

Phase 1 will include the deepening from the entrance jetty and main channels to the western end of the RGLNG property, as well as the dredging for two ship berths and a turning basin for the RGLNG facility. NextDecade will also fund the widening of the channel bend close to the entrance of the Brownsville Ship Channel to improve navigational safety. Importantly, Phase 2 of the project, from the western end of the RGLNG plant site to the exiting turning basin, would not have been undertaken were it not for NextDecade's commitment to funding Phase 1 of the project. In August 2024, The U.S. Army Corps of Engineers awarded a \$104 million contract for Phase 2 to Galveston-based Callan Marine, Ltd⁷, moving the Brazos Island Harbor Ship Channel at the Port of Brownsville closer to completion. The improvements brought on by this collaboration will greatly benefit the existing Port of Brownsville tenants and enhance the future development of the port, greatly influencing the Economic Development Opportunities within Cameron County, and the Rio Grande Valley Region as a whole.

II. TRANSFERABILITY

In support of the construction, startup, and operation of the Rio Grande LNG facility, Cameron County Commissioners' Court approved tax abatements for NextDecade's RGLNG Project on June 4, 2024. The abatements are for the County's ad valorem real and personal property taxes relative to the added value of the eligible property located on the site.

The 10-year incentive period will commence on January 1 of the first RGLNG operational year. The net tax abatement over the incentive period is expected to be over \$199.5 million. The projected revenue to Cameron County over 29 years is close to \$234 million⁸. Even with the tax abatement, NextDecade will be by far the largest taxpayer in Cameron County.

One important condition of the tax abatements is requiring the workforce to consist of minimum 35 percent regional residents. To define a "regional resident", the agreement specifies anyone living in a zip code that is within 100 miles of the facility. This ensures that the job creation benefits of the project remain within the region, without limiting the access to skilled workforce.

The agreements also set annual Payments in Lieu of Taxes (PILOT) as follows:

- Trains 1 & 2: \$21.3 million
- Train 3: \$7.5 million
- Train 4: \$8.0 million.
- Train 5: \$5.7 million

⁶ <https://www.swg.usace.army.mil/Portals/26/docs/BIH/Feasibility.pdf>

⁷ <https://riograndeguardian.com/usace-awards-contract-for-next-phase-of-port-of-brownsvilles-ship-channel-deepening-project/>

⁸ Cameron County LNG Summaries 1 29 24

These payments add directly to County's General Fund, allowing funding for needed improvements in the community.

III. COMMUNITY COMMITMENT AND LEVERAGE

From July 2023 to March 2024, NextDecade invested \$349K in the local communities, benefiting over 25 organizations. Events and activities, focused around company's core values, positively impact education, poverty reduction, community development, environment, and conservation.

The company also works with local educational institutions and partners to identify the skills training needed by the workforce to ensure community participation in the RGLNG Project. NextDecade and its Engineering, Procurement and Construction (EPC) contractor, Bechtel, are committed to hiring at least 35% of the workforce from the Rio Grande Valley.

Since April 2023, NextDecade has also hosted over 20 informational and educational open houses and LNG demonstrations in the Rio Grande Valley for communities, local organizations and schools. Nearly 3,700 attended these presentations. Over 1,600 attendees were students from the region. This community engagement has been paramount for building trust, transparency, partnerships and nourishing relationships. The initiative underscores RGLNG's commitment to fostering a well-informed community.

To ensure two-way dialogue with key local leaders and the community, NextDecade has established a Community Advisory Board (CAB), and a community feedback process for receiving, investigating and responding to inquiries from community members regarding activities or concerns related to development activity at RGLNG. The CAB includes over 30 community and business leaders from various sectors, and it provides a way for NextDecade to resolve, where practicable, issues impacting the community and the RGLNG project. Quarterly meetings help ensure the community's interests are represented and considered throughout the project lifecycle.

As part of RGLNG's commitment to protecting local wildlife, NextDecade has spent tens of millions to conserve more than 4,000 acres of land in the Rio Grande Valley, consisting of 1,500 acres of the Las Lomas Ecological Preserve, 1,531 acres of local wetlands and thorn scrubs, and 1,050 acres of ocelot and jaguarundi habitat near the Laguna Atascosa National Wildlife Refuge for preservation. The U.S. Fish and Wildlife Service verified that the export terminal at the Port of Brownsville, along with the related natural gas pipeline, will not jeopardize the continued survival of the endangered ocelot and jaguarundi⁹. NextDecade is also actively working to preserve Texas Tortoise habitats, donating \$130,000 to the Caesar Kleberg Wildlife Research Institute at Texas A&M University – Kingsville (TAMUK) to fund a Texas Tortoise translocation study, with the goal of relocating Texas Tortoises found on the Port of Brownsville lease property to TAMUK's South Pasture Facility. This translocation program has been in place since the clearing of the site began, before project construction started.

⁹ <https://www.chron.com/business/energy/article/Feds-Rio-Grande-LNG-will-not-jeopardize-survival-14486282.php>

IV. MEASURED OBJECTIVES

As of July 31, RGLNG has hired 1,100 workers, and approximately 70 percent of the craft workers on site are local to the region. Over 2,000 workers are expected to work at the project by the end of 2024. iTotem Analytics Report for Rio Grande LNG, from July 1, 2023, through March 31, 2024 reported that during that time period, RGLNG injected a total of \$80.6 million into the local supply chain, utilizing 73 Cameron County vendors out of a total 147. Regional vendors constituted 62% of all the vendors¹⁰.

The Summary of Economic and Fiscal Impacts of Construction and Operation of Rio Grande LNG and Associated Facilities* (including multiplier effects) from the 2015 Perryman Group Report estimates that during construction and non-operative period, RGLNG at full scale will add an estimated \$35 million to U.S. gross domestic product (GDP).

Once fully completed, Rio Grande LNG is anticipated to have 437 permanent operations workers, with annual salaries averaging \$100,000. Total new yearly payroll is expected to be approximately \$43.7 million. Rio Grande LNG will also be the largest taxpayer in Cameron County, paying close to \$234 million in taxes and PILOTs in the span of next 29 years. The project will also significantly shape the local workforce with skills training and development.

The final EPC cost for turnkey contract with Bechtel is approximately \$12.0 billion. The owner's costs and contingencies are approximately \$2.3 billion, dredging for the Brazos Island Harbor Channel Improvement Project, conservation of more than 4,000 acres of wetland and wildlife habitat area and installation of utilities total approximately \$600 million, and interest during construction and other financing costs of approximately \$3.1 billion.

Once fully operational, Rio Grande LNG is anticipated to increase the GDP of Cameron County by \$326 million per year. The state and national economies will also get substantial boost. For the State of Texas, increase of GDP is expected to be \$513 million, and for the U.S. it is expected to be \$560 million.¹¹

V. SECONDARY BENEFITS

The collaboration between NextDecade, Cameron County, the Port of Brownsville, U.S. Fish and Wildlife, and the U.S. Army Corps of Engineers (USACE), using private, local and federal funds together, significantly contributes to the further development of the region, and transforms the Port of Brownsville to one of the deepest ship channels on the Gulf of Mexico. The navigational safety improvements of this project will allow access to bigger ships, more cargo, more investments, increased trade, and more jobs. The high quality of jobs is reflected by the higher than average wages taken home by local employees, which will allow improvements to quality of life in the surrounding communities. These benefits are reinforced by NextDecade's direct investments in the community to support education, reduce poverty, develop community, protect the environment, and conserve local wildlife and habitat.

¹⁰ iTotem Analytics Report for Rio Grande LNG, July 1, 2023 - March 31, 2024

¹¹ [Perryman Study Dec. 2015](#)