



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 9, 2018

Arturo Almendarez, Ed. D.  
Superintendent  
Calallen Independent School District  
4205 Wildcat Drive  
Corpus Christi, Texas 78410

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Calallen Independent School District and Epic Y-Grade Logistics, LP, Application 1230

Dear Superintendent Almendarez:

On April 11, 2018, the Comptroller issued written notice that Epic Y-Grade Logistics, LP (applicant) submitted a completed application (Application 1230) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on November 13, 2017, to the Calallen 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.

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<sup>1</sup> 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 1230.

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. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in 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).

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. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2018.

Note that any building or improvement existing as of the application review start date of April 11, 2018, 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](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Reissig". The signature is stylized and somewhat cursive.

Mike Reissig  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Epic Y-Grade Logistics, LP (project) applying to Calallen 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 Epic Y-Grade Logistics, LP.

Applicant	Epic Y-Grade Logistics, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calallen ISD
2016-2017 Average Daily Attendance	3,831
County	Nueces
Proposed Total Investment in District	\$400,000,000
Proposed Qualified Investment	\$400,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
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	\$1,225
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,225
Minimum annual wage committed to by applicant for qualified jobs	\$63,714
Minimum weekly wage required for non-qualifying jobs	\$891
Minimum annual wage required for non-qualifying jobs	\$46,307
Investment per Qualifying Job	\$40,000,000
Estimated M&O levy without any limit (15 years)	\$43,639,475
Estimated M&O levy with Limitation (15 years)	\$14,599,036
Estimated gross M&O tax benefit (15 years)	\$29,040,439

**Table 2** is the estimated statewide economic impact of Epic Y-Grade Logistics, LP (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	200	308	508	\$14,560,000	\$24,110,000	\$38,670,000
2019	350	551	901,254	\$25,480,000	\$47,126,000	\$72,606,000
2020	100	201	301	\$7,280,000	\$22,472,000	\$29,752,000
2021	10	228	238	\$637,140	\$28,190,860	\$28,828,000
2022	10	230	240	\$637,140	\$29,495,860	\$30,133,000
2023	10	234	244	\$637,140	\$31,037,860	\$31,675,000
2024	10	238	248	\$637,140	\$32,651,860	\$33,289,000
2025	10	238	248	\$637,140	\$33,910,860	\$34,548,000
2026	10	239	249	\$637,140	\$35,226,860	\$35,864,000
2027	10	238	248	\$637,140	\$36,542,860	\$37,180,000
2028	10	237	247	\$637,140	\$37,781,860	\$38,419,000
2029	10	235	245	\$637,140	\$38,940,860	\$39,578,000
2030	10	233	243	\$637,140	\$40,153,860	\$40,791,000
2031	10	224	234	\$637,140	\$40,385,860	\$41,023,000
2032	10	217	227	\$637,140	\$40,926,860	\$41,564,000
2033	10	211	221	\$637,140	\$41,591,860	\$42,229,000
2034	10	206	216	\$637,140	\$42,328,860	\$42,966,000
2035	10	202	212	\$637,140	\$43,249,860	\$43,887,000

Source: CPA REMI, Epic Y-Grade Logistics, LP

**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	Tax Rate*	Calallen ISD I&S Tax Levy	Calallen ISD M&O Tax Levy	Calallen ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Delmar College District Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes
			0.2052	0.2052	1.1700		0.3080	0.2462	0.1268	
2021	\$345,350,000	\$345,350,000		\$708,658	\$4,040,595	\$4,749,253	\$1,063,647	\$850,110	\$438,028	\$7,101,038
2022	\$328,350,000	\$328,350,000		\$673,774	\$3,841,695	\$4,515,469	\$1,011,288	\$808,263	\$416,466	\$6,751,487
2023	\$312,200,000	\$312,200,000		\$640,634	\$3,652,740	\$4,293,374	\$961,548	\$768,508	\$395,982	\$6,419,413
2024	\$296,857,500	\$296,857,500		\$609,152	\$3,473,233	\$4,082,384	\$914,294	\$730,741	\$376,522	\$6,103,942
2025	\$282,282,125	\$282,282,125		\$579,243	\$3,302,701	\$3,881,944	\$869,404	\$694,863	\$358,035	\$5,804,246
2026	\$268,435,519	\$268,435,519		\$550,830	\$3,140,696	\$3,691,525	\$826,757	\$660,778	\$340,473	\$5,519,534
2027	\$255,281,243	\$255,281,243		\$523,837	\$2,986,791	\$3,510,628	\$786,243	\$628,398	\$323,789	\$5,249,057
2028	\$242,784,681	\$242,784,681		\$498,194	\$2,840,581	\$3,338,775	\$747,755	\$597,636	\$307,938	\$4,992,105
2029	\$230,912,947	\$230,912,947		\$473,833	\$2,701,681	\$3,175,515	\$711,191	\$568,413	\$292,881	\$4,748,000
2030	\$219,634,799	\$219,634,799		\$450,691	\$2,569,727	\$3,020,418	\$676,455	\$540,651	\$278,576	\$4,516,100
2031	\$208,920,559	\$208,920,559		\$428,705	\$2,444,371	\$2,873,076	\$643,457	\$514,277	\$264,986	\$4,295,795
2032	\$198,742,031	\$198,742,031		\$407,819	\$2,325,282	\$2,733,100	\$612,108	\$489,221	\$252,076	\$4,086,506
2033	\$189,072,430	\$189,072,430		\$387,977	\$2,212,147	\$2,600,124	\$582,326	\$465,419	\$239,812	\$3,887,681
2034	\$179,886,308	\$179,886,308		\$369,127	\$2,104,670	\$2,473,797	\$554,034	\$442,806	\$228,161	\$3,698,797
2035	\$171,159,493	\$171,159,493		\$351,219	\$2,002,566	\$2,353,785	\$527,156	\$421,324	\$217,092	\$3,519,358
			<b>Total</b>	<b>\$7,653,692</b>	<b>\$43,639,475</b>	<b>\$51,293,167</b>	<b>\$11,487,663</b>	<b>\$9,181,410</b>	<b>\$4,730,817</b>	<b>\$76,693,057</b>

Source: CPA, Epic Y-Grade Logistics, LP

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Nueces 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 and tax abatement with the county.

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	Tax Rate*	Calallen ISD I&S Tax Levy	Calallen ISD M&O Tax Levy	Calallen ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Delmar College District Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes
			0.2052	0.2052	1.1700		0.3080	0.2462	0.1268	
2021	\$345,350,000	\$30,000,000		\$708,658	\$351,000	\$1,059,658	\$521,187	\$374,048	\$438,028	\$2,392,922
2022	\$328,350,000	\$30,000,000		\$673,774	\$351,000	\$1,024,774	\$495,531	\$355,636	\$416,466	\$2,292,407
2023	\$312,200,000	\$30,000,000		\$640,634	\$351,000	\$991,634	\$471,158	\$338,144	\$395,982	\$2,196,919
2024	\$296,857,500	\$30,000,000		\$609,152	\$351,000	\$960,152	\$448,004	\$321,526	\$376,522	\$2,106,204
2025	\$282,282,125	\$30,000,000		\$579,243	\$351,000	\$930,243	\$426,008	\$305,740	\$358,035	\$2,020,026
2026	\$268,435,519	\$30,000,000		\$550,830	\$351,000	\$901,830	\$405,111	\$290,742	\$340,473	\$1,938,156
2027	\$255,281,243	\$30,000,000		\$523,837	\$351,000	\$874,837	\$786,243	\$628,398	\$323,789	\$2,613,267
2028	\$242,784,681	\$30,000,000		\$498,194	\$351,000	\$849,194	\$747,755	\$597,636	\$307,938	\$2,502,524
2029	\$230,912,947	\$30,000,000		\$473,833	\$351,000	\$824,833	\$711,191	\$568,413	\$292,881	\$2,397,318
2030	\$219,634,799	\$30,000,000		\$450,691	\$351,000	\$801,691	\$676,455	\$540,651	\$278,576	\$2,297,373
2031	\$208,920,559	\$208,920,559		\$428,705	\$2,444,371	\$2,873,076	\$643,457	\$514,277	\$264,986	\$4,295,795
2032	\$198,742,031	\$198,742,031		\$407,819	\$2,325,282	\$2,733,100	\$612,108	\$489,221	\$252,076	\$4,086,506
2033	\$189,072,430	\$189,072,430		\$387,977	\$2,212,147	\$2,600,124	\$582,326	\$465,419	\$239,812	\$3,887,681
2034	\$179,886,308	\$179,886,308		\$369,127	\$2,104,670	\$2,473,797	\$554,034	\$442,806	\$228,161	\$3,698,797
2035	\$171,159,493	\$171,159,493		\$351,219	\$2,002,566	\$2,353,785	\$527,156	\$421,324	\$217,092	\$3,519,358
			<b>Total</b>	<b>\$7,653,692</b>	<b>\$14,599,036</b>	<b>\$22,252,728</b>	<b>\$8,607,724</b>	<b>\$6,653,982</b>	<b>\$4,730,817</b>	<b>\$42,245,252</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$29,040,439</b>	<b>\$29,040,439</b>	<b>\$2,879,939</b>	<b>\$2,527,428</b>	<b>\$0</b>	<b>\$34,447,806</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Epic Y-Grade Logistics, LP

\*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 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Epic Y-Grade Logistics, LP (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)
<b>Limitation Pre-Years</b>	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2021	\$351,000	\$351,000	\$3,689,595	\$3,689,595
	2022	\$351,000	\$702,000	\$3,490,695	\$7,180,290
	2023	\$351,000	\$1,053,000	\$3,301,740	\$10,482,030
	2024	\$351,000	\$1,404,000	\$3,122,233	\$13,604,263
	2025	\$351,000	\$1,755,000	\$2,951,701	\$16,555,964
	2026	\$351,000	\$2,106,000	\$2,789,696	\$19,345,659
	2027	\$351,000	\$2,457,000	\$2,635,791	\$21,981,450
	2028	\$351,000	\$2,808,000	\$2,489,581	\$24,471,030
	2029	\$351,000	\$3,159,000	\$2,350,681	\$26,821,712
	2030	\$351,000	\$3,510,000	\$2,218,727	\$29,040,439
<b>Maintain Viable Presence (5 Years)</b>	2031	\$2,444,371	\$5,954,371	\$0	\$29,040,439
	2032	\$2,325,282	\$8,279,652	\$0	\$29,040,439
	2033	\$2,212,147	\$10,491,800	\$0	\$29,040,439
	2034	\$2,104,670	\$12,596,470	\$0	\$29,040,439
	2035	\$2,002,566	\$14,599,036	\$0	\$29,040,439
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2036	\$1,905,568	\$16,504,603	\$0	\$29,040,439
	2037	\$1,813,419	\$18,318,022	\$0	\$29,040,439
	2038	\$1,725,878	\$20,043,900	\$0	\$29,040,439
	2039	\$1,642,714	\$21,686,613	\$0	\$29,040,439
	2040	\$1,563,708	\$23,250,321	\$0	\$29,040,439
	2041	\$1,488,652	\$24,738,973	\$0	\$29,040,439
	2042	\$1,417,349	\$26,156,322	\$0	\$29,040,439
	2043	\$1,349,611	\$27,505,934	\$0	\$29,040,439
	2044	\$1,285,261	\$28,791,194	\$0	\$29,040,439
	2045	\$1,224,092	\$30,015,287	\$0	\$29,040,439

**\$30,015,287**

is greater than

**\$29,040,439**

<b>Analysis Summary</b>	
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, Epic Y-Grade Logistics, LP

**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 Epic Y-Grade Logistics LP’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 Epic Y-Grade Logistics, LP in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “As mandated and required by the Federal Energy Regulatory Commission (“FERC”), EPIC Y-Grade Pipeline, LP, a subsidiary of EPIC Y-Grade Services, LP and EPIC Midstream Holdings, LP, announced its intent to develop a 650-mile natural gas liquids pipeline. The FERC is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil and because the pipeline will cross state borders, the proposed project is required to be announced in advance of final details and commitments.”
  - B. “As part of the proposed project, EPIC Y-Grade Logistics, LP (“EPIC”) will construct two fractionator units that split raw-mix natural gas liquids into individual purity products. While the FERC announcement indicated that the likely site location for the fractionator units may be in the Corpus Christi, Texas region; EPIC has not yet made a firm commitment to any site, purchased land, etc.”
  - C. “EPIC Y-Grade Logistics, LP (“EPIC”) is currently applying for state and local incentives for sites located in Texas and New Mexico. The fractionators could either be located at the beginning of the pipeline in New Mexico, due to existing infrastructure, or at the end of the pipeline in the Corpus Christi region. Within the State of Texas, EPIC is working with the Corpus Christi Regional Economic Development Corporation to request and apply for property tax abatements from Nueces County and Del Mar College. At this time the location decision is not complete and will depend on the potential projects return on investment.”
  - D. EPIC Y-Grade Logistics, LP (“EPIC”) is comparing the economic return for the project within and outside of Texas and based on the magnitude of the proposed capital investment, economic incentives are a key determining factor in this evaluation . In making the required FERC announcement mentioned above, EPIC's management considered the potential benefit of realizing the limitation on appraised value under Chapter 313 and property tax abatements

under Chapter 312 because without these available property tax incentives, the economics of the project become far less attractive and the likelihood of completing the project in Texas decrease.”

- E. “EPIC has limited capital resources and its investors may allocate those resources to a location or project with more favorable economics if EPIC is unable to obtain a Limitation on Appraised Value Agreement. The final decision will be made upon review of all incentive offers and analysis of the final project economics.”
- Tab 4 of the application states, “The fractionators are designed to accommodate an affiliate’s proposed pipeline that could initially transport up to 220,000 barrels per day.”
  - Epic Y-Grade Logistics’ website, [www.epicpipelinelp.com](http://www.epicpipelinelp.com), states, “The initial capacity of the line will be a minimum of 300,000 barrels per day, with plans to build multiple 100,000 barrel per day fractionators in the Corpus Christi area.”
  - A October 10, 2017 *San Antonio Express-News* article states that, “EPIC Pipeline Co. LLC - formed by TexStar Midstream Logistics LP, Castleton Commodities International and Ironwood Midstream Energy Partners - has announced plans for the EPIC NGL Pipeline, a 650-mile natural gas liquids pipeline that will carry NGLs from the Permian and Eagle Ford to Corpus Christi.”
  - According to Regular meeting of the Board of Trustees of Calallen ISD dated November 13, 2017, “Discuss and take possible action to accept the EPIC Y-Grade Logistics, LP Application for an Appraised Value Limitation on Qualified Property, to authorize the Superintendent to review the Application for completeness and submit to the Comptroller, and to authorize the Superintendent to enter into any agreement to extend the deadline for Board action beyond 150 day.”
  - A November 21, 2017 *Inspectioneering.com* article states that, “Construction has begun on the first phase of the EPIC NGL Pipeline project, which will run 650 miles from Southeast New Mexico to Corpus Christi, TX. When complete, the EPIC NGL Pipeline will have throughput capacity of at least 375,000 barrels per day with multiple origin points in the Delaware and Midland basins. In addition to the fractionator, EPIC will be building purity pipeline systems, including an ethane system which in the first phase will span the upper Gulf Coast into the Markham area for the 1st phase.”
  - According to Commissioners Court meeting of the Nueces County dated November 29, 2017, “Discuss and consider adopting an Order Designating the Epic Zone within Nueces County, Texas, as a reinvestment zone, pursuant to the Property Redevelopment and Tax Abatement Act (Chapter 312 of the Texas Tax Code), to be located on the west side of Violet Road (CR 24), approximately 2.4 miles north of SH 44.”
  - A November 30, 2017 *Corpus Christi Caller Times* article states that, “Nueces County commissioners on Wednesday gave the OK for tax abatements that open the door for a natural gas pipeline company to construct a new \$200 million fractionator unit along Violet Road.”

### **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 6: Eligibility Under Tax Code Chapter 313.024**

- Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
- 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:
- Land has no existing improvements  Land has existing improvements (complete Section 13)
  - Expansion of existing operation on the land (complete Section 13)  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
- 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.

# **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**

**Section 8, #4: Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?**

As mandated and required by the Federal Energy Regulatory Commission ("FERC"), EPIC Y-Grade Pipeline, LP, a subsidiary of EPIC Y-Grade Services, LP and EPIC Midstream Holdings, LP, announced its intent to develop a 650-mile natural gas liquids pipeline. The FERC is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil and because the pipeline will cross state borders, the proposed project is required to be announced in advance of final details and commitments.

As part of the proposed project, EPIC Y-Grade Logistics, LP ("EPIC") will construct two fractionator units that split raw-mix natural gas liquids into individual purity products. While the FERC announcement indicated that the likely site location for the fractionator units may be in the Corpus Christi, Texas region; EPIC has not yet made a firm commitment to any site, purchased land, etc.

**Section 8, #6 and #7: Has the applicant received commitments for state or local incentives for activities at the proposed project sites? Is the applicant evaluating other locations not in Texas for the proposed project?**

EPIC Y-Grade Logistics, LP ("EPIC") is currently applying for state and local incentives for sites located in Texas and New Mexico. The fractionators could either be located at the beginning of the pipeline in New Mexico, due to existing infrastructure, or at the end of the pipeline in the Corpus Christi region. Within the State of Texas, EPIC is working with the Corpus Christi Regional Economic Development Corporation to request and apply for property tax abatements from Nueces County and Del Mar College. At this time the location decision is not complete and will depend on the potential projects return on investment.

**Section 8, #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?**

EPIC Y-Grade Logistics, LP ("EPIC") is comparing the economic return for the project within and outside of Texas and based on the magnitude of the proposed capital investment, economic incentives are a key determining factor in this evaluation. In making the required FERC announcement mentioned above, EPIC's management considered the potential benefit of realizing the limitation on appraised value under Chapter 313 and property tax abatements under Chapter 312 because without these available property tax incentives, the economics of the project become far less attractive and the likelihood of completing the project in Texas decrease. EPIC has limited capital resources and its investors may allocate those resources to a location or project with more favorable economics if EPIC is unable to obtain a Limitation on Appraised Value Agreement. The final decision will be made upon review of all incentive offers and analysis of the final project economics.

---

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

## Tab 4

### Project Description

EPIC Y-Grade Logistics, LP, ("EPIC") proposes to construct two new fractionator units that split raw-mix natural gas liquid ("NGL") into individual purity products using a sequence of towers. The towers regulate temperatures and pressures so that the boiling point will be reached by only one product in each tower. The fractionators are designed to accommodate an affiliate's proposed pipeline that could initially transport up to 220,000 barrels per day. The NGL supply will originate from New Mexico and the Permian Basin in south Texas. The end users will be Gulf Coast refiners, petrochemical companies and export markets.

This project would be a significant investment for the company with an estimated investment of approximately \$400 million dollars for both fractionator units. The fractionator plants and ancillary infrastructure is anticipated to contain the following processing units and related equipment:

- Treating Equipment
- Storage Tanks and other facilities
- DeEthanizer Towers
- Product Loading Rack
- DePropanizer Towers
- Compression Equipment
- DeButanizer Towers
- Product Pipeline Interconnects
- Gasoline Treaters

The ability for EPIC to construct the first fractionator, and subsequent fractionators, is heavily dependent upon the overall return on investment of the project and whether the company can secure property tax benefits at an optimal location along the pipeline. Upon approval of such economic incentives, EPIC would move forward in acquiring land in the 4<sup>th</sup> quarter of 2017/early 2018. The construction of the facility and hiring of employees is estimated to occur in 2018 through 2020, with a goal of beginning operations in 2019.

# Agenda of Regular Meeting

## The Board of Trustees Calallen ISD

---

A Regular Meeting of the Board of Trustees of Calallen ISD will be held November 13, 2017, beginning at 5:30 PM in the Central Administration Office, 4205 Wildcat Dr., Corpus Christi, Texas.

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice.

Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

1. Calling the Meeting to Order
2. Prayer
3. Comments from the Public
4. Communications from Administration
  - A. Presentation – Accountability Ratings 2017  
Presenter: Dr. Danaher
5. Unfinished Business
6. New Business
  - A. By Common Consent the Board agrees to consider as one action item the following:
    1. Consider approval of minutes of Regular Meeting October 9, 2017
    2. Consider approval of Bills and Warrants as of October 31, 2017
    3. Consider approval of CISD Texas Academic Performance Report 2017
  - B. Discuss and take possible action to accept the EPIC Y-Grade Logistics, LP Application for an Appraised Value Limitation on Qualified Property, to authorize the Superintendent to review the Application for completeness and submit to the Comptroller, and to authorize the Superintendent to enter into any agreement to extend the deadline for Board action beyond 150 days, subject to Board ratification  
Presenter: Mrs. George
  - C. Discuss and take possible action to retain consultants to assist the District in processing the EPIC Y-Grade Logistics, LP Application for Appraised Value Limitation on Qualified Property

Presenter: Mrs. George

- D. Consider approval of Extended Day Program (EDP) Proposals for Magee, East and Wood River for 2017-2018

Presenter: Dr. Danaher

- E. Consider approval of CHS Course Catalog 2018-2019

Presenter: Dr. Danaher

- F. Consider approval of truck purchase for Calallen ISD Maintenance Department

Presenter: Mr. McDavid

- G. Consider approval of CHS Golf Putting and Chipping Green proposal

Presenter: Mr. McDavid

- H. Closed Session

Presenter: Dr. Almendarez

- I. Consider and take possible action regarding approval of local counsel pertaining to Cause No. 2016DCV-3859-B; Calallen Independent School District vs. Marshall Company, LTD., et. al., In the District Court 117th Judicial District, Nueces County, Texas

Presenter: Dr. Almendarez

- J. Personnel - Consider approval of Resignations and Appointments

Presenter: Mrs. Lorenz

- K. Consider and take action on an order canvassing the returns of a Calallen ISD Bond election of November 7, 2017

Presenter: Dr. Almendarez

## 7. Adjourn

- COMMISSIONERS COURT
- COURTS
- LAW ENFORCEMENT
- DEPARTMENTS
- COUNTY SERVICES
- QUICK LINKS

- + County Judge
- + Commissioner Precinct 1
- + Commissioner Precinct 2
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## Commissioners Court Agendas, Minutes and Video

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AI- 9040 4. A. 1.

**Commissioners Court - Regular**

Meeting Date: 11/29/2017

Order Designating Zone for Epic

Submitted By: Tyner Little, Commissioners Court Admin

Department: Commissioners Court Admin

Information

**RECOMMENDATION**

Discuss and consider adopting an Order Designating the Epic Zone within Nueces County, Texas, as a reinvestment zone, pursuant to the Property Redevelopment and Tax Abatement Act (Chapter 312 of the Texas Tax Code), to be located on the west side of Violet Road (CR 24), approximately 2.4 miles north of SH 44.

**BACKGROUND**

Epic Y-Grade Logistics plans on building a natural gas fractionator plant. The establishment of the reinvestment zone is being made pursuant to the request of EPIC Y-Grade Logistics, LP. The legal description of the proposed zone is Lots 1 through 5, inclusive, of the J.A. Hunter Subdivision and is generally located on the west side of Violet Road (County Road 24), approximately 2.4 miles north of State Highway 44.

**DISCUSSION**

Budget Information

*Information about available funds*

Budgeted:                      Funds Available:                      Adjustment:                       Amount Available:

Unbudgeted:                       Funds NOT Available:                       Amendment:

Account Code(s) for Available Funds

1:

Fund Transfers

Attachments

# NGL Pipeline



## EPIC NGL PIPELINE

The EPIC NGL Pipeline is a 700-mile natural gas liquids pipeline linking NGL reserves in the Permian and Eagle Ford to gulf coast refiners, petrochemical companies, and export markets. By providing producers with new options for takeaway and downstream players with an alternative source of feedstocks, the NGL Pipeline is the first of many projects EPIC is developing to drive growth throughout Texas and New Mexico. The initial capacity of the line will be a minimum of 300,000 barrels per day, with plans to build multiple 100,000

barrel per day fractionators in the Corpus Christi area. With ROW acquisition and construction already begun alongside its sister project, EPIC Crude, the EPIC NGL Pipeline's initial phase will be in-service in early 2018 and fully complete in 2019.



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## NEWS

# Construction Begins on 650-Mile EPIC NGL Pipeline

*EPIC Y Grade Pipeline, November 21, 2017*



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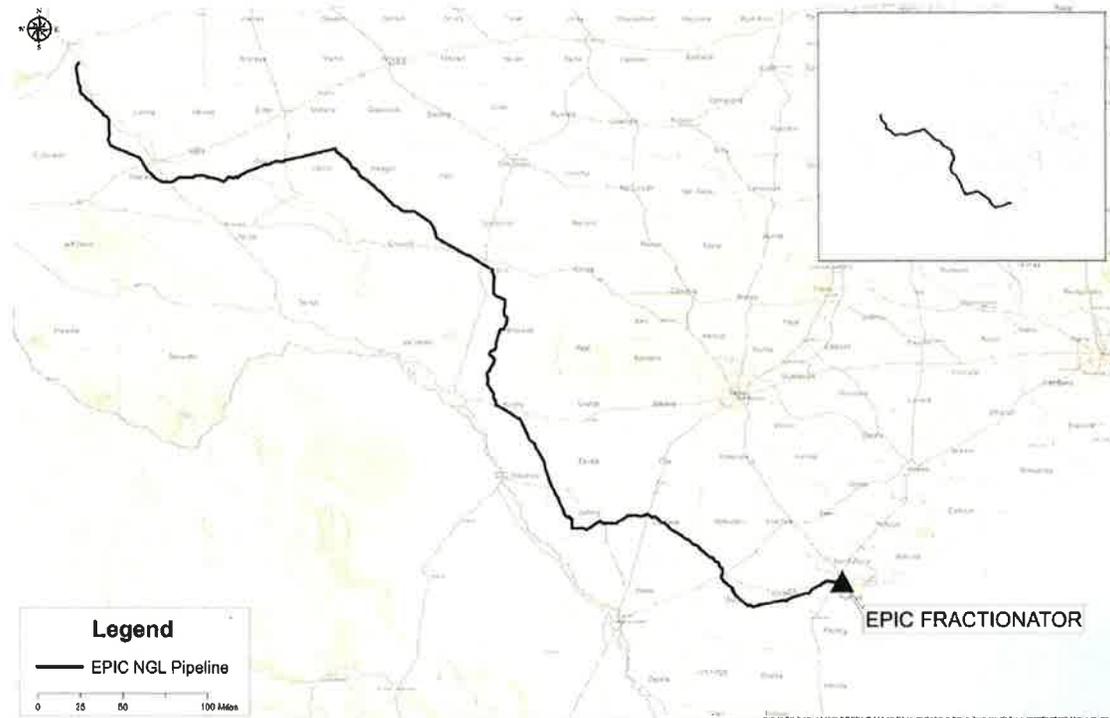
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Construction has begun on the first phase of the EPIC NGL Pipeline project, which will run 650 miles from Southeast New Mexico to Corpus Christi, TX. When complete, the EPIC NGL Pipeline will have throughput capacity of at least 375,000 barrels per day with multiple origin points in the Delaware and Midland basins.



**Image courtesy of EPIC Pipeline LP.**

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volume. In addition to the fractionator, EPIC will be building purity pipeline systems, including an ethane system which in the first phase will span the upper Gulf Coast into the Markham area for the 1st phase.

*“The EPIC Y Grade Pipeline provides an efficient solution to shippers’ NGL marketing and transportation needs,”* says Justin Gordon, EPIC’S Senior Vice President of Engineering and Operations. *“Our pipeline will be an NGL “Superhighway” providing customers’ volumes from the Permian Basin to Corpus Christi and will better serve the growing needs of the petrochemical and refining sectors along the U.S. Gulf Coast.”*

EPIC plans to have the initial phase of the pipeline in-service in early 2018. As mentioned in September, BP has signed on as the anchor shipper and a capital commitment was secured from funds managed by ARES Management, L.P.

The EPIC NGL Pipeline will run side-by-side through Texas with the previously announced EPIC Crude Oil Pipeline for most of the route.

## **About EPIC Y Grade Pipeline**

EPIC Y Grade Pipeline, LP (“EPIC”) was formed in 2017 to own and operate an NGL pipeline system between west Texas and the Gulf Coast. EPIC’s predecessors, TexStar Midstream Logistics, LP and TexStar Midstream Services, LP, owned and operated oil and gas midstream infrastructure throughout south Texas including crude oil and gas gathering systems, trunklines, treating and processing plants as well as an integrated NGL system with 120 miles of trunklines and a purpose-built fractionator near Corpus Christi. For more information, visit [EPICMid.com](http://EPICMid.com).

## **Comments and Discussion**

There are no comments yet.

### **Add a Comment**

Please log in or register to participate in comments and discussions.

## EPIC Pipeline plans NGL pipeline alongside crude oil line

By Mella McEwen mmcewen@mrt.com, Midland Reporter-Telegram

Updated 11:58 am, Tuesday, October 10, 2017

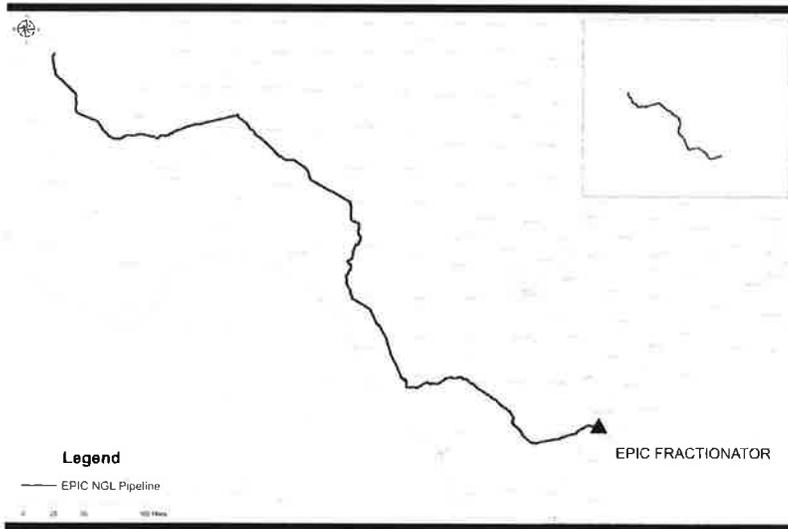


Photo: Courtesy EPIC Midstream Holdings

The route of the EPIC NGL pipeline, which will extend from the Permian Basin in southeast New Mexico and West Texas to Corpus Christi.

Announced just six months ago, the EPIC (EPIC stands for Eagle Ford Permian Ingleside Corpus) Pipeline that will ferry Permian Basin crude to Corpus Christi, is getting company.

EPIC Pipeline Co. LLC - formed by TexStar Midstream Logistics LP, Castleon Commodities International and Ironwood Midstream Energy Partners - has announced plans for the EPIC NGL Pipeline, a 650-mile natural gas

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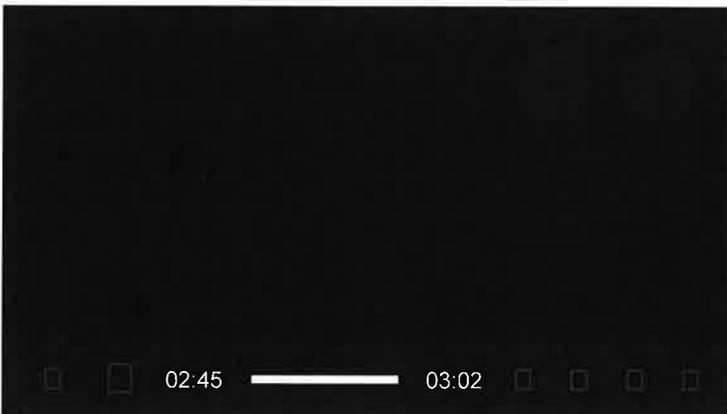
liquids pipeline that will carry NGLs from the Permian and Eagle Ford to Corpus Christi.

"This will follow the path of the crude line until it reaches South Texas," Bruce Kates, EPIC's corporate communications director, said in a phone interview from his San Antonio office. "Then it will split off, and we'll build a fractionator - one of many. We'll have a products line, as well, from the fractionator to Corpus Christi."

What kicked off the project was an agreement with BP Energy Co. to serve as anchor shipper. The project has also secured a capital commitment from funds managed by Ares Management LP, Kates said. The cost has not been disclosed.

The pipeline will have throughput capacity of at least 220,000 barrels per day with multiple origin points in both the Delaware and Midland basins. There will be interconnections near Orla, Benedum and Corpus Christi.

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“We’ve already started construction,” Kates said. “The first part will be done in about four months from the Panhandle down to Orla, then to Benedum and then to the final point at Corpus Christi.”

He said EPIC has been working with BP Energy on the project for more than a year.

“We’ve been looking at capacity, and BP has been looking to move its product from the Permian Basin,” Kates said. “Right now, there’s the capacity, but in one or two years there won’t be the capacity to move NGLs. Based on estimates, we’ll need a bigger pipeline to carry 350,000 barrels a day. Expansion will be a must. We may look at fractionation trains as demand grows.”

He described the cargo as the “Y grades” - the mixed natural gas liquids, essentially the ethanes, propanes, butanes, natural gas pentanes, that will be handled in the fractionation process. The pipeline will link Permian and Eagle Ford NGL reserves to Gulf Coast refiners, petrochemical companies and export markets.

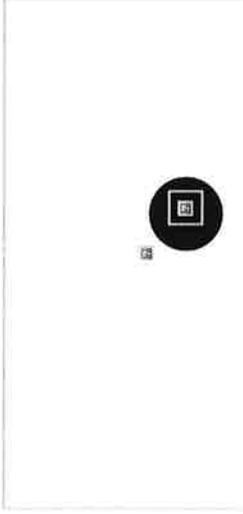
“There’s a need for these down there. Some are used here in the U.S., some will be exported,” Kates said. “The NGLs are going to Corpus, and you have to remember the Mexico market. There will be an opportunity to ship NGLs, even by rail, to Mexico. That’s a market to be tapped.”

He praised Port of Corpus Christi officials for being proactive in developing infrastructure to meet the demand. “They’ve been on top of everything,” he said.

The company is acquiring rights of way and, in some cases, multi-line rights to accommodate both the NGL and crude oil pipelines. The initial phase is expected to be in

# Nueces County leaders approve tax abatements for \$200M natural gas project

Tom McManis, Corpus Christi Caller-Times | Published 4:27 p.m. CT Nov. 30, 2019



Construction has begun on the first phase of the Epic NGL Pipeline project. Chris Ramirez/Callier-Times

Nueces County commissioners on Wednesday gave the OK for tax abatements that open the door for a natural gas pipeline company to construct a new \$200 million fractionator unit along Violet Road.

Photo: Contributed, Epic Y Grade Pipeline LP

The proposed project is part of the 650-mile Epic NGL Pipeline that Epic Y Grade Pipeline LP is constructing from southeast New Mexico to Corpus Christi. Work on the first phase of the natural gas liquids pipeline began on Nov. 14, according to the company's website, and is scheduled for completion in early 2019.

The \$200 million fractionation complex will be built on vacant agricultural land along Violet Road, near State Highway 44, and is meant to accommodate the pipeline's volume. County commissioners on Wednesday also approved the creation of a reinvestment zone that allowed for the tax abatement agreement to move forward. Epic currently has the land under contract, but has not closed on the sale.

More: [More natural gas will flow between Corpus Christi, Portman, Bush](#)

More: [New natural gas line will link South Texas, Permian Basin](#)

"(Epic) will not close under the contract and build their plant (at) the expense of (\$200 million) dollars unless we designate this zone and provide the tax abatement incentive that is ... offered by Nueces County to attract new industries of this nature," said John Bell, a local attorney speaking on behalf of the Corpus Christi Regional Economic Development Corporation.

"As a result, your designation of a zone today will specifically lead to the development of primary employment... and attract a major investment to this area that will benefit the economic development of Nueces County," he said.

Under the terms of the abatement agreement, the company will receive 100 percent property tax abatements during the construction phase, which cannot exceed three years. After the construction period, the abatements fall to 50 percent each year, with the deal not exceeding 10 years.

The company is required to create at least 10 new full-time jobs as a result of the completed project in order for the abatements to stay in effect. If that does not occur, the company would be liable for the full tax values for that year and possible

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March 8, 2018, 12:18 p.m.



termination of the agreement, according to the deal's terms.

Company officials said they are projecting up to 15 full-time positions at the facility when it is built, but are looking to have at least 10. The average yearly salary for each position would be \$72,440 per year, according to Epic's abatement application.

"It could be more (jobs) — the minimum criteria is 10 and so they have committed to meet the minimum criteria," Bell said.

Pct. 2 County Commissioner Joe A. "JAG" Gonzalez said he would prefer to see local residents get those positions once they are available, rather than having people hired from outside the county.

"When somebody comes in, my concern is always how many people here in Nueces County are going to get jobs?" Gonzalez asked.

The agreement does outline a "Buy Local" provision that gives preferences to local manufacturers, suppliers, contractors and labor in Nueces and San Patricio counties, but allows the company exemptions "where not reasonably or feasibly possible to do so without added expense," "substantial inconvenience," or "sacrifice in operational efficiency or quality."



Pct. 2 Nueces County Commissioner Joe A. "JAG" Gonzalez speaking at a prior meeting at the court. (Photo) (Photo: Paul Peterson/Special to the Caller-Times)

Kelly Rendzipeis, with tax abatement consulting firm Site Selection Group, said the company intends to hire locally both during the construction phase and after the fractionation complex is done. Epic also has plans to build additional fractionators in Corpus Christi each capable of handling 100,000 barrels of NGL per day.

The NGL pipeline is being constructed alongside the 700-mile Epic Crude Pipeline, which will carry an initial 550,000 barrels per day of capacity from the Permian and Eagle Ford Basins to refining and export markets in and around Corpus Christi, according to the company's website.

"In terms of expansion capability, there's also great potential for this to grow in the future, which also would add additional jobs and additional millions of dollars worth of investment in the future," Rendzipeis

said.

Marez did express concern with a growing trend of companies who received tax abatements filing lawsuits against appraisal districts to protest values in an effort to pay as little in property taxes as possible. Epic's annual tax abatements are tied to minimum value thresholds in the agreement, but it doesn't prevent Epic from protesting values once the contract terms expire.

"That (clause) protects us during the contract of the abatement — after the contract of the abatement is over, you know, there's nothing we can do about people's constitutional rights to protest their valuations, and everybody has that right," said Pct. 1 County Commissioner Mike Pusley, who previously shared concerns similar to Marez.

The reinvestment zone creation and tax abatement agreement were both approved in a 4-1 vote, with Marez the lone dissenting vote.

