



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 11, 2019

Dr. Jose Moreno
Superintendent
Robstown ISD
901 N 1st St
Robstown, Texas 78380

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Robstown Independent School District and Permico Midstream Partners LLC, Application 1304

Dear Superintendent Moreno:

On November 28, 2018, the Comptroller issued written notice that Permico Midstream Partners LLC (applicant) submitted a completed application (Application 1304) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on October 8, 2018, to the Robstown 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 1304.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of November 28, 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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Permico Midstream Partners, LLC (project) applying to Robstown 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 Permico Midstream Partners, LLC.

Applicant	Permico Midstream Partners, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Robstown ISD
2017-2018 Average Daily Attendance	2,393
County	Nueces
Proposed Total Investment in District	\$275,000,000
Proposed Qualified Investment	\$275,000,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2023-2024
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	\$1,250
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,275.07
Minimum annual wage committed to by applicant for qualified jobs	\$66,500
Minimum weekly wage required for non-qualifying jobs	\$899.50
Minimum annual wage required for non-qualifying jobs	\$46,774
Investment per Qualifying Job	\$27,500,000
Estimated M&O levy without any limit (15 years)	\$36,701,030
Estimated M&O levy with Limitation (15 years)	\$12,884,414
Estimated gross M&O tax benefit (15 years)	\$23,816,616

Table 2 is the estimated statewide economic impact of Permico Midstream Partners, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	250	466	716	\$25,000,000	\$54,440,000	\$79,440,000
2024	252	429	681	\$25,130,000	\$55,310,000	\$80,440,000
2025	10	184	194	\$650,000	\$36,500,000	\$37,150,000
2026	10	165	175	\$650,000	\$33,830,000	\$34,480,000
2027	10	159	169	\$650,000	\$32,820,000	\$33,470,000
2028	10	166	176	\$650,000	\$33,450,000	\$34,100,000
2029	10	178	188	\$650,000	\$35,050,000	\$35,700,000
2030	10	193	203	\$650,000	\$37,270,000	\$37,920,000
2031	10	207	217	\$650,000	\$39,810,000	\$40,460,000
2032	10	218	228	\$650,000	\$42,430,000	\$43,080,000
2033	10	226	236	\$650,000	\$44,920,000	\$45,570,000
2034	10	230	240	\$650,000	\$47,140,000	\$47,790,000
2035	10	227	237	\$650,000	\$48,280,000	\$48,930,000
2036	10	222	232	\$650,000	\$49,380,000	\$50,030,000
2037	10	218	228	\$650,000	\$50,530,000	\$51,180,000

Source: CPA REMI, Permico Midstream Partners, 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	Tax Rate	Robstown ISD I&S Tax Levy	Robstown ISD M&O Tax Levy	Robstown M&O and I&S Tax Levies	Nueces County Tax Levy	Nueces County Farm to Market Road Tax Levy	Nueces County Hospital Tax Levy	Nueces County Drainage #2 Tax Levy	Estimated Total Property Taxes
				0.4950	1.1700		0.3041	0.0039	0.1213	0.3378	
2024	\$82,500,000	\$82,500,000		\$408,375	\$965,250	\$1,373,625	\$250,874	\$3,218	\$100,073	\$278,660	\$2,006,450
2025	\$266,805,000	\$266,805,000		\$1,320,685	\$3,121,619	\$4,442,303	\$811,327	\$10,405	\$323,634	\$901,187	\$6,488,858
2026	\$256,132,800	\$256,132,800		\$1,267,857	\$2,996,754	\$4,264,611	\$778,874	\$9,989	\$310,689	\$865,140	\$6,229,303
2027	\$245,887,500	\$245,887,500		\$1,217,143	\$2,876,884	\$4,094,027	\$747,719	\$9,590	\$298,262	\$830,534	\$5,980,132
2028	\$236,052,000	\$236,052,000		\$1,168,457	\$2,761,808	\$3,930,266	\$717,811	\$9,206	\$286,331	\$797,313	\$5,740,926
2029	\$226,609,900	\$226,609,900		\$1,121,719	\$2,651,336	\$3,773,055	\$689,098	\$8,838	\$274,878	\$765,420	\$5,511,289
2030	\$217,545,500	\$217,545,500		\$1,076,850	\$2,545,282	\$3,622,133	\$661,534	\$8,484	\$263,883	\$734,803	\$5,290,837
2031	\$208,843,700	\$208,843,700		\$1,033,776	\$2,443,471	\$3,477,248	\$635,073	\$8,145	\$253,327	\$705,411	\$5,079,204
2032	\$200,490,000	\$200,490,000		\$992,426	\$2,345,733	\$3,338,159	\$609,670	\$7,819	\$243,194	\$677,195	\$4,876,037
2033	\$192,470,300	\$192,470,300		\$952,728	\$2,251,903	\$3,204,630	\$585,283	\$7,506	\$233,466	\$650,107	\$4,680,993
2034	\$184,771,500	\$184,771,500		\$914,619	\$2,161,827	\$3,076,445	\$561,872	\$7,206	\$224,128	\$624,103	\$4,493,754
2035	\$177,380,600	\$177,380,600		\$878,034	\$2,075,353	\$2,953,387	\$539,397	\$6,918	\$215,163	\$599,138	\$4,314,003
2036	\$170,285,300	\$170,285,300		\$842,912	\$1,992,338	\$2,835,250	\$517,821	\$6,641	\$206,556	\$575,173	\$4,141,441
2037	\$163,473,800	\$163,473,800		\$809,195	\$1,912,643	\$2,721,839	\$497,107	\$6,375	\$198,294	\$552,165	\$3,975,781
2038	\$156,934,800	\$156,934,800		\$776,827	\$1,836,137	\$2,612,964	\$477,223	\$6,120	\$190,362	\$530,079	\$3,816,748
2039	\$150,657,500	\$150,657,500		\$745,755	\$1,762,693	\$2,508,447	\$458,134	\$5,876	\$182,748	\$508,876	\$3,664,081
			Total	\$15,527,359	\$36,701,030	\$52,228,389	\$9,538,817	\$122,337	\$3,804,987	\$10,595,305	\$76,289,836

Source: CPA, Permico Midstream Partners, LLC

*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.

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*	Robstown ISD I&S Tax Levy	Robstown ISD M&O Tax Levy	Robstown M&O and I&S Tax Levies	Nueces County Tax Levy	Nueces County Farm to Market Road Tax Levy	Nueces County Hospital Tax Levy	Nueces County Drainage #2 Tax Levy	Estimated Total Property Taxes	
				0.4950	1.1700		0.3041	0.0039	0.1213	0.3378		
2024	\$82,500,000	\$82,500,000		\$408,375	\$965,250	\$1,373,625	\$250,874	\$3,218	\$100,073	\$278,660	\$1,627,717	
2025	\$266,805,000	\$20,000,000		\$1,320,685	\$234,000	\$1,554,685	\$811,327	\$10,405	\$323,634	\$901,187	\$2,376,417	
2026	\$256,132,800	\$20,000,000		\$1,267,857	\$234,000	\$1,501,857	\$778,874	\$9,989	\$310,689	\$865,140	\$2,290,721	
2027	\$245,887,500	\$20,000,000		\$1,217,143	\$234,000	\$1,451,143	\$747,719	\$9,590	\$298,262	\$830,534	\$2,208,452	
2028	\$236,052,000	\$20,000,000		\$1,168,457	\$234,000	\$1,402,457	\$717,811	\$9,206	\$286,331	\$797,313	\$2,129,474	
2029	\$226,609,900	\$20,000,000		\$1,121,719	\$234,000	\$1,355,719	\$689,098	\$8,838	\$274,878	\$765,420	\$2,053,655	
2030	\$217,545,500	\$20,000,000		\$1,076,850	\$234,000	\$1,310,850	\$661,534	\$8,484	\$263,883	\$734,803	\$1,980,869	
2031	\$208,843,700	\$20,000,000		\$1,033,776	\$234,000	\$1,267,776	\$635,073	\$8,145	\$253,327	\$705,411	\$1,910,994	
2032	\$200,490,000	\$20,000,000		\$992,426	\$234,000	\$1,226,426	\$609,670	\$7,819	\$243,194	\$677,195	\$1,843,915	
2033	\$192,470,300	\$20,000,000		\$952,728	\$234,000	\$1,186,728	\$585,283	\$7,506	\$233,466	\$650,107	\$1,779,517	
2034	\$184,771,500	\$20,000,000		\$914,619	\$234,000	\$1,148,619	\$561,872	\$7,206	\$224,128	\$624,103	\$1,717,697	
2035	\$177,380,600	\$177,380,600		\$878,034	\$2,075,353	\$2,953,387	\$539,397	\$6,918	\$215,163	\$599,138	\$3,499,701	
2036	\$170,285,300	\$170,285,300		\$842,912	\$1,992,338	\$2,835,250	\$517,821	\$6,641	\$206,556	\$575,173	\$3,359,712	
2037	\$163,473,800	\$163,473,800		\$809,195	\$1,912,643	\$2,721,839	\$497,107	\$6,375	\$198,294	\$552,165	\$3,225,322	
2038	\$156,934,800	\$156,934,800		\$776,827	\$1,836,137	\$2,612,964	\$477,223	\$6,120	\$190,362	\$530,079	\$3,096,308	
2039	\$150,657,500	\$150,657,500		\$745,755	\$1,762,693	\$2,508,447	\$458,134	\$5,876	\$182,748	\$508,876	\$2,972,457	
				Total	\$15,527,359	\$12,884,414	\$28,411,773	\$9,538,817	\$122,337	\$3,804,987	\$10,595,305	\$38,072,928
				Diff	\$0	\$23,816,616	\$23,816,616	\$0	\$0	\$0	\$0	\$38,216,908

Source: CPA, Permico Midstream Partners, 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 Permico Midstream Partners, 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	2022	\$0	\$0	\$0	\$0
	2023	\$0	\$0	\$0	\$0
	2024	\$965,250	\$965,250	\$0	\$0
Limitation Period (10 Years)	2025	\$234,000	\$1,199,250	\$2,887,619	\$2,887,619
	2026	\$234,000	\$1,433,250	\$2,762,754	\$5,650,372
	2027	\$234,000	\$1,667,250	\$2,642,884	\$8,293,256
	2028	\$234,000	\$1,901,250	\$2,527,808	\$10,821,064
	2029	\$234,000	\$2,135,250	\$2,417,336	\$13,238,400
	2030	\$234,000	\$2,369,250	\$2,311,282	\$15,549,683
	2031	\$234,000	\$2,603,250	\$2,209,471	\$17,759,154
	2032	\$234,000	\$2,837,250	\$2,111,733	\$19,870,887
	2033	\$234,000	\$3,071,250	\$2,017,903	\$21,888,789
	2034	\$234,000	\$3,305,250	\$1,927,827	\$23,816,616
Maintain Viable Presence (5 Years)	2035	\$2,075,353	\$5,380,603	\$0	\$23,816,616
	2036	\$1,992,338	\$7,372,941	\$0	\$23,816,616
	2037	\$1,912,643	\$9,285,584	\$0	\$23,816,616
	2038	\$1,836,137	\$11,121,722	\$0	\$23,816,616
	2039	\$1,762,693	\$12,884,414	\$0	\$23,816,616
Additional Years as Required by 313.026(c)(1) (10 Years)	2040	\$1,692,184	\$14,576,598	\$0	\$23,816,616
	2041	\$1,624,497	\$16,201,095	\$0	\$23,816,616
	2042	\$1,559,519	\$17,760,614	\$0	\$23,816,616
	2043	\$1,497,138	\$19,257,752	\$0	\$23,816,616
	2044	\$1,437,251	\$20,695,003	\$0	\$23,816,616
	2045	\$1,379,761	\$22,074,764	\$0	\$23,816,616
	2046	\$1,324,571	\$23,399,335	\$0	\$23,816,616
	2047	\$1,271,588	\$24,670,923	\$0	\$23,816,616
	2048	\$1,220,724	\$25,891,647	\$0	\$23,816,616
	2049	\$1,171,895	\$27,063,543	\$0	\$23,816,616

\$27,063,543

is greater than

\$23,816,616

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, Permico Midstream Partners, 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 Permico Midstream Partners, 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 Permico Midstream Partners, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Permico is a recently formed company seeking to enter the Texas natural gas liquids (NGL) processing market.”
 - B. “Permico will be competing against major Texas-based competitors with much larger processing footprints in Texas. Most, if not all, of Permico's Texas competitors have benefited from Chapter 313 agreements with Texas school districts thus having a competitive property tax advantage over any new prospective NGL processing market entrant.”
 - C. “Project funding has been secured through long term commitments from various sources of foreign and domestic capital including private equity, pension fund institutions, and industry partners, with Sumitomo Mitsui Bank Corp serving as lead syndicator for the senior debt financing.”
 - D. “Since Permico has the ability to invest capital anywhere in the world outside of Texas and is competing against much larger competitors with Chapter 313 agreements, obtaining a Chapter 313 agreement is a determining factor to invest capital in Texas for the Project. The price that Permico will receive for its end products will be the same market price as that received by its long-established competitors who have Chapter 313 agreements. However, without a Chapter 313 agreement, Permico's return on invested capital will be significantly lower than its NGL competitors which could lead Permico to decide not to invest capital in Texas.”
 - E. “As part of the commercial development of this Project, Permico created a website solely devoted to this potential Project and issued the attached press release to attract potential investors and customers. This press release was a forward-looking statement and the indicated construction and financing milestones were not achieved. No construction has begun on this fractionation project and no final investment decision has been made for the Project. Feasibility discussions

with potential investors, oil producers, and NGL customers are ongoing. Land has not been purchased for the Project and no contracts with oil and gas producers or NGL customers have been executed. No air or water permit applications have been filed with TCEQ or the US EPA."

- Permico Midstream Partners, LLC submitted confidential 15 year property tax figures depicting the estimated value of a Chapter 313 value limitation.
- An article in the *San Antonio Express-News*, dated July 13, 2018, stated "A \$550 million natural gas liquids separation project received eight years of tax abatements from Nueces County. The Houston company Permico Midstream Partners' Texas NGL Project includes a natural gas liquids fractionator that can process around 300,000 barrels of liquids a day and separate them into their component parts, such as ethane, propane and butane. The facility would be connected to more than 500 miles of pipelines from the Permian Basin in West Texas to the Gulf Coast."
- A December 12, 2018 article in the *Caller Times* stated the following:
 - A. "The close of a sale on more than 150 acres of land near Robstown for a natural gas liquids project from Permico Midstream Partners LLC is being delayed until early next year. While that may appear to be bad news, the delay in the closing may be a blessing in disguise — the company is planning to increase its initial \$550 million investment by another \$150 million for an addition to the planned facility. Permico's project would involve construction of a NGL fractionator on 160 acres of land at the corner of Farm-to-Market Road 1694 and County Road 34, near Robstown."
 - B. "County commissioners voted on Wednesday to give Permico more time to close on the sale of its land as part of a tax abatement agreement between the county and company. The initial deadline for that sale to be finalized was the end of this year. But the new deadline gives Permico until May 1, 2019 to get its property purchase done."
 - C. "Jeff Beicker, Permico's CEO, said in a letter to commissioners that the company's initial schedule for closing had been delayed because of "unforeseen circumstances." But the extension would be suitable to complete purchase of the property by May 1, 2019. "To date, we have substantially completed the front end engineering work for the fractionation plant and are confident that our project will succeed and be a viable addition to Nueces County," Beicker wrote."
 - D. "According to the Permico website, the fractionator facility is part of the company's Texas NGL project, which involves pipelines and other infrastructure that will move its product to the Houston area and the Port of Corpus Christi for distribution globally. The natural gas liquids will come from the Permian, Delaware and Eagle Ford basins, according to the website."
- An August 22, 2017 *Pipelines International* article states that "Permico Energia has revealed plans for a new natural gas liquids (NGL) pipeline and fractionator project in Texas, US. The proposed project includes the construction of a 510 mile (820 km) 24 inch (609 mm) pipeline to transport product from the Permian Basin, west Texas to the planned 300,000 bb/d fractionator in Corpus Christi on the coast of the Gulf of Mexico. A 350 mile (563 km) system of downstream pipelines will also be constructed, providing access to an 8 million barrel NGL storage facility and Texas Gulf Coast industrial markets, including the Mont Belvieu area. The CEO of Texas Permico Partners – a wholly owned subsidiary of Permico Energia – Jeff Beicker said, "Permico's new energy corridor will provide operating and cost advantages over the traditional Mont Belvieu options, which will enable us to provide reliable, economically superior solutions to the growing demands of our customer partners."
- A *Citybizlist* article dated August 2, 2017 states that "Permico Energia, a privately held Houston-based midstream energy company, announces plans to construct a new Texas natural gas liquids (NGL) system comprised of 510 miles of 24-inch pipeline to ship West Texas Permian Basin NGL production to its planned 300,000 barrels per day fractionator near Corpus Christi, Texas" and that "Project funding has been secured through long term commitments from Korean pension fund institutions, with Sumitomo Mitsui Bank Corp serving as lead syndicator for the senior debt financing. At present, all project equity has been committed and senior debt financing is expected to close in the first quarter of 2018."
- Per the Permico Energia website, "Permico's Texas NGL Project will pipe Natural Gas Liquids (NGL) produced from the Permian, Delaware and Eagle Ford basins to the Corpus Christi area where they will be fractionated into purity products and moved into Texas and international markets via product pipelines and water borne transport." Additionally, the "El Centro Fractionator is listed under

"Facilities". The fractionator is listed as "300,000 B/D initial capacity" and "located near Corpus Christi, Texas."

- On December 18, 2018 the Comptroller asked if the NGL processing plants in Applications 1303 and 1304 are also known as "El Centro". The applicant provided the following information on December 20, 2018: "The answer is yes and no, respectively. It is my understanding to date that applications' #1303 and #1304 are not the "El Centro" fractionation plant as it would have been. "El Centro" was the designated project name for one-third of the entire project plan when Permico Energia was the only owner creating their vision of what could be done which was laid out on their website. The website's (and corresponding press release) sole purpose was to attract potential investors and customers to enable to project to come to fruition. Now the project sits under a different company (Permico Midstream Partners (PMP) – as designated on the application). Energia is simply one of a few potential investors and have divested their focuses into other projects as an investment company. They plan to take down the Energia website by the end of the year and replace it in 2019 with two websites: Energia being solely an investment company and Midstream Partners being the project as described in the application. Project financing is still being pursued by Permico Midstream Partners and they are hopeful that Energia will still see the project as economically attractive and not decide to invest elsewhere. Energia has made no investment to date. PMP has still not made a final investment decision and are still looking for more investors, oil producers and customers."

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

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

SECTION 7: Project Description

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

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

SECTION 8: Limitation as Determining Factor

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

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

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.
Tab 5 information is partially submitted under separate cover due to confidential information.

Permico is a recently formed company seeking to enter the Texas natural gas liquids (NGL) processing market. NGLs are commodities that are bought and sold at fluctuating market prices regardless of the company that produces them. Permico will be competing against major Texas-based competitors with much larger processing footprints in Texas. Most, if not all, of Permico's Texas competitors have benefited from Chapter 313 agreements with Texas school districts thus having a competitive property tax advantage over any new prospective NGL processing market entrant.

Permico's leadership has extensive experience in developing and operating pipeline, storage, treating, processing and fractionation assets combined with expertise in energy commodities trading and marketing. Permico's team and advisors rely upon their broad international business, legal, construction, intelligence and diplomatic backgrounds to identify and develop innovative projects that deliver value for customer partners and the company. Project funding has been secured through long term commitments from various sources of foreign and domestic capital including private equity, pension fund institutions, and industry partners, with Sumitomo Mitsui Bank Corp serving as lead syndicator for the senior debt financing. However, Permico, its investors, and lenders have the capability to invest this capital anywhere in the world including other domestic NGL opportunities outside of Texas and to invest in other types of industrial or infrastructure facilities other than NGL processing. The type of investor groups involved with Permico on this project have a history of making investments in NGL projects outside of Texas as well as alternative investments including highway infrastructure, other energy projects like wind energy farms and solar farms in Texas, elsewhere in the United States and around the World. Their money and expertise are not tied to the Permico project but instead can and will be used for other investments that are deemed more economically attractive. Specific examples of similar alternative investments that have occurred include:

- Salt Dome Gas Storage in Mississippi
- Crude Oil Terminal Project in Utah
- Crude Oil Refining Project in Utah
- Rail Transloading Facility in Utah
- Refining project in Mobile, Alabama
- Gas gathering and processing project in Texas
- Wax Refining Project in Texas, Louisiana, and Utah

A competitive return on capital is the key to this Project moving forward. Since Permico has the ability to invest capital anywhere in the world outside of Texas and

Permico Midstream Partners, LLC
Chapter 313 Application to Robstown ISD
Cummings Westlake, LLC

is competing against much larger competitors with Chapter 313 agreements, obtaining a Chapter 313 agreement is a determining factor to invest capital in Texas for the Project. The price that Permico will receive for its end products will be the same market price as that received by its long-established competitors who have Chapter 313 agreements. However, without a Chapter 313 agreement, Permico's return on invested capital will be significantly lower than its NGL competitors which could lead Permico to decide not to invest capital in Texas.

As part of the commercial development of this Project, Permico created a website solely devoted to this potential Project and issued the attached press release to attract potential investors and customers. This press release was a forward-looking statement and the indicated construction and financing milestones were not achieved. No construction has begun on this fractionation project and no final investment decision has been made for the Project. Feasibility discussions with potential investors, oil producers, and NGL customers are ongoing. Land has not been purchased for the Project and no contracts with oil and gas producers or NGL customers have been executed. No air or water permit applications have been filed with TCEQ or the US EPA.

NEWS | Permico Energia

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

West Texas to Corpus Christi NGL pipeline planned

Houston firm has lined up \$2 billion for project

Updated 11:48 pm, Saturday, August 5, 2017

Permian Basin oil and gas operators have decades of holes to punch in West Texas and Southeastern New Mexico to coax crude oil and natural gas to the surface and ultimately to market.

Houston's Permico Energia is betting approximately \$2 billion that operators will continue to successfully produce crude and gas and demand by petrochemical complexes along the Gulf Coast will continue to grow.

The company has lined up \$2 billion to construct a pipeline that will carry natural gas liquids from the Permian Basin to its planned 300,000-barrel-per-day fractionator near Corpus Christi. The project also includes a 350-mile system of downstream product pipelines that will help access an 8 million barrel NGL storage facility and industrial markets along the coast, including Mont Belvieu.

"Everyone's aggressively drilling in Midland, and that's projected to create a bottleneck for liquids around 2020, 2021," Jeff Beicker, chief executive officer of Permico's subsidiary, Texas Permico Partners, said in a phone interview from his Houston office.

"Everyone in the drilling game has gotten much, much better at optimizing the capital they spend. There's lots of value being added," he said.

Even with infrastructure projects underway or planned, there will still be congestion, and his company's project is designed to relieve some of that congestion, he said.

"We need to ensure you have enough infrastructure so when you drill those wells, everything moves," Beicker said. "We see a strong need on the producer side, but we also see a strong need on the Gulf Coast with the petrochemical side, a need for that feedstock."

He said petrochemical facilities along the Gulf Coast have undergone or are undergoing significant expansion, fueled in part by the decline in crude prices, which resulted in cheaper feedstock.

Construction is expected to begin in June or July of 2018 on the 24-inch pipeline, which will have initial capacity of 300,000 barrels per day. Beicker said the process is expected to take about 27 months; completion is expected in late third quarter or early fourth quarter 2020.

The pipeline will begin near Monahans, with a northwest lateral reaching into Southeastern New Mexico, and a northeast lateral reaching Midland-Odessa, gathering liquids along the way to ship to Corpus Christi. Beicker said future phases will entail picking up liquids from the Eagle Ford along the way, but for now that shale play has sufficient takeaway capacity.

He termed the pipeline a "Y-grade" pipeline. The natural gas frequently produced in association with crude oil in the Permian Basin, particularly the Delaware and Southeast New Mexico, includes natural gas liquids as part of its stream. That gas is run through processing plants and comes out as Y-grade, he said.

"If you look in the Permian Basin and where it extends into Southeastern New Mexico, there's a lot of condensate and natural gas liquids. (Operators) look for gas with liquids," he said. "It's a value chain, and if you're spending that amount of money to punch a hole in the ground, you want to get that money back as fast as you can."

Petrochemical complexes in Corpus can take those liquids and split them into ethane, propane and butanes and sell those components on the market, he said.

Negotiations on long-term contracts with producers and industrial users are ongoing, he said.

Beicker estimates the project will create 80 new field jobs, from Monahans to New Mexico to Midland-Odessa, and 20 new jobs in Houston.

Project funding has been secured through long-term commitments from Korean investment banking and pension fund institutions, with Sumitomo Mitsui Bank Corp serving as lead syndicator for the senior debt financing. At present, all project equity has been committed and senior debt financing is expected to close in the first quarter of 2018.

[Visit Article](#)

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

\$550 million natural gas liquid project in Corpus gets county tax abatements

By [Rye Druzin](#) Published 4:06 pm CDT, Friday, July 13, 2018



Photo: /

A fractionator like this one that is yet to be built received tax abatements from the Nueces County Commissioners Court.

A \$550
million
natural
gas
liquids

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separation project received eight years of tax abatements from Nueces County.

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The Houston company Permico Midstream Partners' Texas NGL Project includes a natural gas liquids fractionator that can process around 300,000 barrels of liquids a day and separate them into their component parts, such as ethane, propane and butane. The facility would be connected to more than 500 miles of pipelines from the Permian Basin in West Texas to the Gulf Coast.

by Taboola



Ethane is used in plastics production and as a petrochemical feedstock.

The Nueces County commissioners court approved tax abatements that would be 100 percent for up to three years of construction and another five years of 70 percent tax abatements.

Mike Culbertson, chief operating officer with the Corpus Christi Regional Economic Development Corporation told commissioners that while the tax abatements are active the project will still pay \$6.3 million in taxes to the county.

Other companies are building natural gas liquids pipelines out of the Permian Basin including EPIC Midstream Holdings LP, which recently announced it had finished the second phase of its EPIC NGL Pipeline. Over 200 miles of the 700-mile pipeline are complete.

Rye Druzin is a San Antonio Express-News energy reporter. Read more of his stories here. | rdruzin@express-news.net | Twitter: @druz_journo



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Any Year



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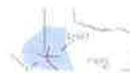


Permico to increase initial investment for plant near Robstown by \$150 million

Tim Acosta, Corpus Christi Caller Times Published 7:40 am CDT, Dec 12, 2018 Updated 9:58 pm CDT Dec 12, 2018



The Houston-based midstream energy company wants to operate a 510-mile pipeline system between the Permian Basin and the Corpus Christi area. Chris Ramirez



The close of a sale on more than 150 acres of land near Robstown for a natural gas liquids project from Permico Midstream Partners LLC is being delayed until early next year.

Photo Courtesy: Permico Energy LLC

While that may appear to be bad news, the delay in the closing may be a blessing in disguise — the company is planning to increase its initial \$550 million investment by another \$150 million for an addition to the planned facility. Permico's project would involve construction of a NGL fractionator on 160 acres of land at the corner of Farm-to-Market Road 1694 and County Road 34, near Robstown.



Jeff Beicker, CEO and founding partner of Permico Energy LLC, addresses the Nueces County Commissioners Court on July 11, 2018. Photo: Tim Acosta/Caller Times

County commissioners voted on Wednesday to give Permico more time to close on the sale of its land as part of a tax abatement agreement between the county and company. The initial deadline for that sale to be finalized was the end of this year. But the new deadline gives Permico until May 1, 2019 to get its property purchase done.

More: Permico Midstream gets Nueces County tax incentives for \$550 million NGL project

More: Houston company planning \$2 billion pipeline from Permian Basin to Corpus Christi

Jeff Beicker, Permico's CEO, said in a letter to commissioners that the company's initial schedule for closing had been delayed because of "unforeseen circumstances." But the extension would be suitable to complete purchase of the property by May 1, 2019.

"To date, we have substantially completed the front end engineering work for the fractionation plant and are confident that our project will succeed and be a viable addition to Nueces County," Beicker wrote.

MORE STORES

- Alice native named new Texas Secretary of State**
Dec 11, 2018 9:47 am
- Longtime Del Mar regent Trey McCampbell to resign**
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- Flatbed rolls at base of Harbor Bridge**
Dec 11, 2018 7:40 am
- Students on suicide prevention: We need more counselors**
Dec 10, 2018 5:05 pm
- Sheriff: Man accused of homicide killed himself**
Dec 10, 2018 10:08 am
- CCPD investigate armed robbery on Port Avenue**
Dec 10, 2018 7:54 am

The company also applied for new tax abatements, approved on Wednesday as well, for construction of an additional natural gas liquids processing train capable of processing 150,000 barrels per day in Nueces County, according to documents presented to the court. The new \$150 million addition will create 10 more full-time jobs, in addition to the 52 previously announced by Permico for the first phase of the project.

According to the Permico website, the fractionator facility is part of the company's Texas NGL project, which involves pipelines and other infrastructure that will move its product to the Houston area and the Port of Corpus Christi for distribution globally. The natural gas liquids will come from the Permian, Delaware and Eagle Ford basins, according to the website.

The 52 full-time jobs initially announced as a result of the project will have average annual salaries of \$92,000, county leaders have said. The 10 additional full-time positions announced on Wednesday will have average annual salaries of about \$60,000, county officials said.

"I was hoping for Permico to meet their original completion date for this pipeline, but I am encouraged to hear of their additional expansion plans," Pct. 3 County Commissioner John Marez said following Wednesday's meeting. "To have 60 plus well playing, permanent jobs for a project of this size in the Robstown area is worth the wait."



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Permico Energia plans new Texas NGL pipeline

22 August 2017



Permico Energia has revealed plans for a new natural gas liquids (NGL) pipeline and fractionator project in Texas, US.

The proposed project includes the construction of a 510 mile (820 km) 24 inch (609 mm) pipeline to transport product from the Permian Basin, west Texas to the planned 300,000 bb/d fractionator in Corpus Christi on the

coast of the Gulf of Mexico.

A 350 mile (563 km) system of downstream pipelines will also be constructed, providing access to an 8 million barrel NGL storage facility and Texas Gulf Coast industrial markets, including the Mont Belvieu area.

The CEO of Texas Permico Partners – a wholly owned subsidiary of [Permico Energia](#) – Jeff Beicker said, “Permico’s new energy corridor will provide operating and cost advantages over the traditional Mont Belvieu options, which will enable us to provide reliable, economically superior solutions to the growing demands of our customer partners.”

Construction is expected to commence before the end of 2018, with the system operational in 2020.

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Houston-Based Permico Energia Announces Natural Gas Liquids Pipeline and Fractionator Project

8/2/17

Permico Energia, a privately held Houston-based midstream energy company, announces plans to construct a new Texas natural gas liquids (NGL) system comprised of 510 miles of 24-inch pipeline to ship West Texas Permian Basin NGL production to its planned 300,000 barrels per day fractionator near Corpus Christi, Texas. The project scope also includes construction of a 350-mile system of downstream product pipelines which will provide access to an eight-million-barrel NGL storage facility and to Texas Gulf Coast industrial markets, including the Mont Belvieu area.

Construction is expected to commence in the second quarter of 2018 and the system's initial capacity of 300,000 barrels per day will be operational in the fourth quarter of 2020.

"Permico's new energy corridor will provide operating and cost advantages over the traditional Mont Belvieu options, which will enable us to provide reliable, economically superior solutions to the growing demands of our customer partners," said Jeff Beicker, CEO of Texas Permico Partners, a wholly owned subsidiary of Permico Energia. "We have enjoyed a positive reception from both sides of the pipe and are currently negotiating long term producer and industrial partner contracts."

Project funding has been secured through long term commitments from Korean pension fund institutions, with Sumitomo Mitsui Bank Corp serving as lead syndicator for the senior debt financing. At present, all project equity has been committed and senior debt financing is expected to close in the first quarter of 2018.

Founded in 2015, Permico Energia LLC has offices in Houston and Washington D.C. Founded by a team of senior executives with in-depth experience in energy infrastructure projects, Permico Energia is focused on developing, constructing and operating midstream assets in Texas, as well as the domestic and international marketing of hydrocarbons.

For more information about the project, visit info@permicoenergia.com.



TEXAS NGL PROJECT

Permico's Texas NGL Project will pipe Natural Gas Liquids (NGL) produced from the Permian, Delaware and Eagle Ford basins to the Corpus Christi area where they will be fractionated into purity products and moved into Texas and international markets via product pipelines and water borne transport.



FACILITIES

Compañero Pipeline

- Originates in Permian Basin
- Terminates at inlet to new El Centro Fractionator
- 510 mile 24" NGL pipeline
- Y-grade service

- 300,000 B/D initial capacity

El Centro Fractionator

- 300,000 B/D initial capacity
- Located near Corpus Christi, Texas

Simpatico Product Distribution and Storage System

Mont Belvieu Pipeline

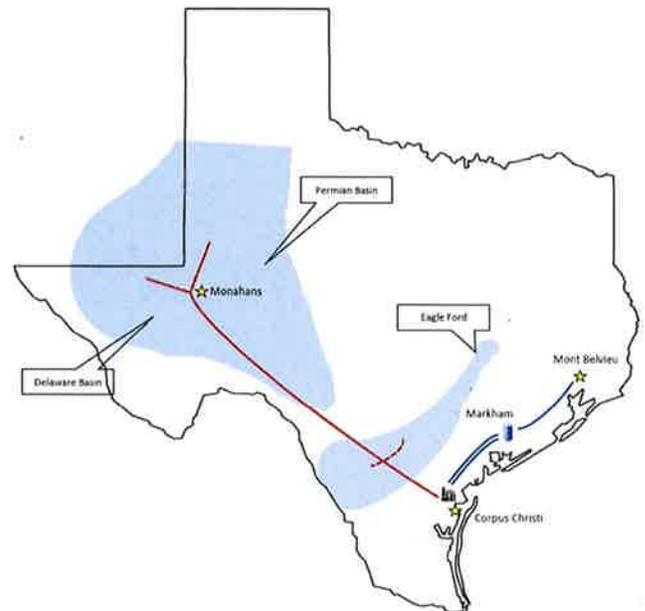
- Originates tailgate of El Centro Fractionator
- Terminates in Mont Belvieu
- Interconnects with Texas Gulf Coast Ethane and Propane Crackers
- Accesses Markham Storage
- 230 mile 20" bi-directional pipeline
- Ethane and Propane service
- 250,000 B/D capacity

Markham Pipeline

- Originates tailgate of El Centro Fractionator
- Terminates at Markham Storage
- 116 mile 16" bi-directional pipeline
- Ethane, Propane, y-grade service
- 175,000 B/D capacity

Markham Storage

- 4 separate caverns
- 8 Million Barrels storage



COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Robstown ISD – Permico Midstream Partners, LLC App. #1304

Comptroller Questions (via email on December 18, 2018):

1. *Are the NGL processing plants in Applications 1303 and 1304 also known as “El Centro”?*

Applicant Response (via email on December 20, 2018):

1. *The answer is yes and no, respectively. It is my understanding to date that applications’ #1303 and #1304 are not the “El Centro” fractionation plant as it would have been. “El Centro” was the designated project name for one-third of the entire project plan when Permico Energia was the only owner creating their vision of what could be done which was laid out on their website. The website’s (and corresponding press release) sole purpose was to attract potential investors and customers to enable to project to come to fruition. Now the project sits under a different company (Permico Midstream Partners (PMP) – as designated on the application). Energia is simply one of a few potential investors and have divested their focuses into other projects as an investment company. They plan to take down the Energia website by the end of the year and replace it in 2019 with two websites: Energia being solely an investment company and Midstream Partners being the project as described in the application. Project financing is still being pursued by Permico Midstream Partners and they are hopeful that Energia will still see the project as economically attractive and not decide to invest elsewhere. Energia has made no investment to date. PMP has still not made a final investment decision and are still looking for more investors, oil producers and customers.*