



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

September 27, 2019

Dr. Jose Moreno
Superintendent
Robstown Independent School District
801 N 1st Street
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 1375

Dear Superintendent Moreno:

On August 7, 2019, the Comptroller issued written notice that Permico Midstream Partners, LLC (applicant) submitted a completed application (Application 1375) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on May 13, 2019, 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 1375.

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).

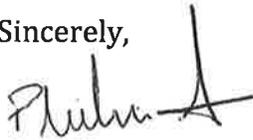
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 August 7, 2019, 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,



For: 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)	2024-2025
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	\$1,278.85
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	\$919.50
Minimum annual wage required for non-qualifying jobs	\$47,814
Investment per Qualifying Job	\$27,500,000
Estimated M&O levy without any limit (15 years)	\$32,936,822
Estimated M&O levy with Limitation (15 years)	\$11,562,936
Estimated gross M&O tax benefit (15 years)	\$21,373,886

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
2024	250	369	619	\$25,000,000	\$35,740,000	\$60,740,000
2025	250	388	638	\$25,000,000	\$42,440,000	\$67,440,000
2026	10	232	242	\$665,000	\$33,705,000	\$34,370,000
2027	10	233	243	\$665,000	\$34,865,000	\$35,530,000
2028	10	225	235	\$665,000	\$35,385,000	\$36,050,000
2029	10	219	229	\$665,000	\$36,035,000	\$36,700,000
2030	10	215	225	\$665,000	\$36,925,000	\$37,590,000
2031	10	212	222	\$665,000	\$38,045,000	\$38,710,000
2032	10	211	221	\$665,000	\$39,435,000	\$40,100,000
2033	10	210	220	\$665,000	\$40,925,000	\$41,590,000
2034	10	209	219	\$665,000	\$42,435,000	\$43,100,000
2035	10	209	219	\$665,000	\$44,075,000	\$44,740,000
2036	10	205	215	\$665,000	\$45,105,000	\$45,770,000
2037	10	202	212	\$665,000	\$46,365,000	\$47,030,000
2038	10	200	210	\$665,000	\$47,805,000	\$48,470,000

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 Hospital Tax Levy	Estimated Total Property Taxes
			0.4950		1.0500		0.3092	0.1177	
2025	\$82,500,000	\$82,500,000		\$408,375	\$866,250	\$1,274,625	\$255,082	\$97,078	\$1,626,785
2026	\$266,805,000	\$266,805,000		\$1,320,685	\$2,801,453	\$4,122,137	\$824,934	\$313,949	\$5,261,021
2027	\$256,132,800	\$256,132,800		\$1,267,857	\$2,689,394	\$3,957,252	\$791,937	\$301,391	\$5,050,580
2028	\$245,887,500	\$245,887,500		\$1,217,143	\$2,581,819	\$3,798,962	\$760,260	\$289,336	\$4,848,557
2029	\$236,052,000	\$236,052,000		\$1,168,457	\$2,478,546	\$3,647,003	\$729,849	\$277,762	\$4,654,615
2030	\$226,609,900	\$226,609,900		\$1,121,719	\$2,379,404	\$3,501,123	\$700,655	\$266,652	\$4,468,430
2031	\$217,545,500	\$217,545,500		\$1,076,850	\$2,284,228	\$3,361,078	\$672,629	\$255,986	\$4,289,693
2032	\$208,843,700	\$208,843,700		\$1,033,776	\$2,192,859	\$3,226,635	\$645,724	\$245,746	\$4,118,105
2033	\$200,490,000	\$200,490,000		\$992,426	\$2,105,145	\$3,097,571	\$619,895	\$235,917	\$3,953,382
2034	\$192,470,300	\$192,470,300		\$952,728	\$2,020,938	\$2,973,666	\$595,099	\$226,480	\$3,795,245
2035	\$184,771,500	\$184,771,500		\$914,619	\$1,940,101	\$2,854,720	\$571,295	\$217,421	\$3,643,435
2036	\$177,380,600	\$177,380,600		\$878,034	\$1,862,496	\$2,740,530	\$548,443	\$208,724	\$3,497,697
2037	\$170,285,300	\$170,285,300		\$842,912	\$1,787,996	\$2,630,908	\$526,505	\$200,375	\$3,357,788
2038	\$163,473,800	\$163,473,800		\$809,195	\$1,716,475	\$2,525,670	\$505,445	\$192,360	\$3,223,474
2039	\$156,934,800	\$156,934,800		\$776,827	\$1,647,815	\$2,424,643	\$485,227	\$184,665	\$3,094,535
2040	\$150,657,500	\$150,657,500		\$745,755	\$1,581,904	\$2,327,658	\$465,818	\$177,279	\$2,970,755
			Total	\$15,527,359	\$32,936,822	\$48,464,181	\$9,698,796	\$3,691,120	\$61,854,097

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 Jefferson 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 Cod.

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		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 Hospital Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4950	1.0500		0.3092	0.1177	
2025	\$82,500,000	\$82,500,000		\$408,375	\$866,250	\$1,274,625	\$255,082	\$97,078	\$1,626,785
2026	\$266,805,000	\$20,000,000		\$1,320,685	\$210,000	\$1,530,685	\$824,934	\$313,949	\$2,669,569
2027	\$256,132,800	\$20,000,000		\$1,267,857	\$210,000	\$1,477,857	\$791,937	\$301,391	\$2,571,186
2028	\$245,887,500	\$20,000,000		\$1,217,143	\$210,000	\$1,427,143	\$760,260	\$289,336	\$2,476,739
2029	\$236,052,000	\$20,000,000		\$1,168,457	\$210,000	\$1,378,457	\$729,849	\$277,762	\$2,386,069
2030	\$226,609,900	\$20,000,000		\$1,121,719	\$210,000	\$1,331,719	\$700,655	\$266,652	\$2,299,026
2031	\$217,545,500	\$20,000,000		\$1,076,850	\$210,000	\$1,286,850	\$672,629	\$255,986	\$2,215,465
2032	\$208,843,700	\$20,000,000		\$1,033,776	\$210,000	\$1,243,776	\$645,724	\$245,746	\$2,135,247
2033	\$200,490,000	\$20,000,000		\$992,426	\$210,000	\$1,202,426	\$619,895	\$235,917	\$2,058,237
2034	\$192,470,300	\$20,000,000		\$952,728	\$210,000	\$1,162,728	\$595,099	\$226,480	\$1,984,307
2035	\$184,771,500	\$20,000,000		\$914,619	\$210,000	\$1,124,619	\$571,295	\$217,421	\$1,913,335
2036	\$177,380,600	\$177,380,600		\$878,034	\$1,862,496	\$2,740,530	\$548,443	\$208,724	\$3,497,697
2037	\$170,285,300	\$170,285,300		\$842,912	\$1,787,996	\$2,630,908	\$526,505	\$200,375	\$3,357,788
2038	\$163,473,800	\$163,473,800		\$809,195	\$1,716,475	\$2,525,670	\$505,445	\$192,360	\$3,223,474
2039	\$156,934,800	\$156,934,800		\$776,827	\$1,647,815	\$2,424,643	\$485,227	\$184,665	\$3,094,535
2040	\$150,657,500	\$150,657,500		\$745,755	\$1,581,904	\$2,327,658	\$465,818	\$177,279	\$2,970,755
			Total	\$15,527,359	\$11,562,936	\$27,090,295	\$9,698,796	\$3,691,120	\$40,480,211
			Diff	\$0	\$21,373,886	\$21,373,886	\$0	\$0	\$21,373,886

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	2023	\$0	\$0	\$0	\$0
	2024	\$0	\$0	\$0	\$0
	2025	\$866,250	\$866,250	\$0	\$0
Limitation Period (10 Years)	2026	\$210,000	\$1,076,250	\$2,591,453	\$2,591,453
	2027	\$210,000	\$1,286,250	\$2,479,394	\$5,070,847
	2028	\$210,000	\$1,496,250	\$2,371,819	\$7,442,666
	2029	\$210,000	\$1,706,250	\$2,268,546	\$9,711,212
	2030	\$210,000	\$1,916,250	\$2,169,404	\$11,880,616
	2031	\$210,000	\$2,126,250	\$2,074,228	\$13,954,843
	2032	\$210,000	\$2,336,250	\$1,982,859	\$15,937,702
	2033	\$210,000	\$2,546,250	\$1,895,145	\$17,832,847
	2034	\$210,000	\$2,756,250	\$1,810,938	\$19,643,785
	2035	\$210,000	\$2,966,250	\$1,730,101	\$21,373,886
Maintain Viable Presence (5 Years)	2036	\$1,862,496	\$4,828,746	\$0	\$21,373,886
	2037	\$1,787,996	\$6,616,742	\$0	\$21,373,886
	2038	\$1,716,475	\$8,333,217	\$0	\$21,373,886
	2039	\$1,647,815	\$9,981,032	\$0	\$21,373,886
	2040	\$1,581,904	\$11,562,936	\$0	\$21,373,886
Additional Years as Required by 313.026(c)(1) (10 Years)	2041	\$1,518,627	\$13,081,563	\$0	\$21,373,886
	2042	\$1,457,882	\$14,539,445	\$0	\$21,373,886
	2043	\$1,399,568	\$15,939,013	\$0	\$21,373,886
	2044	\$1,343,585	\$17,282,598	\$0	\$21,373,886
	2045	\$1,289,841	\$18,572,439	\$0	\$21,373,886
	2046	\$1,238,247	\$19,810,686	\$0	\$21,373,886
	2047	\$1,188,718	\$20,999,404	\$0	\$21,373,886
	2048	\$1,141,168	\$22,140,572	\$0	\$21,373,886
	2049	\$1,095,522	\$23,236,094	\$0	\$21,373,886
	2050	\$1,051,701	\$24,287,795	\$0	\$21,373,886

\$24,287,795

is greater than

\$21,373,886

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. “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.”
 - E. “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.”
 - F. “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.”
 - G. “No public announcements have been made regarding Train 4, the subject of this application. No final investment decision has been made for the Project and 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.”

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

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

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

**TAB TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED
PROPERTY BY PERMICO MIDSTREAM PARTNERS, LLC TO ROBSTOWN ISD**

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

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 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.

No public announcements have been made regarding Train 4, the subject of this application. No final investment decision has been made for the Project and 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.

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

Jim Acosta, Corpus Christi Caller Times



The Houston-based Midstream energy company wants to install a 3.1-billion pipeline system between the Permian Basin and the Eastern Shores. (Chris Ralston)



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 total \$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 190 acres of land at the corner of Farm-to-Market Road 1954 and County Road 34, near Robstown.



Jeff Becker, CEO and founding partner of Permico Energy LLC, addresses the Nueces County Commissioners Court on July 11, 2018. (Photo: Jim 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 deal deadline for that sale to be finalized with 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 Becker, 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 addition 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," Becker wrote.

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Permco to receive about \$1.5M in annual fee plus tax rebates



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 option will create 10 more full time jobs in addition to the 52 previously announced by Permco for the first phase of the project.

According to the Permco 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 Permco 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 paying 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 Becker, 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.