

AMENDMENT NO. 1
TO AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES
BETWEEN BARBERS HILL INDEPENDENT SCHOOL DISTRICT AND LONE STAR
NGL ASSET HOLDINGS II, LLC
(Comptroller Application No. 1336)

This **AMENDMENT NO. 1 TO THE AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES** (this “**Amendment No. 1**”) is entered into by and between **BARBERS HILL INDEPENDENT SCHOOL DISTRICT** (the “**District**”), a lawfully created independent school district of the State of Texas operating under and subject to the Texas Education Code, and **LONE STAR NGL ASSET HOLDINGS II, LLC**, a Texas limited liability company, Texas Taxpayer Identification Number 32044534082 (“**Applicant**”). The Applicant and the District may hereafter be referred together as the “**Parties**” and individually as a “**Party**.” Undefined capitalized terms herein shall have the meaning given to them in the Agreement (as defined below).

WHEREAS, on or about September 23, 2019, pursuant to Chapter 313 of the Texas Tax Code, after conducting a public hearing on the matter, the District made factual findings (the “**Findings of Fact**”), and passed, approved, and executed that certain Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes dated September 23, 2019, by and between the District and Applicant (the “**Agreement**”);

WHEREAS, on February 19, 2020, pursuant to Section 10.2 of the Agreement, the Applicant requested to update capacity in the descriptions of the qualified investment and qualified property; and, update contact information for the authorized school district consultant;

WHEREAS, the Parties notified the Texas Comptroller of Public Accounts (the “**Comptroller**”) of the Amended Application and the request for this Amendment No. 1 on February 19, 2020, and the Comptroller issued its amended certification of the Amended Application on April 17, 2020, and approved the form of this Amendment No. 1 on June 11, 2020; and

WHEREAS, on August 24, 2020, the Board of Trustees determines that this Amendment No. 1 is in the best interest of the District and the State of Texas and is consistent with and authorized by Chapter 313 of the Texas Tax Code, and hereby approves this Amendment No. 1 and authorizes the Board President and Secretary or in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized the Board Vice President, to execute and deliver such Agreement to the Applicant.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual benefits to be derived by the Parties and other good and valuable considerations, the receipt and adequacy of which are hereby acknowledged, and in compliance with Section 10.2 of the Agreement, the undersigned Parties agree to amend the Agreement as follows:

1. **Amendments.** The Agreement is hereby amended as follows:

A. **Section 10.B** of the Agreement is modified with the following contact information:

Section 10.1. INFORMATION AND NOTICES.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

To the District	With Copy to
Name: Barbers Hill Independent School District	Sara Leon & Associates, LLC
Attn: Superintendent Greg Poole or his successor	Sara Hardner Leon
Address: 9600 Eagle Drive P.O. Box 1108	2901 Via Fortuna, Suite 475
City/Zip: Mont Belivieu, Texas 77580	Austin, Texas 78746
Phone: (281) 576-2221	(512) 637-4244
Fax: (281) 576-5879	(512) 637-4245
Email: bmcmanus@bhisd.net	sleon@saraleonlaw.com

2. **Exhibit 3:** Exhibit 3 is modified as attached to change the description of qualified investment. The total plant capacity is updated to 150,000 barrels/day.

3. **Exhibit 4:** Exhibit 4 is modified as attached to change the description of qualified property. The total plant capacity is updated to 150,000 barrels/day.

4. **Effect.** Except as modified and amended by the terms of this Amendment No. 1, all of the terms, conditions, provisions and covenants of the Findings of Fact and Agreement are ratified and shall remain in full force and effect, and the Agreement and this Amendment No. 1 shall be deemed to constitute a single instrument or document and the Findings of Fact and this Amendment No. 1 shall be deemed to constitute a single instrument or document. Should there be any inconsistency between the terms of this Amendment No. 1 and the Agreement or this Amendment No. 1 and the Findings of Fact; the terms of this Amendment No. 1 shall prevail. A copy of this Amendment No. 1 shall be delivered to the Texas Comptroller to be posted to the Texas Comptroller's internet website. A copy of this Amendment No. 1 shall be recorded with the official Minutes of the meeting at which it has been approved on August 24, 2020.

5. **Binding on Successors and Assigns.** The Agreement, as amended by this Amendment No. 1, shall be binding upon and inure to the benefit of the Parties and each other person and entity having any interest therein during their ownership thereof, and their respective successors and assigns.

6. **Counterparts.** This Amendment No. 1 may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

IN WITNESS WHEREOF, the District and Applicant have caused this Amendment No. 1 to be executed and delivered by their duly authorized representatives on this 24th day of August, 2020.

LONE STAR NGL ASSET HOLDINGS II, LLC

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: Megan McKavanagh
MEGAN MCKAVANAGH, ~~VICE~~
~~PRESIDENT~~ Sr Property Tax
Manager

By: A. Bonner
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By: [Signature]
SECRETARY, BOARD OF TRUSTEES

OR IN THE EVENT OF A CONFLICT OF INTEREST

By: _____
VICE PRESIDENT, BOARD OF TRUSTEES

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, Frac VIII requests an appraised value limitation from Barbers Hill Independent School District. Lone Star NGL Asset Holdings, LLC is proposing to construct a NGL fractionator in Chambers County, Texas. The facility will be located in the western portion of the county. Additionally, the entirety of the project will be within Barbers Hill Independent School District. Please find attached in Tab 11 maps that further define the location of the facility.

Frac VIII will be a NGL fractionator with a total plant capacity of 150,000 barrels/day located within a reinvestment zone in Chambers County, Texas. Construction is anticipated to commence in October 2019. The hiring of new employees will begin in April 2020, and the purchase of equipment and machinery will also begin in April 2019. Construction is projected to be complete by November 2020, when the plant will also be fully operational.

Lone Star NGL Asset Holdings, LLC (Frac VIII) requests that this application includes but is not limited to the following components of this project:

- Deethanizer
- Depropanizer
- Debutanizer
- Associated Towers
- Heat Medium
- Gasoline Treater
- Compression Equipment
- Warehouse/O&M Building

Please Note: The qualified investment described is within the project boundary.

NGL Fractionation

NGL fractionation is the process of manufacturing raw NGL mix produced by natural gas processing plants into discrete NGL purity components (i.e., ethane, propane, normal butane, iso-butane, and natural gasoline).

Fractionation Process

The fractionation process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture. The raw NGL mixture is passed through a specific series of distillation towers: deethanizer, depropanizer, debutanizer, and deisobutanizer. The name of each of these towers corresponds to the NGL component that is separated in that tower. The raw NGL mixture first passes through the deethanizer, where its temperature is increased to the point where ethane (the lightest component) boils off the top of the tower as a gas and is condensed into a purity liquid that is routed to storage. The heavier components in the mixture at the bottom of the tower (i.e. propane, butane, iso butane, and natural gasoline) are routed to the second tower (depropanizer), where the process is repeated and the next lightest component (propane) is separated. This process is repeated until the mixture of liquids has been separated into its purity components. This facility will also be built with the necessary equipment to produce International Grade Propane.

Demand for NGL's

Sources of U.S. NGL demand include petrochemical consumption, gasoline blending, heating and fuel, and exports. Demand is driven by the petrochemical industry, which accounts for 40- 50% of total consumption. The U.S. petrochemical industry uses NGL products as feedstock (i.e. raw material) to produce ethylene, propylene, and butadiene (also known as olefins).

The following factors influence demand for each individual NGL component:

- **Ethane.** Essentially all of the ethane extracted from natural gas liquids is consumed by the petrochemical industry as a feedstock for ethylene production. (Ethylene is a building block for polyethylene, which is the most popular plastic in the world).
- **Propane.** Approximately 25-30% of propane is used as a feedstock by the petrochemical industry to produce ethylene and propylene. (Like ethylene, propylene is an important building block used in the manufacture of plastics.) The bulk of remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.
- **Normal butane.** Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutene.
- **Isobutane.** Isobutane has the same molecular formula as a normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used refinery alkylation to enhance the octane content of motor gasoline.
- **Natural gasoline.** Natural gasoline is used primarily as a blendstock.

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

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Amendment to Agreement for Limitation on Appraised Value
Between Barbers Hill ISD and Lone Star NGL Asset Holdings II, LLC #1336
Amended August 24, 2020

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)*

EXHIBIT 4

The following factors influence demand for each individual NGL component:

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