

**MINUTES OF THE JULY 18, 2017
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session July 18, 2017, at 9:00 a.m. in the Conference Room in the Richard S. Bowers Water Conservation Learning Center Building at the North Plains Water Conservation Center, 6045 West County Road E, Dumas, Texas 79029-7201. The following persons were present:

Members Present at 9:04 a.m.:

Harold Grall, President;
Daniel L. Krienke, Vice-President;
Bob B. Zimmer, Secretary;
Gene Born, Director;
Justin Crownover, Director;
Zac Yoder, Director; and
Mark Howard, Director.

Staff Present: during part or all of the meeting:

Steve Walchour, General Manager;
Dale Hallmark, Assistant General Manager/Hydrologist/Producer Services;
Kirk Welch, Assistant General Manager/Outreach;
Pauletta Rhodes, Finance/Administration Manager;
Kristen Blackwell, Executive Assistant;
Paul Sigle, Agricultural Engineer;
Odell Ward, Program Coordinator – GIS/Monitor Wells;
Alyssa Holguin, Conservation Outreach Assistant; and,
Curtis Schvertner, Natural Resource Specialist.

Others present during part or all of the meeting:

Harry Snyder, Apex Clean Energy;
Mike Running, Director of Dumas Economic Development Corporation;
Mike Hill, Irrigation Farmer;
F. Keith Good, Attorney; and,
Ellen Orr, Paralegal.

President Grall declared a quorum present and called the meeting to order at 9:04 a.m. Director, Bob Zimmer, gave the invocation and President Grall led the pledge.

1 – Public Comment

Mike Hill addressed the Board during Public Comment about District Rule 6.3 - Groundwater Conservation Reserve.

2 – Consent Agenda

The Consent Agenda was discussed by the Board and consisted of: the review and approval of the Minutes of the regular June 20, 2017 Board Meeting; the review and approval of the July 6, 2017 Minutes of the Property Committee Meeting; the review and approval of the Minutes of the July 6, 2017 Ag Conservation Committee Meeting; the review and approval of the Minutes of the July 6, 2017 Finance Committee Meeting; the review and approval of un-audited District expenditures for June 1, 2017 through June 30, 2017, including the General Manager's expense and activity report; and, the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional

services and out-of-pocket expenses from June 1, 2017 through June 30, 2017, in the amount of \$7,409.53.

Daniel L. Krienke moved to approve the Consent Agenda. Gene Born seconded the motion and it was unanimously approved by the Board.

Action Agenda 3a - Receive presentation by Executive Director Mike Running of the Dumas Economic Development Corporation on the advantages and disadvantages of political subdivisions granting property tax abatements for economic development.

Mike Running, the Executive Director for the Dumas EDC, presented information to the Board regarding the pros and cons of granting tax abatements.

The Board recessed at 10:30 a.m. and reconvened at 10:39 a.m.

Action Agenda 3b - Consider resolution and order proposed by Oslo Wind, LLC whereby the District would elect to become eligible to participate in property tax abatements and adopt guidelines and criteria for granting property tax abatements; and consider the formal adoption of the resolution and order.

Steve Walthour reported to the Board that this item was tabled by the Board at its June Meeting in order for the District and Oslo Wind, LLC to explore entering into a payment in lieu of taxes ("PILOT") program, instead of a 50% tax abatement. Apex Clean Energy is proposing to construct, operate, and maintain a wind farm ("Oslo Wind") utilizing wind-powered electric generation equipment in Hansford County and Sherman County. Apex anticipates that the overall project will have a 357.5 MW capacity consisting of 143 GE 2.5-116 LNTE turbines, with each having a nameplate capacity of 2.5 MW. On March 27, 2017, Oslo Wind, LLC entered tax abatement agreements with Hansford and Sherman County Commissioners' Courts for the wind project.

Before the District can become eligible to participate in any property tax abatement, the Board must adopt guidelines and criteria for granting property tax abatements by a resolution and order.

Oslo Wind, LLC provided proposed guidelines and criteria, as well as, a proposed resolution for the District's Board to elect to become eligible to grant tax abatements. General counsel and the general manager had reviewed the proposed guidelines and criteria and recommended that the Board adopt those guidelines summarized as follows:

ELECTING TO BECOME ELIGIBLE TO PARTICIPATE IN PROPERTY TAX ABATEMENTS AND ADOPTING GUIDELINES AND CRITERIA FOR GRANTING PROPERTY TAX ABATEMENTS

The Property Redevelopment and Tax Abatement Act (the "Act"), Chapter 312 of the Texas Tax Code, authorizes political subdivisions, such as NPGCD, to provide temporary property tax abatements for limited periods of time as an inducement for the development of property.

The Act further requires that in order to become eligible to participate in property tax abatements, NPGCD must:

- (1) adopt a resolution stating its election to so participate; and,
- (2) adopt guidelines and criteria for property tax abatements.

Criteria for Evaluating Tax Abatement Agreement

Minimum requirements. For a tax abatement to be approved, NPGCD's Board of Directors must find by majority vote that the abatement will contribute to the retention or expansion of primary employment or will attract major investment in the District that would be a benefit to the property and that would contribute to the economic development of the District.

The General Manager and the District's general counsel stated that if a Board member had property in the proposed abatement areas, that the Board member abstain from voting on this item. A map of the proposed abatement area was presented to the Board for review.

Zac Yoder moved that the Board adopt the following resolution:

**BOARD OF DIRECTORS OF THE
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT
RESOLUTION AND ORDER
ELECTING TO BECOME ELIGIBLE TO PARTICIPATE IN PROPERTY TAX
ABATEMENTS AND ADOPTING GUIDELINES AND CRITERIA
FOR GRANTING PROPERTY TAX ABATEMENTS**

WHEREAS, the Property Redevelopment and Tax Abatement Act (the "Act"), Chapter 312 of the Texas Tax Code, authorizes counties, cities, and other taxing units to provide temporary property tax abatements for limited periods of time as an inducement for the development or redevelopment of property; and

WHEREAS, the Act further requires that in order to become eligible to participate in tax abatements, a county, city, or other taxing unit must (1) adopt a resolution stating its election to so participate and (2) adopt guidelines and criteria for property tax abatements; and

WHEREAS, the North Plains Groundwater Conservation District, a "taxing unit" governed by the Act, acting by and through its Board of Directors, desires to affirm its eligibility to participate in tax abatements; and

WHEREAS, the North Plains Groundwater Conservation District, a "taxing unit" governed by the Act, acting by and through its Board of Directors, desires to adopt Guidelines and Criteria for property tax abatements;

NOW, THEREFORE, BE IT ORDERED, by the Board of Directors of the North Plains Groundwater Conservation District that:

- (1) The North Plains Groundwater Conservation District is eligible to participate in tax abatements; and further,
- (2) The Guidelines and Criteria attached hereto as Exhibit A are hereby adopted by the North Plains Groundwater Conservation District in accordance with the requirements of the Act.

EXHIBIT "A" TO RESOLUTION AND ORDER

Guidelines & Criteria for Granting Tax Abatements

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT

Preamble

Pursuant to Chapter 312 of the Texas Tax Code, the North Plains Groundwater Conservation District (the "District") may consider an application for tax abatement, and enter into a tax abatement agreement in accordance with these Guidelines and Criteria. It is the express intent of the District's Board of Directors to promote economic development but not at the expense of the District's natural resources or services provided to the general public. No application submitted under these Guidelines and Criteria deemed to have a substantially adverse effect on natural resources in the District or on District infrastructure will be approved unless the applicant can demonstrate just cause for such an exception.

I. Abatement Application Procedure

- (a) **Who may apply.** Any present or potential owner or lessee of taxable real property or tangible personal property in District may submit an application for tax abatement conforming to the requirements herein.
- (b) **Eligible property.** Abatement may be granted for the following property: new, expanded or modernized buildings and structures, fixed machinery and equipment; site improvements; other tangible items necessary to the operation and administration of the project or facility; and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code. Taxes on real property may be abated only to the extent the property's value for a given year exceeds its value for the year in which the agreement is executed. Tangible personal property located on the real property at any time before the period covered by the agreement is not eligible for abatement. Tangible personal property eligible for abatement shall not include inventory or supplies.

Real property that is owned by or leased to a member of the District's Board of Directors is excluded from property tax abatement.
- (c) **Application provisions.** The application shall include the following information:
 - (1) information showing how the project meets the requirements of the criteria outlined in Section II below;
 - (2) a map and description of the real property affected by the abatement;
 - (3) a description of the reinvestment zone in which the project or facility will be located, including documentation showing that the reinvestment zone has been duly designated;
 - (4) a time schedule for completing the planned improvements;
 - (5) the estimated taxable value or range of values of the project or facility; and
 - (6) basic financial information about the applicant sufficient to enable evaluation of the application's financial capacity.
- (d) **Procedure for Consideration of Application.** The procedure for consideration by the District of a tax abatement application is as follows:
 - (1) An applicant may request a tax abatement application form from the District (if the District has adopted such a form).
 - (2) After an applicant completes the tax abatement application (or provided the information required above if an application form is not adopted by the

District), the applicant must provide a copy to each member of the District's Board of Directors.

- (3) The District's Board of Directors shall issue a determination at any time before the expiration of forty-five (45) days from the date of receipt of the application regarding how to proceed with the application. The District's Board of Directors shall choose either to deny the application, consider the application, or consider the application on an expedited basis.
 - (A) **Denial of Application.** If the District's Board of Directors chooses to deny the application, it shall make a finding by majority vote at a regularly scheduled meeting that, after balancing the criteria described below in Section II, it is the judgment of the Board of Directors that the application should be denied.
 - (B) **Consideration of Application.** If the District's Board of Directors determines that the application should be further considered, the Board of Directors must hold a public hearing to obtain public input on the application. If the Board tentatively approves the application, it may then arrange to consider for approval a form of tax abatement agreement between the applicant and the District at its next regularly scheduled meeting. At the regularly scheduled meeting, the District's Board of Directors may finally vote by simple majority to enter into the tax abatement agreement or to decline the tax abatement agreement. An approved tax abatement agreement may be executed in the same manner as other contracts made by the District. A tax abatement agreement that is declined by the District may be amended and resubmitted to the District for further consideration.
 - (C) **Expedited consideration of application.** If the District determines that the application should receive expedited consideration, the District's Board of Directors may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Board, provided the Board meets the procedural prerequisites for each step.
- (e) **Confidentiality.** As required by Chapter 312.003 of the Texas Tax Code, information that is provided to the District in connection with an application or request for tax abatement agreement under this chapter and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the tax abatement agreement is executed.
- (f) **Effect of error or variance with application procedure.** Except where not allowed by state law, the District may waive application procedures or grant procedural variances as it deems appropriate.

II. Criteria for Evaluating Tax Abatement Agreement

- (a) **Minimum requirements.** For a tax abatement agreement to be approved, the District's Board of Directors must find by majority vote that the abatement would contribute to the retention or expansion of primary employment or would attract major investment in the District that would be a benefit to the property and that would contribute to the economic development of the District.
- (b) **Criteria.** In determining whether to enter into a tax abatement agreement, the District's Board of Directors shall consider the following factors, among others determined appropriate by the Board:
 - (1) Whether a valid reinvestment zone has been duly designated by a municipality, county, or school district under the Tax Code;
 - (2) the current value of land and existing improvements, if any;

- (3) the type, value, and purpose of proposed improvements, if any;
- (4) the productive life of proposed improvements;
- (5) the impact of proposed improvements and any other proposed expenditures on existing jobs;
- (6) the number and type of new jobs, if any, to be created by proposed improvements and expenditures;
- (7) any costs to be incurred by the District, if any, to provide facilities or services directly resulting from the new improvements;
- (8) the types and values of public improvements, if any, to be made by the applicant seeking abatement;
- (9) an estimate of the amount of ad valorem property taxes to be paid to the District after the expiration of the abatement agreement;
- (10) the impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any;
- (11) the overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area;
- (12) whether the applicant's proposed facility or improvement or modernization is an industry which is new to the District;
- (13) the impact upon District infrastructure including roads and bridges and the use of District services; and
- (14) the impact upon depletion of natural resources of the District.

III. Format for Tax Abatement Agreement

- (a) **Required Provisions.** If the District's Board of Directors chooses to consider a tax abatement application, it may consider and execute a tax abatement agreement with the owner of the designated property as outlined above. Any tax abatement agreement shall include at least the following provisions:
 - (1) the kind, number, and location of all proposed improvements on the real property;
 - (2) provisions allowing for reasonable access to the property for initial and intermittent inspection purposes by District employees or designated representatives to ensure improvements are made in compliance with the agreement;
 - (3) provisions limiting the use of the property consistent with the general purpose of encouraging development or redevelopment of the area during the period of the abatement;
 - (4) provisions for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided in the agreement;
 - (5) each term agreed to by the recipient of the abatement;
 - (6) a requirement that the abatement recipient certify its compliance with the agreement annually to each taxing unit that is a party to the agreement; and
 - (7) provisions allowing the District to cancel or modify the agreement if the recipient fails to comply with the agreement.
- (b) **Optional Provisions.** The tax abatement agreement may also contain any or all of the following items, in addition to any others deemed appropriate by the contracting parties:
 - (1) the commencement and termination dates of the abatement;
 - (2) the proposed use of the property;

- (3) a time schedule, map, and property description;
 - (4) contractual obligations in the event of default or violation of terms or conditions;
 - (5) the size of investment and number of temporary and permanent jobs involved, if any,
 - (6) provisions for dispute resolution.
- (c) **Duration and portion of abatement.** A tax abatement agreement granted by the District shall be up to but not exceeding ten (10) years in duration and up to, but not exceeding 100 percent (100%) in portion of ad valorem property taxes abated. At any time before the expiration of the agreement, the parties may agree to modify the agreement or to delete provisions that were not necessary to the original agreement. The same procedural prerequisites for approval of the original agreement apply to modification of the agreement.
- (d) **Time limit.** The tax abatement agreement shall be executed within 30 days after the passage of the resolution approving the agreement, unless the District and the applicant mutually agree otherwise.

IV. General Provisions

These guidelines and criteria in no way require the District to enter into any specific tax abatement agreement. The District maintains the discretion to reject any application for tax abatement and/or to waive, and/or modify, any of the foregoing Guidelines and Criteria, as it deems appropriate.

V. Sunset and Amendment of Guidelines and Criteria

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, unless amended by a three-fourths vote of the District's Board of Directors.

Mark Howard seconded the motion and it was approved by the majority vote of the Board with Daniel L. Krienke abstaining from the vote.

Action Agenda 3c - Consider resolution and order proposed by Oslo Wind, LLC ("Oslo") wherein the District approves and authorizes the execution of a PILOT agreement with Oslo on wind turbines and related facilities and equipment proposed to be constructed and/or installed by Oslo in the Sherman County Reinvestment Zone and the Hansford County Reinvestment Zone; and consider the formal adoption of the resolution and order.

The General Manager stated that this Agenda item was also tabled by the Board at its June meeting so that District and Oslo Wind, LLC could explore entering into a PILOT agreement for this project.

Oslo Wind, LLC representative, Harry Snyder, reported:

Electrical connections will be installed to permit the interconnection and transmission of electricity generated by the wind turbines. In addition to the wind turbines, some or all of the following related improvements may be located in the District: an electrical substation; a transmission line to the interconnection point just north of the project site; permanent buildings and offices; office equipment and computers; anemometer towers; electrical transmission interconnects, cables, towers, spare parts, and control systems for commercial generation of electricity; fencing and other equipment as needed for safety and security and related office and control buildings; and personal property supporting the project.

All of the project's turbines and other equipment will be located within the taxing jurisdiction of the District. The project's collector substation will be in Hansford County. The project will interconnect into the SPP market's power grid at the substation in Gruver, Texas. An approximately 9-mile transmission line connecting the project's collector substation to the SPP substation will be in Hansford County.

The Budget and Finance Committee had reviewed the proposal by Oslo Wind, LLC and provided a counter proposal that the General Manager presented to the Board. Oslo Wind has agreed to the counter proposal submitted by the Budget and Finance Committee to make an annual payment in lieu of taxes to the District of two hundred fifty dollars (\$250.00) per megawatt of Turbine Nameplate Capacity included in the Certificate (and actually in place in the Reinvestment Zone) during the ten (10) Calendar Years the Abatement is in effect.

Bob Zimmer moved that the Board adopt the following Resolution and Order Granting Tax Abatement because the abatement would contribute to the retention or expansion of primary employment, or would attract major investment in the District that would be a benefit to the property, and that would contribute to the economic development of the District:

**BOARD OF DIRECTORS OF THE
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

RESOLUTION AND ORDER

**APPROVING AND AUTHORIZING
TAX ABATEMENT AGREEMENT WITH OSLO WIND, LLC**

The Board of Directors of the North Plains Groundwater Conservation District, meeting in regular session on July 18, 2017, considered the following resolution:

WHEREAS, the Property Redevelopment and Tax Abatement Act (the "Act"), Chapter 312 of the Texas Tax Code, authorizes counties, cities, and other taxing units to provide temporary property tax abatements for limited periods of time as an inducement for the development or redevelopment of property; and

WHEREAS, the North Plains Groundwater Conservation District elected to become eligible to participate in tax abatement agreements under the Act and adopted guidelines and criteria governing tax abatement agreements under the Act (the "Guidelines and Criteria"), both in a resolution dated July 18, 2017; and

WHEREAS, Hansford County, Texas, approved and designated the Hansford-Oslo Reinvestment Zone in a resolution dated March 27, 2017 (the "Hansford Reinvestment Zone");

WHEREAS, Hansford County, Texas, has indicated to the District that it will designate the Hansford-Oslo-2 Reinvestment Zone (the "Second Hansford Reinvestment Zone") prior to August 31, 2017; and whereas the District has been provided with a map of the Second Hansford Reinvestment Zone and is familiar with the location of the Second Hansford Reinvestment Zone;

WHEREAS, Sherman County, Texas, approved and designated the Sherman-Oslo Reinvestment Zone in a resolution dated March 27, 2017 (the "Sherman Reinvestment Zone," and together with the Hansford Reinvestment Zone and the Second Hansford Reinvestment Zone (once approved), the "Oslo Reinvestment Zones");

WHEREAS, all of the real property included in the Oslo Reinvestment Zones is located within the District's taxing jurisdiction;

WHEREAS, the District proposed a tax abatement agreement between the District and Oslo Wind, LLC, with such agreement being in the form of the attached Exhibit A (the "Tax Abatement Agreement");

NOW, THEREFORE, BE IT ORDERED by the Board of Directors of the North Plains Groundwater Conservation District that:

- (1) The District waives the requirement in the Guidelines and Criteria that Oslo Wind, LLC file a formal written application for tax abatement with the District; and further
- (2) The District determines that Oslo Wind, LLC's application for the Tax Abatement Agreement should receive expedited consideration under the Guidelines and Criteria; and further
- (3) The District finds and determines that (a) the terms of the proposed Tax Abatement Agreement meet all of the requirements of the Act and the Guidelines and Criteria; (b) the Tax Abatement Agreement will contribute to the retention or expansion of primary employment or would attract major investment in the Oslo Reinvestment Zones that would be of benefit to the property that is within the Oslo Reinvestment Zones and the District; (c) the Tax Abatement Agreement will contribute to the economic development of the District; (d) the property subject to the proposed Tax Abatement Agreement meets all of the requirements of the Act and the Guidelines and Criteria; and (e) the proposed project is feasible and the proposed abatement of taxes for such project will inure to the long term benefit of the District; and further
- (4) To the extent required by the Guidelines and Criteria: (a) any deviations taken by the Board in the application and agreement approval process from the procedure specified in the Guidelines and Criteria are hereby approved and granted as variances, and (b) any deviations in provisions of the Tax Abatement Agreement from the recommended provisions specified in the Guidelines and Criteria are hereby approved and granted as variances; and further
- (5) The District's Board of Directors authorizes the President or Vice President of the District to execute the form of Tax Abatement Agreement attached as Exhibit A; and further
- (6) The District anticipates that the Second Hansford Reinvestment Zone will be designated by Hansford County, Texas, prior to August 31, 2017, and the District desires to take the following actions in connection with the designation of the Second Hansford Reinvestment Zone:
 - a. The District approves the land included within the Second Hansford Reinvestment Zone (once designated) becoming part of the land subject to the Tax Abatement Agreement;
 - b. The District approves the form of First Amendment to Tax Abatement Agreement attached to these resolutions as Exhibit B, with the sole

purpose of such amendment being to add a reference to the Second Hansford Reinvestment Zone so that the land included in the Second Hansford Reinvestment Zone will become subject to the Tax Abatement Agreement; and

- c. So long as the Second Hansford Reinvestment Zone is designated by Hansford County, Texas, on or before August 31, 2017, and a copy of the resolution evidencing such designation is provided to the President or Vice President of the District, then the President or Vice President of the District shall be authorized to execute the form of First Amendment to Tax Abatement Agreement attached hereto as Exhibit B to be effective as of the date of execution without need for further meetings or actions of the Board of Directors.

Exhibit "A" to Resolution and Order

**Tax Abatement Agreement
between
North Plains Groundwater Conservation District
and Oslo Wind, LLC**

State of Texas §
§
Counties of Hansford and Sherman §

This Tax Abatement Agreement (this "**Agreement**") is made and entered into by and between North Plains Groundwater Conservation District (the "**District**"), acting through its duly elected officers, and Oslo Wind, LLC, a Texas limited liability company, owner of Eligible Property (as defined below) to be located on the Reinvestment Zone described herein. This Agreement shall become effective upon final signature by both parties (the "**Effective Date**") and shall remain in effect until fulfillment of the obligations described in Paragraph IV herein, unless terminated earlier as provided herein.

Recitals

WHEREAS, the District indicated its election to be eligible to participate in tax abatements and established its Guidelines and Criteria for Granting Tax Abatements (the "**Guidelines**") in a resolution dated July 18, 2017;

WHEREAS, the Board of Directors of the North Plains Groundwater Conservation District (the "**Board**") desires to promote economic development within its jurisdiction as authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Tax Code § 312.001, *et seq.*), and the Guidelines;

WHEREAS, Hansford County, Texas, approved and designated the Hansford-Oslo Reinvestment Zone in a resolution dated March 27, 2017 (the "**Hansford Reinvestment Zone**");

WHEREAS, Sherman County, Texas, approved and designated the Sherman-Oslo Reinvestment Zone in a resolution dated March 27, 2017 (the "**Sherman Reinvestment Zone**");

WHEREAS, entering into this Agreement will serve the best interests of the District and its citizens and comply with the Guidelines by:

- A. enhancing and diversifying the economic and industrial bases of the District;
- B. contributing to the retention and expansion of primary employment; and

- C. attracting major investment that will be of benefit to and contribute to the economic development of the District;

WHEREAS, the contemplated use of the Site (as defined below) and the contemplated Improvements (as defined below) as set forth in this Agreement, and the other terms of this Agreement will encourage development of property in the Reinvestment Zone (as defined below), are in accordance with the purposes for its creation, and are in compliance with the Guidelines and all applicable laws;

WHEREAS, Owner's (as defined below) use of the Site is expected to favorably influence the economic and employment base of the District;

WHEREAS, the Board finds that the Improvements sought are feasible and practical and will be of benefit to the real property located in the Reinvestment Zone, to the Site, and to the District after expiration of this Agreement; and

WHEREAS, the Board finds that the terms of this Agreement and the proposed Improvements and Eligible Property subject to this Agreement meet the Guidelines;

NOW, THEREFORE, in consideration of these premises, the promises, mutual covenants, and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the District and Owner agree as follows:

I. Authorization

This Agreement is authorized and governed by Chapter 312 of the Texas Tax Code, as amended, and by the Guidelines.

II. Definitions

As used in this Agreement, the following terms shall have the meaning set forth below:

- A. **"Abatement"** means the full or partial exemption from ad valorem taxes on property in a Reinvestment Zone as provided herein and in no event can the duration of the Abatement period exceed 10 years.
- B. **"Base Year"** means the Calendar Year in which the Effective Date occurs.
- C. **"Calendar Year"** means each year beginning on January 1 and ending on December 31.
- D. **"Certificate"** means a letter, provided by Owner to the District, certifying that the Project has achieved Commercial Operations, outlining the Improvements and stipulating the overall Turbine Nameplate Capacity of the Project. Upon receipt of the Certificate, the District may inspect the property in accordance with this Agreement to determine that the Improvements are in place as certified. If the Certificate indicates that certain ancillary facilities not required for Commercial Operations are still under construction on the date that the Certificate is delivered, Owner will deliver an amended Certificate to the District within thirty (30) days after all Project construction is complete.
- E. **"Certified Appraised Value"** means the appraised value, for property tax purposes, of the property within the Reinvestment Zone as certified by the Hansford County Appraisal District and the Sherman County Appraisal District (together, the **"Appraisal District"**) for each taxable year. The

Hansford County Appraisal District will determine appraised value for the portion of the Project located in Hansford County, and the Sherman County Appraisal District will determine appraised value for the portion of the Project located in Sherman County.

- F. **"COD"** means the date that the Project commences Commercial Operations.
- G. **"Commercial Operations"** means that the Project has become commercially operational and placed into service for the purpose of generating electricity for sale on one or more commercial markets.
- H. **"Eligible Property"** means property eligible for Abatement under the Guidelines, including: new, expanded or modernized buildings and structures; fixed machinery and equipment; Site improvements; related fixed improvements; other tangible items necessary to the operation and administration of the Project or facility; and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code and the Guidelines. Taxes on Real Property may be abated only to the extent the property's value for a given year exceeds its value for the year in which this Agreement is executed. Tangible personal property located on the Real Property at any time before the period covered by this Agreement is not eligible for Abatement. Tangible personal property eligible for Abatement shall not include inventory or supplies.
- I. **"Force Majeure"** includes events not reasonably within the control of the party whose performance is sought to be excused thereby, including the following causes and events (to the extent such causes and events are not reasonably within the control of the party claiming suspension): acts of God and the public enemy; strikes; lockouts or other industrial disturbances; inability to obtain material or equipment or labor due to an event that meets the definition of Force Majeure; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; high water washouts; inclement weather; arrests and restraint of rulers and people; interruptions by government or court orders; present or future orders of any regulatory body; civil disturbances; explosions; or any other event that is beyond the reasonable control of the party claiming Force Majeure.
- J. **"Improvements"** means Eligible Property meeting the definition for improvements provided by Chapter 1 of the Texas Tax Code and includes, but is not limited to, any building, structure, or fixture erected on or affixed to the land. Improvements specifically include Owner's substation and switching station.
- K. **"Lender"** means any entity or person providing, directly or indirectly, with respect to the Improvements or Project any of (a) senior or subordinated construction, interim or long-term debt financing or refinancing, whether that financing or refinancing takes the form of private debt, public debt, or any other form of debt (including debt financing or refinancing), (b) a leasing transaction, including a sale leaseback, inverted lease, or leveraged leasing structure, (c) tax equity financing, (d) any interest rate protection agreements to hedge any of the foregoing obligations, and/or (e) any energy hedge provider. There may be more than one Lender. Owner, at its election, may send written notice to District with the name and notice information for any Lender.
- L. **"Owner"** means Oslo Wind, LLC, the entity that owns or leases the Real Property for which Abatement is being granted, and any assignee or

successor in interest of Oslo Wind, LLC. The term "Oslo Wind, LLC" means and includes Owner. An **"Affiliate"** of an Owner means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Owner. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

- M. **"Payments In Lieu of Taxes"** means the payments to be made by Owner to the District described in Paragraph IV(D) of this Agreement.
- N. **"Project"** means the construction and operation of the Improvements on the Site as set forth in this Agreement and as described in Paragraph III herein.
- O. **"Real Property"** means Eligible Property meeting the description for real property provided by Chapter 1 of the Texas Tax Code.
- P. **"Reinvestment Zone"** means, collectively, the Hansford Reinvestment Zone and the Sherman Reinvestment Zone, both of which are a reinvestment zone as that term is defined in Chapter 312 of the Texas Tax Code created by the respective Counties by the resolutions described in the Recitals (with copies of such resolutions being attached as Attachment A to this Agreement). The fact that the designation of any portion of the Reinvestment Zone may expire before this Agreement shall not affect the terms and condition of this Agreement.
- Q. **"Site"** means the portion of the Reinvestment Zone on which Owner makes the Improvements for which the Abatement is granted hereunder and which is shown on Attachment B. Upon completion of construction of the Improvements, the parties agree to amend Attachment B to include the as-built Improvements within the Site to the extent such Improvements are not included therein.
- R. **"Turbine Nameplate Capacity"** means the generating capacity of an individual wind turbine as designated by the manufacturer(s) of the turbines to be constructed as Improvements hereunder and, where appropriate, may refer to the total or overall generating capacity of the Project.

III. Improvements in Reinvestment Zone

Owner agrees to make the following Improvements in consideration for the Abatement set forth in Paragraph IV of this Agreement:

- A. Owner agrees to construct Improvements on the Site consisting of a wind power facility having a minimum of 325 megawatts and a currently anticipated capacity of approximately 357.5 megawatts of overall Turbine Nameplate Capacity located in the Reinvestment Zone. It is anticipated that Owner will make a capital investment of approximately \$482,625,000 in constructing the Project. The Certified Appraised Value will depend upon annual appraisals by the Appraisal District and may be more than or less than the amount stated herein. The number of turbines will vary depending on the types of turbines used and the overall Turbine Nameplate Capacity of the wind power facility, but the Abatement in this Agreement shall be conditioned upon the overall Turbine Nameplate Capacity of the Improvements not being less than the minimum stated above nor greater than 387.5 megawatts unless approved in writing by the District.

- B. "Improvements" also includes any other property on the Site meeting the definition of "Eligible Property" that is used to produce wind power and perform other functions related to the production, distribution, and transmission of electric power. The District agrees, without limitation, that the wind turbines, towers, transmission lines, substations, and other related materials and equipment affixed to the land will constitute Improvements under this Agreement.
- C. Owner anticipates that the Project will achieve Commercial Operations on or before December 31, 2018.

IV. Term and Portion of Tax Abatement; Taxability of Property

- A. The District and Owner specifically agree and acknowledge that the property on the Site within the Reinvestment Zone shall be taxable in the following ways before and during the Term of this Agreement:
 - 1. Property not eligible for Abatement, if any, shall be fully taxable at all times;
 - 2. The Certified Appraised Value of property existing on the Site prior to execution of this Agreement shall be fully taxable at all times;
 - 3. Prior to commencement of the Abatement period described in Paragraph IV(B), 100% of property taxes levied on the Certified Appraised Value of real and personal property located on the Site will be owed and payable by Owner;
 - 4. All District property taxes on the Certified Appraised Value of Eligible Property shall be abated for the periods and in the amounts as provided for by Paragraph IV(B) below; and
 - 5. 100% of the Certified Appraised Value of Eligible Property existing on the Site shall be fully taxable after expiration of the Abatement period designated in Paragraph IV(B), including the remainder of the Term.
- B. The District and Owner specifically agree and acknowledge that this Agreement shall provide for tax Abatement, under the conditions set forth herein, of all District property taxes as follows:
 - 1. Beginning with January 1 of the Calendar Year after the Calendar Year in which the COD occurs, and ending upon the conclusion of ten (10) full Calendar Years thereafter, the Abatement percentage of value of Eligible Property to be abated each year is one hundred percent (100%).
 - 2. The percentage of property taxes set out in Paragraph IV(B)(1) above on the Certified Appraised Value of all Improvements described in the Certificate (and actually in place on the Site) are abated in the respective period designated in Paragraph IV(B)(1) above.
 - 3. The percentage of property taxes set out in Paragraph IV(B)(1) above on the Certified Appraised Value of any and all otherwise taxable personal property owned by Owner and located on the Site are abated for all District taxes in the respective period designated in Paragraph IV(B)(1) above.

4. As of January 1 of the Base Year, the Certified Appraised Value for the proposed Improvements is zero.
 5. The Abatement granted under this Agreement shall commence upon January 1 of the Calendar Year after the Calendar Year in which the COD occurs and shall expire at the end of the tenth (10th) Calendar Year thereafter. Owner shall provide the Certificate in writing both to the District and to the Appraisal District within sixty (60) days of the COD. The Certificate shall describe any ancillary facilities not required for Commercial Operations that are still under construction on the date that the Certificate is delivered, and if the Certificate indicates any such facilities exist, Owner will deliver an amended Certificate to the District and to the Appraisal District within thirty (30) days after the construction of all Improvements is complete. Such ancillary facilities, once completed, shall become part of the Improvements eligible for the Abatement under this Agreement.
 6. Notwithstanding any statement or implication in this Agreement to the contrary, the parties agree that the Abatement granted hereby shall not extend beyond ten (10) Calendar Years.
- C. A portion or all of the Improvements may be eligible for complete or partial exemption from ad valorem taxes as a result of existing law or future legislation. This Agreement is not to be construed as evidence that no such exemptions shall apply to the Improvements.
- D. As additional consideration for this Abatement, Owner agrees to make an annual Payment In Lieu of Taxes to the District of two hundred fifty dollars (\$250.00) per megawatt of Turbine Nameplate Capacity included in the Certificate (and actually in place in the Reinvestment Zone) during the ten (10) Calendar Years the Abatement is in effect. The first such payment shall be due and payable on October 1 of the year following COD being the first year of Abatement and delinquent if not paid on or before January 31 of the following year, with the remaining nine (9) payments due and payable annually on or before October 1 thereafter and delinquent if not paid on or before the immediately following January 31. Past due amounts shall be subject to any and all statutory interest and penalties applicable to the payment and collection of taxes as provided in the Texas Tax Code. Force Majeure shall not apply to any Payment in Lieu of Taxes or taxes owed under the terms of this Agreement.
- E. Owner agrees that the Improvements described in Article III, once constructed, will remain in place until at least twenty (20) Calendar Years after the COD ("**Term**"); provided that nothing herein prevents Owner from replacing equipment or fixtures comprising the Improvements prior to that date, as long as such replacement does not result in a reduction of the Certified Appraised Value of the Improvements. In the event that Owner removes Improvements (comprising in the aggregate not more than 10% of all Improvements), Owner's removal shall not be deemed a default under this Agreement if Owner pays to the District as liquidated damages for such removal within thirty (30) days after demand, all taxes for such removed Improvements which otherwise would have been paid to the District without benefit of a tax Abatement with interest at the statutory rate under the Texas Tax Code, as amended, but without penalty. IN THE EVENT OF THE REMOVAL OF NOT MORE THAN 10% OF THE IMPROVEMENTS AS

DESCRIBED IN THIS PARAGRAPH IV(D), THE SOLE REMEDY OF THE DISTRICT, AND OWNER'S SOLE LIABILITY, WILL BE FOR OWNER TO PAY TO THE DISTRICT THE FULL AMOUNT OF ACTUAL TAXES ABATED AT ANY TIME UNDER THIS AGREEMENT ON THE REMOVED IMPROVEMENTS, LESS ANY PAYMENTS IN LIEU OF TAXES REMITTED WITH RESPECT TO THE REMOVED IMPROVEMENTS. SUCH TAXES DUE BY OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE.

- F. During the Abatement period, the District will request that the Appraisal District annually determine both (i) the Certified Appraised Value of the Eligible Property owned by Owner in the Reinvestment Zone and (ii) the taxable value (taking into account the terms of the Abatement in this Agreement) of the Eligible Property owned by Owner in the Reinvestment Zone and that the Appraisal District record both the Certified Appraised Value and the abated taxable value of the Eligible Property in the appropriate county appraisal records. The Certified Appraised Value listed in the county appraisal records shall be the standard used for calculating the amount of taxes to be recaptured by the District in the event the District's remedy of recapture is warranted under this Agreement.

V. Representations

The District and Owner make the following respective representations:

- A. Owner represents and agrees that (i) Owner, its successors and/or assigns, will have a taxable interest with respect to Improvements to be placed on the Site; (ii) construction of the proposed Improvements described in Paragraph III will be performed by Owner, its successors and/or assigns and/or their contractors or subcontractors; (iii) Owner's, its successors' and assigns' use of the property in the Reinvestment Zone will be limited to the use described in this Agreement during the period of the Abatement; (iv) all representations made in this Agreement and in the Application for Abatement, if any, are true and correct in all material respects to the best of Owner's knowledge; (v) Owner will make required filings, if any, by Owner with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement that may be required in the future; and (vi) the Project will not be constructed without first obtaining all necessary local, state and federal environmental and construction permits, and Owner will abide by all conditions of the permits and all laws, ordinances, rules and regulations governing the construction and operation of the Project throughout its economic life.
- B. The District represents that (i) the District has formally elected to be eligible to grant property tax abatements under Chapter 312 of the Tax Code; (ii) this Agreement has been entered into in accordance with Chapter 312 of the Texas Tax Code and the Guidelines as both exist on the Effective Date of this Agreement; (iii) as applicable, (a) no interest in the Improvements or the land on which they are located is held or subleased by a member of the Board, or (b) any member of the Board that has a potential economic or financial interest in the Improvements or the land on which the Improvements are located has abstained from any vote or decision regarding this Agreement; (iv) the property within the Reinvestment Zone is located within the legal boundaries of the District; and (v) the District has made and will continue to make all required filings with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement.

- C. At such time as Owner issues any press release relating to the Project, Owner shall email or fax a copy of such press release to the District. Owner shall use commercially reasonable efforts to provide such copy twenty-four (24) hours prior to issuance of such press release; provided that the District shall maintain the confidentiality of any press release and shall not disclose any information in the press release until such time as such information is made public by Owner.
- D. Within sixty (60) days of the receipt of written notice, Owner will reimburse the District for all reasonable legal fees and expenses, directly or indirectly incurred by the District in entering into and/or modifying this Agreement.

VI. Access to and Inspection of Property by District Employees

- A. Owner shall allow the District's employees access to the Improvements for the purpose of inspecting any Improvements erected to ensure that the same are conforming to the minimum specifications of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Owner twenty-four (24) hours' notice and shall be conducted in such a manner as to avoid any unreasonable interference with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Owner in accordance with all applicable safety standards.
- B. Owner shall, on or before March 31 of each Calendar Year, starting with the Calendar Year first beginning after Owner delivers the Certificate, certify annually to the District its compliance with this Agreement by providing written certification to the same to the Board using the form attached hereto as Attachment C.

VII. Default, Remedies and Limitation of Liability

- A. The District may declare a default if Owner breaches any material term or condition of this Agreement. If the District declares a default of this Agreement, this Agreement shall terminate, after notice and opportunity to cure as provided for below, or the District may modify this Agreement upon mutual agreement with Owner. If Owner believes that such termination was improper, Owner may file suit in the proper court challenging such termination. In the event of default, the District may pursue the remedies provided for in Paragraph VII(C) below or the preceding Paragraph IV(D), as applicable. The District shall not declare a default, and no default will be deemed to have occurred, when the circumstances giving rise to such declaration are the result of Force Majeure. Notwithstanding any other provision of this Agreement to the contrary, in the event a party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement (other than any obligation to make payment of any amount when due and payable hereunder), the obligation of such party, so far as it is affected by such Force Majeure, shall be suspended during the continuance of any condition or event of Force Majeure, but for no longer period, and such condition or event shall so far as possible be remedied with all reasonable dispatch. The party prevented or hindered from performing shall give prompt (but in no event later than twenty (20) business days after the occurrence of such event) notice and reasonably full particulars of such event to the other party and shall take all reasonable actions within its power to remove the basis for nonperformance (including securing alternative supply sources) and after doing so shall resume performance as soon as possible. The settlement of strikes or lockouts or resolution of differences with workers shall be entirely within the discretion of the affected party, and that the above requirement that any Force Majeure shall be remedied with

all reasonable dispatch shall not require the settlement of strikes, lockouts or differences by acceding to the demands of the opposing party in such strike, lockout or difference when such course is inadvisable in the reasonably exercised discretion of the affected party.

- B. The District shall notify Owner and any Lender for which Owner has provided contact information to District of any default in writing in the manner prescribed herein. All Lender contact information for purposes of a notice of default shall be provided to the Board. The notice shall specify the basis for the declaration of default, and Owner shall have sixty (60) days from the date of such notice to cure any default, except that where the default is incapable of being cured within sixty (60) days using reasonable business efforts, Owner shall commence performance of the cure within thirty (30) days after receipt of notice and diligently pursue those efforts until the default is cured. Any Lender of which the District has notice shall maintain the right to cure any defect, including any defect caused by an assignee or contractor of Owner during the same cure period identified in the foregoing sentence.
- C. As required by section 312.205 of the Texas Tax Code, if Owner fails to make the Improvements as provided for by this Agreement or fails to cure a default after proper notice and the expiration of the provided cure period, the District shall be entitled to cancel this Agreement and recapture property tax revenue lost as a result of this Agreement, subject to the above provisions regarding notice and right to cure.
- D. LIMITATION OF LIABILITY: CANCELLATION OF THIS AGREEMENT (RESULTING IN A FORFEITURE OF ANY RIGHT TO ABATEMENT HEREUNDER BEYOND THE CANCELLATION DATE), RECAPTURE OF PROPERTY TAXES ABATED (BUT LESS ALL PAYMENTS IN LIEU OF TAXES PAID BY OWNER) ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN PARAGRAPH VII(C) OF THIS AGREEMENT, AND/OR RECOVERY OF THE AMOUNTS PROVIDED FOR IN PARAGRAPH IV(D) ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN PARAGRAPH IV(D), ALONG WITH ANY REASONABLY INCURRED COSTS AND FEES, SHALL BE THE DISTRICT'S SOLE REMEDY, AND OWNER'S SOLE LIABILITY, IN THE EVENT OWNER FAILS TO MAKE THE SPECIFIED IMPROVEMENTS OR TAKE OTHER ACTION REQUIRED BY THIS AGREEMENT, INCLUDING ANY FAILURE TO PAY AMOUNTS OWED UNDER THIS AGREEMENT. OWNER AND THE DISTRICT AGREE THAT THE LIMITATIONS CONTAINED IN THIS PARAGRAPH ARE REASONABLE AND REFLECT THE BARGAINED FOR RISK ALLOCATION AGREED TO BY THE PARTIES. IN THE EVENT OF A BREACH OF THIS AGREEMENT, ANY TAXES DUE BY OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE.
- E. Any notice of default under this Agreement shall prominently state the following at the top of the notice:

NOTICE OF DEFAULT UNDER TAX ABATEMENT AGREEMENT

YOU ARE HEREBY NOTIFIED OF THE FOLLOWING DEFAULT UNDER YOUR TAX ABATEMENT AGREEMENT WITH THE DISTRICT. FAILURE TO CURE THIS DEFAULT WITHIN SIXTY DAYS OF NOTICE OR OTHERWISE CURE THE DEFAULT AS PROVIDED BY THIS AGREEMENT SHALL RESULT IN TERMINATION OF THE TAX ABATEMENT AGREEMENT AND MAY INCLUDE RECAPTURE OF TAXES ABATED PURSUANT TO THAT AGREEMENT.

VIII. Compliance with State and Local Regulations

Nothing in this Agreement shall be construed to alter or affect the obligations of Owner to comply with any order, rule, statute or regulation of Hansford County, Sherman County, the District, or the State of Texas.

IX. Assignment of Agreement

- A. The parties agree that the rights and obligations under this Agreement may be assigned, in whole or in part, by Owner, only with the consent of the District. Owner shall give forty-five (45) days' written notice of any such intended assignment to the District, and the District shall respond with its consent or refusal within thirty-five (35) days of receipt of Owner's notice of assignment. If the District responds to Owner's notice of assignment with a refusal, the parties agree to work together in good faith to resolve the District's objections to the assignment. Owner's assignment of the Agreement shall be final only after the execution of a formal assignment document between Owner and the assignee and the delivery of notice of the execution of such assignment agreement to the District. Neither Owner's notice of an intended assignment nor the District's formal consent to an intended assignment shall constitute an assignment of the Agreement; and Owner's request for a consent to assignment shall not obligate Owner to assign the Agreement.
- B. Consent to a transfer or assignment will be subject to the District approving the financial capacity of the transferee/assignee and subject to all conditions and obligations in this Agreement being assumed and guaranteed by the transferee/assignee. The District shall not unreasonably withhold consent to a transfer or an assignment. The transfer or assignment shall be presumed to be reasonable where (i) the proposed assignee is an Affiliate of Owner, or (ii) the proposed transferee/assignee demonstrates to the District its financial capacity to meet the terms of this Agreement, agrees to be bound by all conditions and obligations stated herein, and is not in default under any other agreement with the District.
- C. The parties agree that a transfer of all or a portion of the ownership interests in Owner to a third party shall not be considered an assignment under the terms of this Agreement and shall not require any consent of the District.
- D. Upon any assignment and assumption under Paragraph IX(A) of Owner's entire interest in the Agreement, Owner shall have no further rights, duties or obligations under the Agreement. Upon any assignment and assumption under Paragraph IX(A) of only a portion of Owner's interest in the Agreement (for example, if only a portion of the Improvements or Project is transferred by Owner to a third party), then Owner and each assignee of a portion of this Agreement shall be considered an Owner party under this Agreement.
- E. In addition to its rights under Paragraph IX(A), Owner may, without obtaining the District's consent, mortgage, pledge, or otherwise encumber its interest in this Agreement or the Project to a Lender for the purpose of financing the operations of the Project or constructing the Project or acquiring additional equipment following any initial phase of construction. Owner's encumbering its interest in this Agreement may include an assignment of Owner's rights and obligations under this Agreement for purposes of granting a security interest in this Agreement. In the event Owner takes any of the actions permitted by this subparagraph, it may provide written notice of such action to the District with such notice to

include the name and notice information of the Lender. If Owner does not provide the name and notice information of a Lender to the District, then such Lender shall not have the notice rights or other rights of a Lender under this Agreement.

X. Notice

All notices, demands, or other communications of any type (collectively, "**Notices**" and each individually, a "**Notice**") given shall be given in accordance with this Section. All Notices shall be in writing and delivered, by commercial delivery service to the office of the person to whom the Notice is directed (provided that that delivery is confirmed by the courier delivery service); by United States Postal Service (USPS), postage prepaid, as a registered or certified item, return receipt requested in a proper wrapper and with proper postage; by recognized overnight delivery service as evidenced by a bill of lading, or by facsimile transmission. Notices delivered by commercial delivery service shall be deemed delivered on receipt or refusal; Notices delivered by USPS shall be deemed to have been given upon deposit with the same; facsimile Notice shall be effective upon receipt by the sender of an electronic confirmation. Regardless of the method of delivery, in no case shall Notice be deemed delivered later than actual receipt. In the event of a notice of default given pursuant to Article VII, such Notice shall be given by at least two (2) methods of delivery and consistent with Section VII(E). All Notices shall be mailed or delivered to the following addresses:

To Owner:

Oslo Wind, LLC
310 4th Street N.E., Suite 200
Charlottesville, VA 22902
Attention: Harry Snyder
Email: harry.snyder@apexcleanenergy.com

To the District:

North Plains Groundwater Conservation District
603 E 1st St.
Dumas, TX 79029
Attn: President of the Board

Any party may designate a different address by giving the other party at least ten (10) days written notice in the manner prescribed above.

XI. Severability

In the event any section or other part of this Agreement is held invalid, illegal, factually insufficient, unconstitutional or otherwise unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid, illegal, factually insufficient, unconstitutional or otherwise unenforceable section(s) or other part(s). In the event that (i) the term of the Abatement with respect to any property is longer than allowed by law or (ii) the Abatement applies to a broader classification of property than is allowed by law, then the Abatement shall be valid with respect to the classification of property not deemed overly broad, and for the portion of the term of the Abatement not deemed excessive. Any provision required by the Tax Code to be contained herein that does not appear herein is incorporated herein by reference.

XII. Applicable Law and Venue

This Agreement shall be construed under and governed by the laws of the State of Texas. This Agreement, in its entirety, shall be performable in Hansford and Sherman Counties, Texas. As part of the consideration for entering into this Agreement, both the District and

Owner agree that any litigation to construe or enforce the terms or conditions of this Agreement shall be brought in the state courts of Hansford County, Texas.

XIII. Amendment

Except as otherwise provided, this Agreement may be modified by the parties hereto upon mutual written consent to include other provisions which could have originally been included in this Agreement or to delete provisions that were not originally necessary to this Agreement pursuant to the procedures set forth in Chapter 312 of the Texas Tax Code.

XIV. Guidelines and Criteria

This Agreement is entered into by the parties consistent with the Guidelines. To the extent this Agreement modifies any requirement or procedure set forth in the Guidelines, the Guidelines are deemed amended for purposes of this Agreement only.

XV. Entire Agreement

This Agreement contains the entire and integrated Tax Abatement Agreement between the District and Owner, and supersedes any and all other negotiations and agreements, whether written or oral, between the parties. This Agreement has not been executed in reliance upon any representation or promise except those contained herein.

XVIII. Indemnity

Owner agrees to indemnify, defend, and hold the District, each of its elected officials, all of its servants, agents, and employees, any person or legal entity designated by the District to perform any function required under the Guidelines, under the tax abatement application, or by the terms of this Agreement, and the Appraisal District, its officers, directors, servants, agents and employees (collectively, the "**Indemnitees**") harmless from any and all claims, demands, liabilities, losses, costs, actions, causes of action, and attorneys' fees incurred by or alleged against the Indemnitees arising from or in any way relating to Owner's negligent completion of the tax abatement application, or Owner's breach or negligent performance of the terms, covenants, and conditions contained in this Agreement.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the Board officer named below as authorized by the Board of Directors of the District and by Owner on the respective dates shown below.

ATTEST/SEAL:

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT

By: _____
Harold Grall, President
Director for Moore County

Date: _____

OSLO WIND, LLC

Date: _____

By: Apex GCL, LLC
Its: Sole Member

By: Apex Clean Energy Holdings, LLC
Its: Sole Member

By: _____
Mark Goodwin,
President and CEO

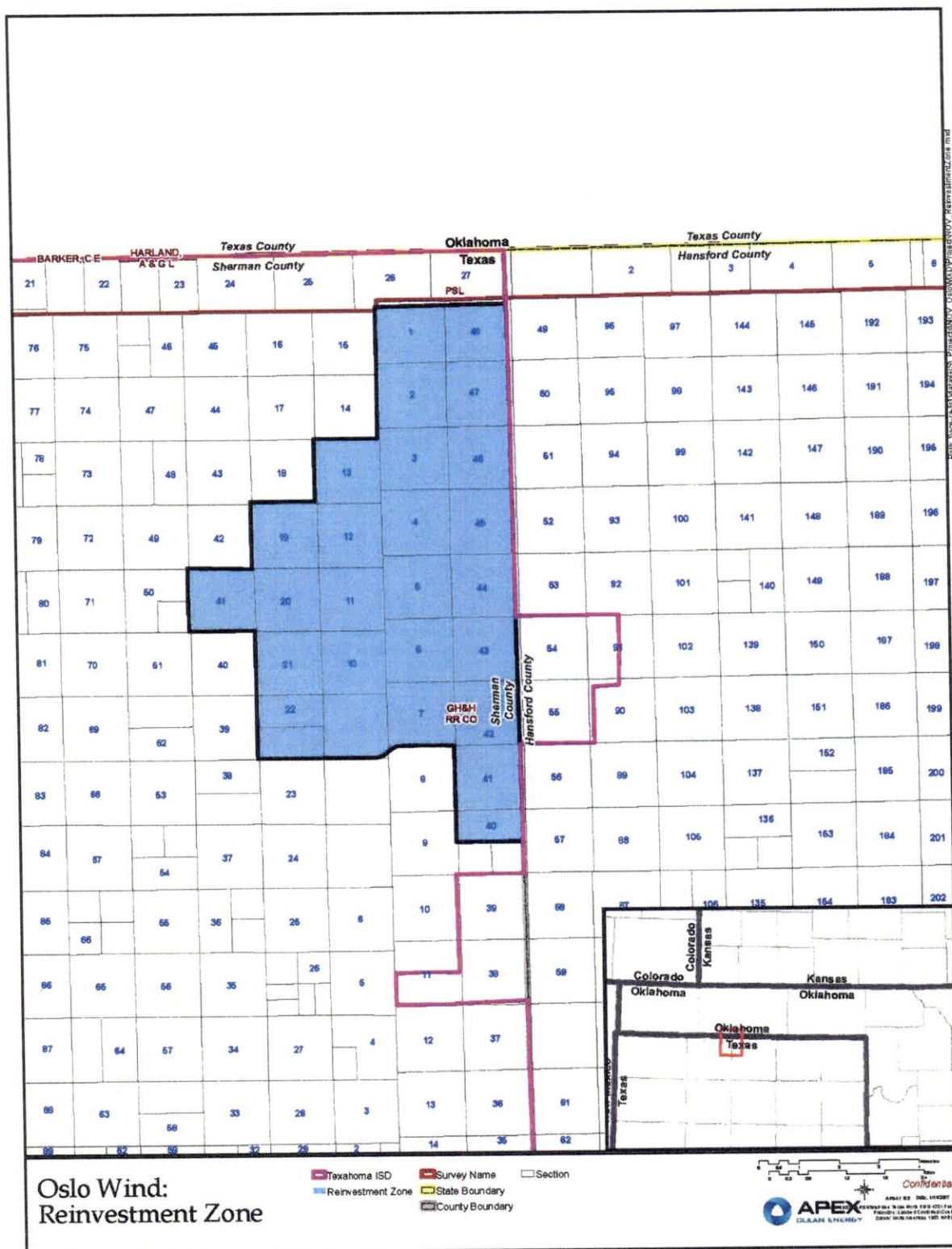
Attachment A

Copies of the resolutions creating the Hansford Reinvestment Zone and the Sherman Reinvestment Zone are attached to the Tax Abatement Agreement as Attachment "A".

Attachment B

SITE

See Project Site boundary shown on the following maps.



Attachment C

Owner's Annual Reporting and Compliance Form		
Pursuant to Section VI, B of the Agreement, this form shall be submitted by Owner to the District on or before March 31 of each Calendar Year beginning with the first Calendar Year after Owner delivers the Certificate. To the extent that any of the provisions herein conflict with the Agreement, the provisions of the Agreement shall control.		
Provision and Description	Compliance Guidelines	Provision Complied With?
		Yes (date complied with)/No/In Process (include explanation)
<u>Improvements and Reinvestment Zone</u> - Section III, A	Owner constructed the Improvements on the Site as set forth in Section III, A.	
<u>Improvements and Reinvestment Zone</u> - Section III, C	Owner commenced construction of the Improvements and completed construction as required by the timelines.	
<u>Representations</u> - Section V	Owner has made all required filings with the Office of the Comptroller of Public Accountants and other governmental entities concerning the Agreement. Note: Any filings made during the course of the prior year by Owner which pertain to the Agreement should be listed here.	
<u>Assignment</u> - Section IX	Describe any instances in which the Agreement was duly assigned or transferred in accordance with Section IX of the Agreement.	

Zac Yoder seconded the motion and it was approved by the majority vote of the Board with Daniel L. Krienke abstaining from the vote.

The First Amendment to the Tax Abatement Agreement was also proposed by Oslo Wind, LLC for the Board's consideration as follows:

First Amendment to Tax Abatement Agreement between North Plains Groundwater Conservation District and Oslo Wind, LLC

State of Texas §

Counties of Hansford and Sherman §

This First Amendment to Tax Abatement Agreement (this "**Amendment**") is made and entered into by and between North Plains Groundwater Conservation District (the "**District**"), acting through its duly elected officers, and Oslo Wind, LLC ("**Owner**"). This Amendment shall become effective upon final signature by both parties (as evidenced by the dates set forth on the signature pages).

Recitals

WHEREAS, the District and Owner entered into that certain Tax Abatement Agreement dated on or about July 18, 2017 (the "**Agreement**"), which Agreement concerned Owner's Eligible Property to be constructed in Hansford and Sherman Counties, Texas;

WHEREAS, the Recitals to the Agreement recount the creation of the Hansford-Oslo Reinvestment Zone by Hansford County, Texas, and the Sherman-Oslo Reinvestment Zone by Sherman County, Texas;

WHEREAS, Hansford County, Texas, approved and designated the Hansford-Oslo-2 Reinvestment Zone in a resolution dated July 24, 2017 (the "**Second Hansford Reinvestment Zone**"), after the execution of the Agreement;

WHEREAS, the District and Owner desire to amend certain provisions of the Agreement to make reference to the Second Hansford Reinvestment Zone.

I. Authorization

This Amendment is authorized and governed by Chapter 312 of the Texas Tax Code, as amended, and by the Guidelines.

II. Defined Terms

Capitalized terms used in this Amendment have the same meanings given such terms in the Agreement, except where this Amendment adopts a different meaning. The following capitalized term used in this Amendment has the meaning set forth below:

"Second Hansford Reinvestment Zone" means the Hansford-Oslo-2 Reinvestment Zone designated by Hansford County, Texas in a resolution dated July 24, 2017.

III. Amendments

For good and valuable consideration, the adequacy and receipt of which are acknowledged by both the District and Owner, the Agreement is amended as follows:

- A. Paragraph II(P) of the Agreement is deleted in its entirety and replaced with the following:
 - P. **"Reinvestment Zone"** means, collectively, the Hansford Reinvestment Zone, the Second Hansford Reinvestment Zone, and the Sherman Reinvestment Zone, all of which are reinvestment zones as that term is defined in Chapter 312 of the Texas Tax Code created by the respective Counties by the resolutions described in the Recitals (with copies of such resolutions being attached as Attachment A to this Agreement). The fact that the designation of any portion of the Reinvestment Zone may expire before this Agreement shall not affect the terms and condition of this Agreement.
- B. Attachments A and B to the Agreement are deleted in their entireties and replaced by the new Attachment A and Attachment B attached to this Amendment.

IV. Miscellaneous

- A. All of the information recited in this Amendment is true and correct in all respects. The Agreement, as amended by this Amendment, contains all of the understandings and agreements between the District and Owner with respect to the Abatement.
- B. Except as set forth in this Amendment, all of the terms, covenants, and conditions of the Agreement and all of the rights and obligations of the District and Owner thereunder are hereby ratified, shall remain in full force and effect, and are not otherwise altered, amended, revised, or changed.

In the event of any inconsistency between the provisions of the Agreement and the provisions of this Amendment, the provisions of this Amendment shall control.

- C. This Amendment may be executed by the District and Owner in multiple counterparts each of which shall constitute an original for all purposes and all of which shall constitute one and the same agreement. Signatures exchanged electronically or by fax shall have the same effect as original signatures for all purposes, but Owner will provide the District with an originally executed Amendment.

IN TESTIMONY OF WHICH, THIS AMENDMENT has been executed by the Board officer named below as authorized by the Board of Directors of the District and by Owner on the respective dates shown below.

ATTEST/SEAL:

NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT

By: _____
Harold Grall, President
Director for Moore County

Date: _____

OSLO WIND, LLC

Date: _____

By: Apex GCL, LLC
Its: Sole Member

By: Apex Clean Energy Holdings, LLC
Its: Sole Member

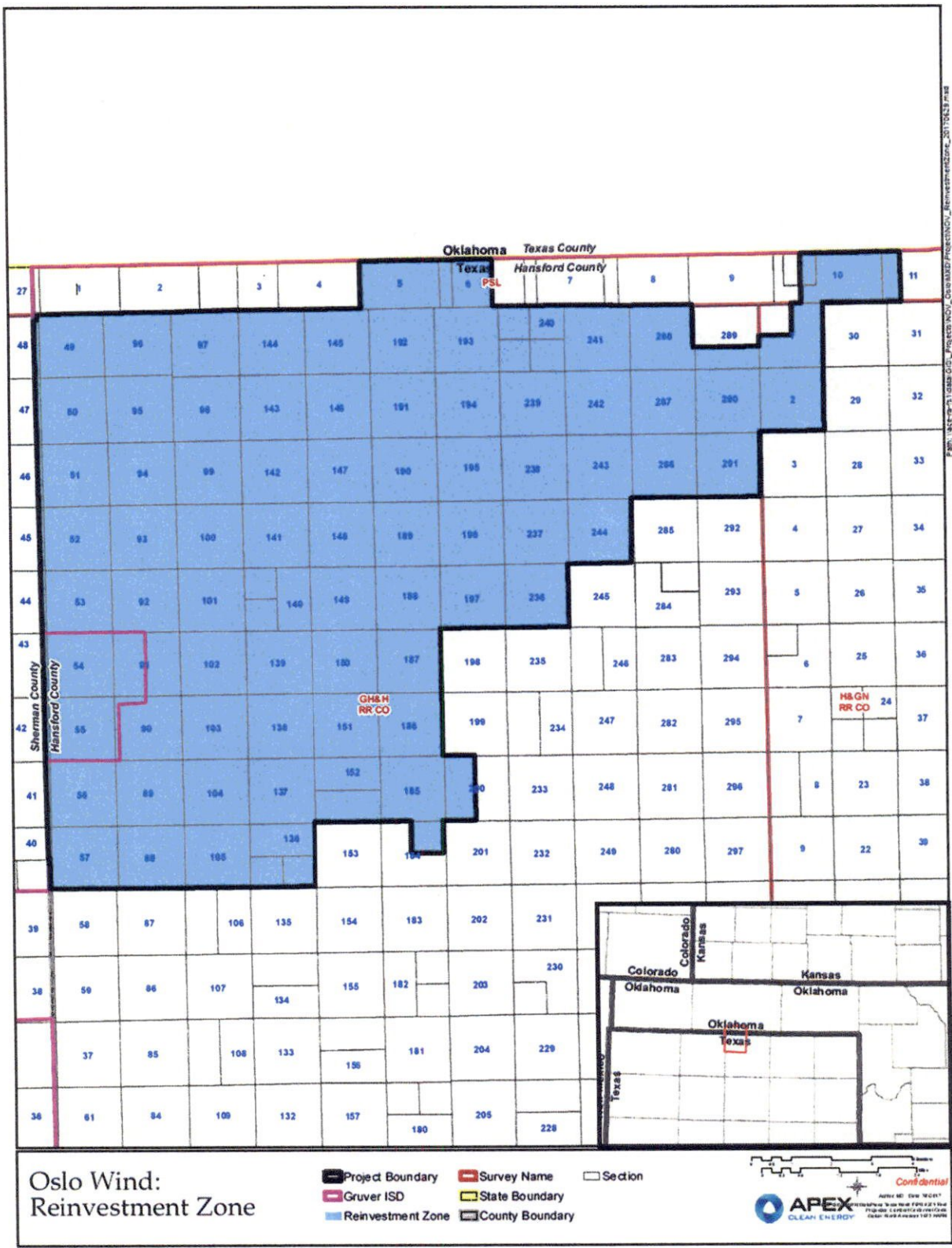
By: _____
Mark Goodwin,
President and CEO

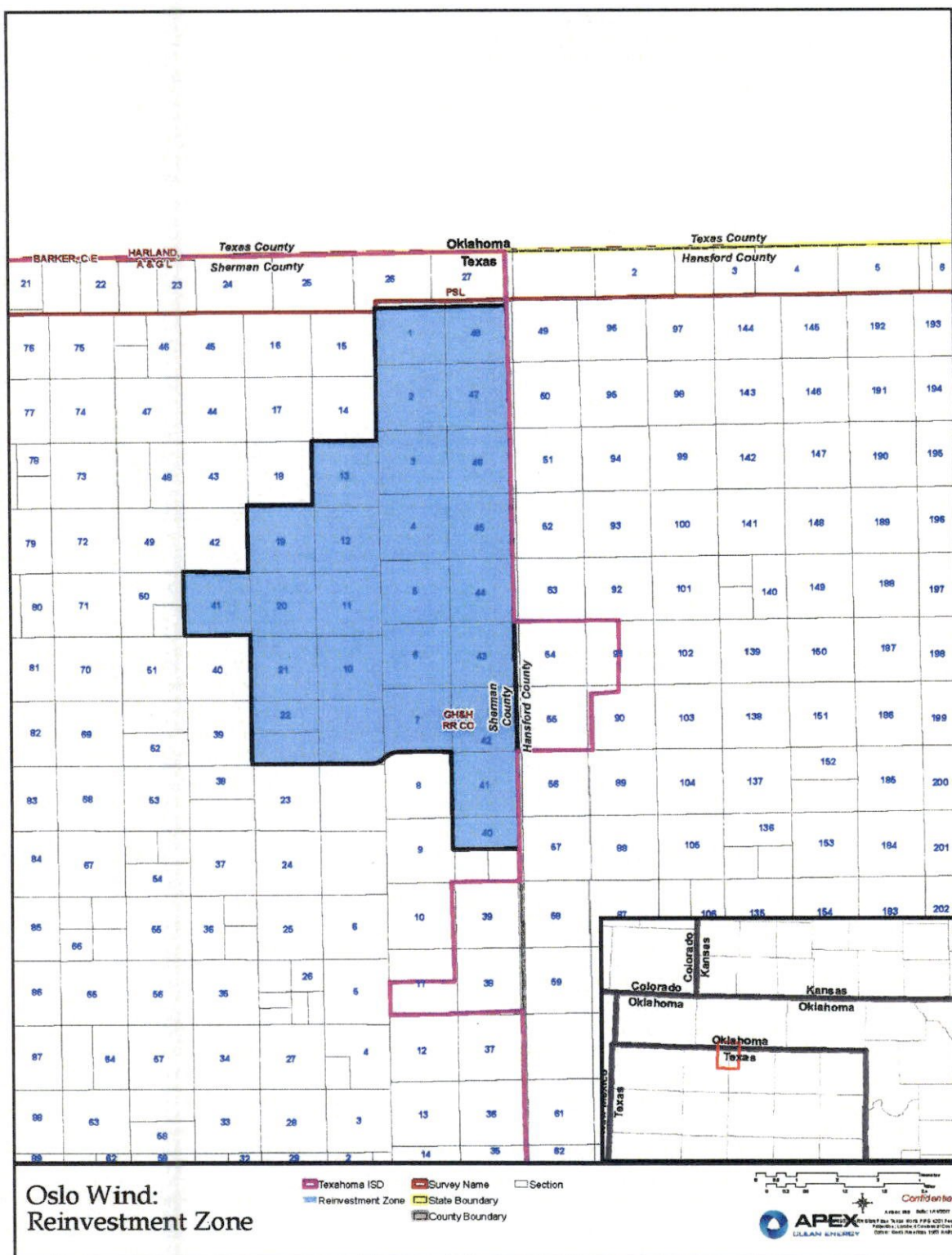
Attachment A

Copies of the resolutions creating the Hansford Reinvestment Zone, the Second Hansford Reinvestment Zone, and the Sherman Reinvestment Zone are attached to the First Amended Abatement Agreement as Attachment A.

Attachment B

See Project Site boundary shown on the following maps.





Bob Zimmer moved to adopt the First Amendment to the Tax Abatement Agreement between North Plains Groundwater Conservation District and Oslo Wind, LLC and to authorize President Grall to execute the Amended Agreement on behalf of the District, subject to the designation of the Hansford-Oslo-2 Reinvestment Zone by Hansford County on July 24, 2017. Zac Yoder seconded the motion and it was approved by the majority vote of the Board with Daniel L. Krienke abstaining from the vote.

Action Agenda 3d - Consider final compliance approval of Water Well Permits as active and complete Wells.

The General Manager reported that District Rule 2.13 provides, after the site inspection is complete, and it is determined that the Well (and all Wells within the Groundwater Production Unit) are in compliance with the Rules of the District and the Well Permit application, the General Manager shall submit the Well Permit to the Board for final compliance approval.

The General Manager reported that the District staff had processed 14 Water Well Permits which are ready for Board consideration and approval. These permits, listed in the table below, represent completed Wells that have been inspected and are in compliance with District Rules. The inspections verify that the Wells were completed as required by the respective Permits, including proper Well location, Well classification, maximum yield, and proper installations of check valves and flow meters. Copies of the individual permits were presented to the Board.

Well	Class	Qtr.	Sec.	Blk.	Sur.	NS	EW
DA-8924	B	W/2	13	4	CSS	874 S	339 W
DA-9022	C	W/2	2	B	S Clarke	1612 S	536 W
HA-5774	C	NW	36	12	CSS	208 N	865 W
HA-9207	C	SW/4	5	1	WACO MFG	142 S	403 W
HA-9959	B	SE/4	67	2	B&B	109 S	107 E
HN-8505	D	SW/4	27	R	B&B	191 S	169 W
HU-8567	D	NE/4	5	M-24	TC&RY	691 N	351 E
HU-9452	B	NE/4	35	Z	GC&SF	611 N	237 E
LI-9398	D	NW/4	794	43	H&TC	44 N	265 W
LI-9486	A	NE/4	794	43	H&TC	598 N	144 E
MO-9329	B	NW/4	246	44	H&TC	215 N	128 W
MO-9396	C	SE/4	18	M-2	NONE	437 S	464 E
MO-9419	C	NE/4	308	44	H&TC	441 N	546 E
SH-6700	C	NE/4	14	1	PSL	354 N	710 E

The General Manager requested that Well Permit DA-9022 be removed from the schedule presented to the Board for its consideration.

Justin Crownover moved to approve Well Permit HU-9452 on the above schedule noting that the Well is properly equipped and otherwise complies with District Rules. Mark Howard seconded the motion and it was approved by the majority vote of the Board, with Bob Zimmer abstaining from the vote.

Zac Yoder moved to approve all of the remaining Well Permits on the above schedule, excluding Well Permit DA-9022, noting that the Wells are properly equipped and otherwise comply with District Rules. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

Action Agenda 3e - *Receive report from Agriculture Committee regarding the District’s Agricultural Water Conservation Program and the North Plains Water Conservation Center.*

Zac Yoder reported that the Agriculture Committee met on Wednesday, July 6, 2017 and discussed and reviewed the following:

- North Plains Water Conservation Center
- 3-4-5 Project
- Future Projects
- Budgets

The Agriculture Committee also discussed the National Corn Growers Association’s Soil Health Partnership Program, a residue management conference, Netafim Corn Grower Success Program, and economic data collection and enterprise challenge-based program. District Staff is researching the ideas for the Agriculture Committee for fiscal year 2018.

Action Agenda 3f - *Receive report from Property Committee regarding the District's facilities and development plan.*

Bob Zimmer reported to the Board that the Property Committee met on Thursday, July 6, 2017 and discussed and reviewed the District's facilities and developed a priority list. The committee recommended that the Board set an amount in capital expenses consistent with the amount set in the current fiscal year and complete the following project priority list over the next three to five years. The table below is the priority list as follows.

Ranking	Item	Notes
1	Culvert for WCC	Culvert and drainage control at the WCC
2	Lot Paving-West Lot	1 st Place
3	Cover Parking -West Lot	1 st Place
4	Fence	Tinfencearound3sidesofbothlotswithcoveredparkingwestside of the fence—1 st Place
5	Office Landscaping	Landscaping by office front door 603 East 1 st
6	Lot utilities	Lighting, sewer, water – 1 st Place
7	New Building	1800 sq ft w/ bathroom, kitchen, storage, classroom – 1 st Place
8	Old Building Removal	Put out for bid, and removal by buyer 603 East 1 st
9	Office Parking	10 lots, south side of office 603 East 1 st
10	Xeriscaping	Ask for a Grant 1 st Place, 603 East 1 st , WCC
11	WCC Signage	Signage and landscaping - WCC

Action Agenda 3g - *Receive report from Budget and Finance Committee.*

Daniel L. Krienke reported that the Finance and Budget Committee met on Thursday, July 6, 2017, and reviewed the 2016-2017 Budget and also reviewed the General Manager's draft proposed budget for 2017-2018. The 2016-2017 Budget and the General Manager's draft proposed budget for 2017-2018 were presented to the Board.

Action Agenda 3h - *Consider approval of District's Public Funds Investment Policy.*

The General Manager stated that the Board of Directors of the North Plains Groundwater Conservation District ("District") may purchase, sell and invest funds under its control in investments authorized under the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Act") in compliance with investment policies approved by the Board and according to the standard of care set forth in its Policy. The District's Board must annually review its Investment Policy. A proposed Investment Policy was presented to the Board for its review and approval.

Gene Born moved that the Board approve Public Funds Investment Policy presented to the Board by the General Manager of the District. Zac Yoder seconded the motion and it passed by the majority vote of the Board, with Daniel L. Krienke being absent from the Board room at the time of the vote.

Action Agenda 3i - *Review and consider approval of District's depository institutions.*

The General Manager reported to the Board that annually, the District's Board must review the terms and conditions of each banking or depository relationship with the District to confirm compliance with the District's Investment Policy and must assure that each banking or depository relationship is in the best interests of the District.

Texas Water Code § 36.155 requires the Board to name one or more banks to serve as depository for District funds. The General Manager, the District's Finance and Investment Officer, can only invest District funds in financial institutions approved by the Board.

Currently the District uses Perryton National Bank (PNB) as its primary depository and secondary depositories, including certificate of deposits (CDs) are as follows:

NAME OF BANK	City	Relationship	Insured Max Amount	Current Amount Deposited
Dalhart Federal Savings & Loan	Dalhart	CD	\$250,000.00	\$100,000.00
First Bank Southwest	Perryton	CD	\$250,000.00	\$100,000.00
First National Bank	Spearman	CD	\$250,000.00	\$100,000.00
First State Bank	Dumas	Secondary Account and CD	\$250,000.00	Late Fees \$7885.80 CD \$100,000.00
First State Bank - Spearman	Spearman	CD	\$250,000.00	\$150,000.00
Gruver State Bank	Gruver	CD	\$250,000.00	\$250,000.00
Happy State Bank	Dumas	CD	\$250,000.00	\$250,000.00
Perryton National Bank	Perryton	Primary Operating Account and CD	\$250,000 plus \$2,000,000 pledged securities	Operating \$989,178.35 CD \$100,000.00
Interstate Bank	Perryton	CD	\$250,000.00	\$0.00

The General Manager recommended that the Board approve the primary depository and secondary depositories for the District as identified above.

Bob Zimmer moved that the Board approve the primary depository and secondary depositories for District funds as follows:

NAME OF BANK	City	Relationship
Dalhart Federal Savings & Loan	Dalhart	CD
First Bank Southwest	Perryton	CD
First National Bank	Spearman	CD
First State Bank	Dumas	Secondary Checking Account and CD
First State Bank - Spearman	Spearman	CD
Gruver State Bank	Gruver	CD
Happy State Bank	Dumas	CD
Perryton National Bank	Perryton	Primary Depository and CD
Interstate Bank	Perryton	CD

Zac Yoder seconded the motion and it was unanimously approved by the Board.

Action Agenda 3j -

Receive Quarterly District Investment Report for the period from April 1, 2017 through June 30, 2017.

Steve Walthour presented the District's quarterly investment report to the Board for the period beginning April 1, 2017 through June 30, 2017 which reflected the District's investment transaction for all District funds subject to the District's Public Funds Investment Policy.

Under the District's Public Funds Investment Policy and Texas law, public funds may be invested based on priority as follows:

1. Safety;
2. Liquidity; and,
3. Yield.

Action Agenda 3k -

Receive District Annual Report for 2016.

Kirk Welch presented the District's Annual Report for 2016 to the Board. Mr. Welch stated that the annual report is intended to give an annual update on North Plains Groundwater Conservation District's progress on each of the strategic goals included in its management plan. With the passing of Senate Bill 1 in 1997, the 75th Texas Legislature required

groundwater conservation districts to design management plans to meet specific strategic goals as outlined in the legislation. Senate Bill 1 created a statewide groundwater management and planning process, while preserving local control over the process through the districts. The districts are required to examine and revise their management plan at least every five years. After Board review and approval, this report will be made available to the public. This report will also be used during the upcoming Legislative Session to inform Legislators of the District's activities and accomplishments. This report will also be made available for public review on the District website at www.northplainsgcd.org and at the District office.

Action Agenda 3l -

Consider Legal and Compliance matters before the District.

The General Manager reported that all matters involving the filing of late 2016 Production Reports with the District have been resolved. Mr. Walthour also stated that all overproduction matters have also been resolved for calendar year 2016.

Discussion Agenda 4a -

Director Reports.

District Directors reported to the Board regarding meetings and/or seminars attended, weather conditions and economic development in each Director's precinct.

Discussion Agenda 4c -

General Manager's Report.

Steve Walthour presented the General Manager's Report, which included information concerning upcoming meetings and conferences, the General Manager's activity summary and the District activity summary.

Discussion Agenda 4b -

Committee Reports.

None, except as set forth above.

Agenda 5 -

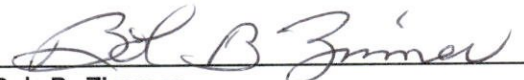
Discuss Items for Future Board Meeting Agendas and Set Next Meeting Date and Time.

By consensus, the Board set the next regular meeting at 9:00 a.m. on August 14, 2017.

Agenda 6 - Adjournment.

Director, Zac Yoder, moved to adjourn the meeting. Justin Crownover seconded the motion and it was unanimously approved by the Board. President Grall declared the meeting adjourned at 12:15 p.m.


Harold Grall, President


Bob B. Zimmer