AMENDMENT NO. 1
TO LIMITATION ON APPRAISED VALUE AGREEMENT
BETWEEN LOCKNEY INDEPENDENT SCHOOL DISTRICT
AND SOUTH PLAINS WIND ENERGY, LLC
(*Comptroller Application No. 280*)

This **AMENDMENT NO. 1 TO LIMITATION ON APPRAISED VALUE AGREEMENT** (this "**Amendment No. 1**"), is entered into to be effective as of August 25, 2015, by and between **SOUTH PLAINS WIND ENERGY, LLC**, a Texas limited liability company, Texas Taxpayer Identification Number 32046988948 (the "**Applicant**"), and **LOCKNEY INDEPENDENT SCHOOL DISTRICT** (the "**District**"). 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).

WITNESSETH:

WHEREAS, on or about September 16, 2013, pursuant to Chapter 313 of the Texas Tax Code, after conducting a public hearing on the matter, the District made factual findings, and passed, approved, and executed that certain Limitation on Appraised Value Agreement for Lockney Independent School District dated September 16, 2013, by and between the District and the Applicant (the "**Agreement**").

WHEREAS, the Applicant has requested to increase the size of the Project in the District from approximately 100 megawatts to 308.1 megawatts and clarify the Qualified Property to be included in the Agreement.

WHEREAS, pursuant to Section 9.3 of the Agreement, the Applicant has provided notice that the Applicant plans to assign a portion of the Agreement to South Plains Wind Energy II, LLC ("**SP II**"). A copy of such notice letter will be delivered to the Texas Comptroller of Public Accounts (the **"Comptroller"**) and the Floyd County Appraisal District.

WHEREAS, due to the changes to the Project, the construction schedule of Applicant's Project in the district has been delayed, and Applicant desires to modify the schedule for making Revenue Protection Payments due in year 3 of the Agreement as set forth in Article 3 of the Agreement.

WHEREAS, the Parties have notified the Comptroller of this Amendment No. 1 on June 10, 2015, and the Comptroller has approved the form of this Amendment No. 1.

WHEREAS, on August 25, 2015, after conducting a public hearing and providing interested persons an opportunity to be heard on the matter, the Board of Trustees determined that this First Amendment 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 approved the form of this First Amendment and authorized the District's representative, whose signature appears below, to execute and deliver such First Amendment to the Applicant.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby covenant and agree to amend the Agreement as follows:

1. Schedule 2.3 of the Agreement shall be deleted and replaced with the Schedule 2.3 attached hereto as Attachment 1.

2. Section 3.1.1 of the Agreement shall be added as follows:

3.1.1 Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the Texas Tax Code, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 5.1), IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT. Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Investment/Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue Protection Amount suffered by the District as a result of the Agreement, including without limitation any increase in the M&O Amount calculated under Section 3.2 to be paid to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

3. Section 3.2 of the Agreement shall be deleted and replaced with the following:

Section 3.2 CALCULATING LOSS OF DISTRICT REVENUES

Subject to the provisions of Section 5.1, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date (as set out in Schedule 1.2), the "M&O Amount" shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

A. The M&O Amount owed by Applicant to District means the Original M&O Revenue minus the New M&O Revenue; based on the following definitions:

i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property had been subject to the full ad valorem maintenance & operations tax without any limitation on value.

Ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

B. In making the calculations for the M&O Amount required by this Section 3.2 of this Agreement:

i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.

ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).

iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 of this Agreement results in a negative number for the M&O Amount, the negative number will be considered to be zero.

iv. All calculations made for the New M&O Revenue during the Tax Limitation Period under Section 3.2.A.ii of this Agreement will reflect the Tax Limitation Amount for such year.

v. All calculations for the M&O Amount made under this Section 3.2 of this Agreement shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

3. Section 3.7 of the Agreement shall be deleted and replaced with the following:

Section 3.7 <u>PAYMENT BY APPLICANT</u>

3.7.1 On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 5.1, the Applicant shall pay all amounts determined to be due and owing to the District, all amounts billed by the Consultant pursuant to Section 3.4, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement. The District, upon request of Applicant, shall provide supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise excepted from disclosure

under the Texas Public Information Act (Texas Government Code § 552.001, *et seq*).

3.7.2 Based upon the amount of Qualified Property and the construction schedule of Applicant's Project as set forth in the Application, the Parties anticipate that Applicant may have an M&O Amount for the first year of the Tax Limitation Period that exceeds $1,000,000. Therefore, should the M&O Amount as calculated in Section 3.2 above, exceed $150,000 for the first year of the Limitation Period, Applicant and the District agree that Applicant will pay District the greater of $150,000 or 12.5 percent of the actual M&O Amount on or before January 31 next following the year that the M&O Amount was calculated (the "Partial Payment"). The Partial Payments for the remaining balance of the M&O Amount for the first year of the Tax Limitation Period owed the District shall continue from year to year thereafter until the entire balance is paid in full.

3.7.3 Notwithstanding anything to the contrary in Section 3.7.2, in no event shall the District receive less than the same amount of M&O Revenue that the District would have received if the project had not been constructed and this Agreement was not in effect (the "Floor Revenue"). Therefore, in addition to all other amounts that are owed to the District under this Agreement, including the Partial Payment as set out in Section 3.7.2, Applicant shall pay to District such portion of the M&O Amount owed the District for the first year of the Tax Limitation Period necessary to increase the District from the New M&O Revenue up to Floor Revenue (the "Floor Revenue Payment"). Applicant shall pay to the District the Floor Revenue Payment on or before January 31 next following the year that the M&O Amount was calculated, the same as all other payments under this Agreement that become due.

4. Partial Assignment. District acknowledges that it has received notice that the Agreement will be partially assigned to SP II and that Applicant will retain 38.9% (120 MWs) and SP II will be assigned 61.1% (188.1 MWs and District consents to such assignment, subject to assignee accepting such partial assignment and assuming the obligations under the Agreement.

5. Effect. Except as modified and amended by the terms of this Amendment No. 1, all of the terms, conditions, provisions and covenants of the Agreement 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. Should there be any inconsistency between the terms of this Amendment No. 1 and the Agreement, the terms of this Amendment No. 1 shall prevail. A copy of this Amendment No. 1 shall be delivered to the Texas Comptroller and the Floyd County Appraisal District, to be posted to the Texas Comptroller's internet website.

6. 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.

7. 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 Parties have caused this Amendment No. 1 to be executed and delivered by their duly authorized representatives as of August 25, 2015.

SIGNATURE PAGE FOLLOWS

SOUTH PLAINS WIND ENERGY, LLC, BY ITS MEMBER, FIRST WIND TEXAS HOLDINGS LLC
Texas Taxpayer ID No. 32046988948

By:_____ Date: October ~~SEPTEMBER~~ 6, 2015

Name: ARTHUR J. SNELL

Title: ASSISTANT SECRETARY

LOCKNEY INDEPENDENT SCHOOL DISTRICT

By:_____ Date:_____

Name:_____

Title:_____

ATTEST:

By:_____

Name:_____

Title:_____

SOUTH PLAINS WIND ENERGY, LLC,
Texas Taxpayer ID No. 32046988948

By:_____ Date:_____

Name:_____

Title:_____

LOCKNEY INDEPENDENT SCHOOL DISTRICT

By: Mike Lass Date: 8/25/2015

Name: Mike Lass

Title: Lockney ISD School board President

ATTEST:

By: Lonny Hooten

Name: LONNY HOOTEN

Title: Lockney ISD Board Secretary

ATTACHMENT 1

SCHEDULE 2.3

DESCRIPTION OF QUALIFIED INVESTMENT AND/OR QUALIFIED PROPERTY

The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following:

South Plains Wind Energy, LLC plans to construct a 308.1 MW wind farm in Lockney ISD, consisting of 60 Vestas 2.0 MW and 57 Vestas 3.3 MW wind turbine generators (a total of 117 turbines).

South Plains is also constructing an approximately 18 mile generation transmission tie line, of which 7.5 miles will be in Floyd County and approximately 10.5 miles in Briscoe County (and outside of Lockney ISD boundaries).

This application covers all qualified investment and qualified property necessary for the commercial operations of the wind farm.

Qualified Investment and qualified property includes, but is not limited to, turbines, towers, foundations, underground collection systems, electrical substation(s), transmission lines, electrical interconnections, met towers, roads, operations & maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

All of the improvements that make up the qualified investment and/or qualified property will be made within the project area, which is completely within the reinvestment zone as shown in Schedule 2.1.

None of the foregoing listed property is covered under an existing County Appraisal District account number.

All of the property for which the Applicant is seeking a limitation of appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement.

EXHIBIT A
to
SCHEDULE 2.3

MAP OF QUALIFIED PROPERTY/PROJECT AREA