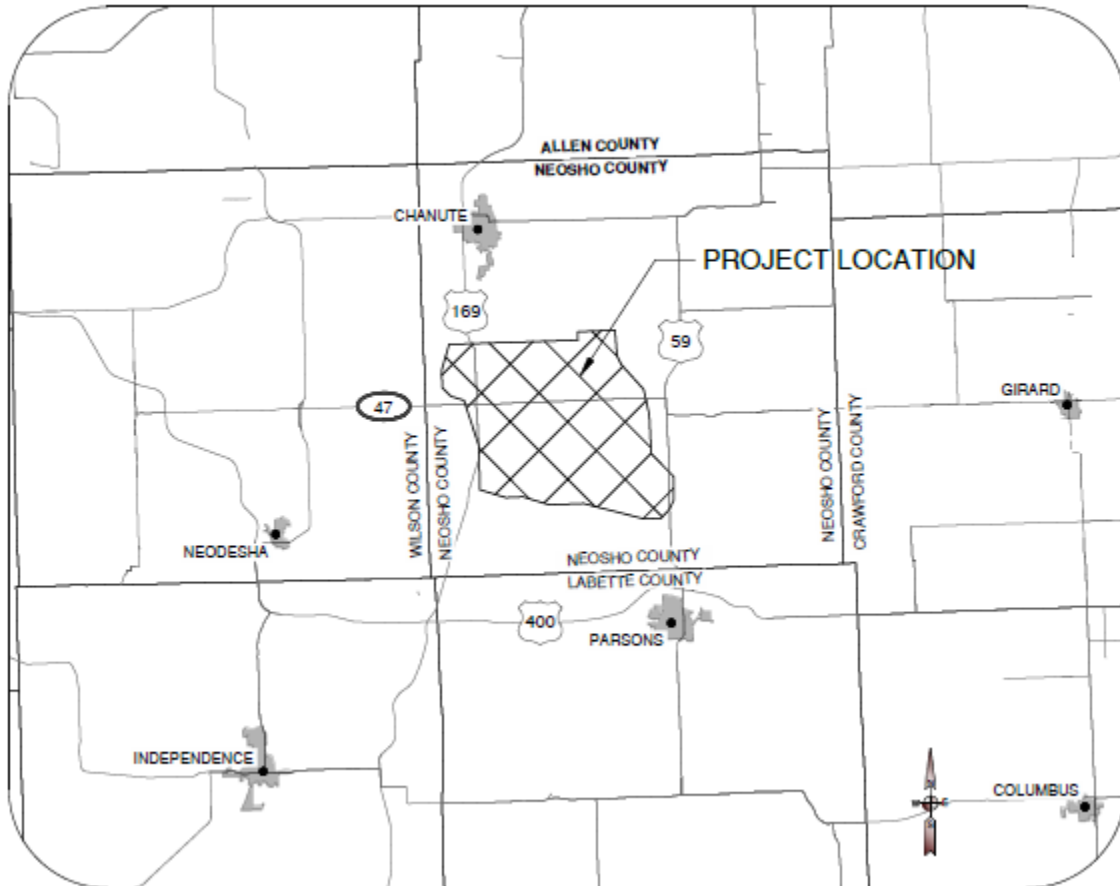


Neosho Ridge Wind Project

Neosho County, Kansas



Project Progress Report No. 2

June - August 2019

****Indicates Confidential** Pursuant to 20 CSR 4240-2.135(2)(A)5**

***HC*Indicates Highly Confidential*HC* Pursuant to 20 CSR 4240-2.135(4)**



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1.0 Summary

From a commercial perspective, Seller was able to achieve a major milestone under the Purchase and Sale Agreement (PSA) this quarter by obtaining the Permitting Milestone. Achievement of the Interconnection Milestone continues to be delayed stemming from the Southwest Power Pool and issues surrounding the System Impact Study. Additionally, the Construction Financing, Tax Equity, and Hedge Agreements are all in draft form and are expected to be executed in October. From a development perspective, aside from construction related permits, all material permits for the Project are in place. Engineering continued to progress during the report period with many disciplines moving from preliminary design to late stage design or Issued for Construction.

From a construction perspective, The Engineering, Procurement and Construction (EPC) Agreement was executed on July 19, 2019 and the notice to proceed was issued on August 1, 2019.

Construction began on August 13th and has progressed with the following activities to date:

- Installed Laydown Yard
- Performed Public Road Improvements
- Performed Public Road Maintenance and Repairs
- Surveyed for Civil Construction
- Began Stripping Topsoil for Access Roads and Foundations
- Commenced Foundation Excavations

2.0 Safety

No safety incidents to report at this time. More detailed reports regarding safety will be provided in the future as the construction phase progresses.

3.0 Commercial Activities

3.1 Purchase and Sale Agreement

The Purchase and Sale Agreement between the Empire District Electric Company and Neosho Ridge Wind JV, LLC was executed on November 16, 2018 and includes seven amendments; the seventh amendment was executed on August 30th. The amendment accomplished the following: 1) deemed the Permitting Milestone achieved, 2) extended the deadlines to execute the Interconnection Agreement and O&M Agreement, **

Contractual milestones achieved during the report period are as follows:

- *Seller:*
 - *Permitting Milestone (except as set forth below) – August 30, 2019*
 - *Permitting Milestone (Title Policy, Transmission Right of Way, Site Control) – August 30, 2019*
 - *Permitting Milestone (FAA Determinations of No Hazards) – August 30, 2019*

Contractual milestones missed during the report period are as follows:

- *Seller:*
 - *None to report*
- *Purchaser:*
 - *None to report*

Contractual milestones to be achieved in the next report period (October - December 2019) and their deadlines are as follows: *HC*

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The project is on track to achieve commercial operations on or before December 31, 2020; thereby receiving the full value of Production Tax Credits available to the project.

3.2 Construction Financing

A draft Construction Loan Financing Agreement has been produced and is currently being negotiated. The Agreement will be executed between Neosho Ridge Wind, LLC and a syndicate of banks, primarily comprising of Bayern LB and Santander Bank, N.A.. The agreement is expected to be executed in October.

3.3 Tax Equity

A draft Equity Capital Contribution Agreement has been produced and is currently being negotiated. The Agreement will be executed between The Empire District Electric Company and Wells Fargo Central Pacific Holdings, Inc., and JPM Capital Corporation. The agreement is expected to be executed in October.

3.4 Hedge Agreement

A draft Hedge Agreement has been produced and is currently undergoing final review. The Agreement will be executed between The Empire District Electric Company and Neosho Ridge Wind, LLC and is expected to be executed in October.

4.0 Development Activities

Development activities for the period were focused on primarily on project layout, interconnection, and permitting at the Federal, State, and Neosho County level.

The final layout was issued to the landowners for their review in early July and an open house was established on July 31st and August 1st to allow the landowners to interface with IEA as well as the APEX construction management team to ask questions about the layout and address any concerns. Over the course of the open house, modifications to the layout were requested by the landowners, some of which were able to be accommodated while others needed to be further investigated via additional wetland delineation and cultural survey field investigations to determine if acceptable. Field investigations to be performed in early September.

From a permitting perspective, Seller was able to obtain approval from the Neosho County Commissioners for four major agreements: 1) Road Use Agreement, 2) Decommissioning Agreement, 3) Contribution Agreement, and 4) Agreement Regarding Wind Project and Transmission Facilities; approval from the Commissioners was received on 06.06.19 and the documents were fully executed on 06.19.19. These agreements allow the project use of the public road system in Neosho County which was critical for the project.

Seller was also able to obtain the final two Determination of No Hazard (DNHs) from the FAA. All DNHs have been received. Seller continued to work towards obtaining all necessary permits associated with the Permitting Milestone and as such achieved the Permitting Milestone on August 30, 2019 – all material permits have been received.

Seller continues to be delayed in obtaining the Interconnection Milestone which stems from delays at Southwest Power Pool (SPP). SPP has identified several issues while reviewing the system impact study (SIS) that needs to be resolved prior to issuing an IGIA. Draft IGIA expected to be received in mid-October.

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IEA continue to work towards obtaining all remaining construction-related permits necessary to facilitate construction. The NOI for Authorization to Discharge Stormwater Runoff from Construction Activities under the National Pollutant Discharge Elimination System (NPDES) was received on August 13, 2019. In addition, the Highway entrance permits, Highway ROW permits have been submitted with approvals expected in September. The Highway Collection System and Crane Crossing Permits will be submitted upon completion of collection design. All other construction related permits are on track.

Additional item of significance include: a non-participating landowner group has filed for an injunction against the project citing anticipatory nuisance and loss of enjoyment of property. Neosho Ridge Wind, LLC filed a motion to dismiss which is pending.

5.0 Construction Activities

Construction activities during the report period largely consisted of engineering and site work.

Engineering for the various disciplines has advanced as follows: 1) Geotechnical – 100%, 2) Structural (turbine foundations) – 90%, 3) Civil – IFC, 4) Electrical (Collection System) – 30%, 5) Substation – 60%, and 6) Transmission Line – 60%.

IEA mobilized to site on August 5th and began construction on August 13th. To date construction activities have included the following:

- Install Laydown Yard
- Public Road Improvements
- Public Road Maintenance and Repairs
- Survey for Civil Construction
- Strip Topsoil for Access Roads and Foundations
- Dug Test Excavations to Examine Soil Conditions

6.0 Project Cost Report

Project expenditures to date are ** _____ ** plus ** _____ ** of recorded commitments of the total budgeted expenditure of ** _____ **. Empire has recorded commitments under US GAAP on the basis of milestones achieved by the JV payable at closing as specified in the Purchase and Sale Agreements See the next page for a report detailing expenses by budget category.

Neosho Ridge *HC* Confidential in its Entirety*HC*

7.0 Progress Photos

Public Roads





Access Roads



Laydown Yard





Foundation Stripping

