## DEVELOPMENT AGREEMENT

## Joint Development Agreement (“Agreement”) by and among Wisconsin Gas LLC “Utility”), Jefferson County, and the Town of Ixonia, (“Local Governments”). The Utility and the Local Governments are referred to as “The Parties” herein.

**RECITALS**

The Utility desires to develop, construct and operate a system of new Liquefied Natural Gas (“LNG”) facility capable of liquefying, storing and vaporizing natural gas for peaking service and associated natural gas pipelines with necessary associated facilities, in the Town of Ixonia, Jefferson County (“the Project”).

1. The Parties agree that it is in the best interests of each to memorialize the rights, obligations and responsibilities of the Parties with respect to the Project's use of County and Town roads, rights-of-way and drainage systems during construction and operation of the Project.
2. The Parties further agree that this Agreement is the product of joint negotiations and its primary purpose is to foster cooperation and good faith dealing.
3. The Parties agree that the Project is under the jurisdiction of the Public Service Commission of Wisconsin (PSCW).
4. All time periods listed below in the Agreement are based on calendar days.
5. The term “facility” or “facilities” as used in this Agreement includes, but is not limited to, the new LNG facility which is the subject of this Agreement, including all necessary associated facilities and all components related to the Project,
6. Any amendment to this Agreement, including but not limited to, changes to operations or facilities, must be negotiated among the Parties and agreed to by mutual consent of all Parties, which shall be in writing and signed by all Parties.

## AGREEMENT

**NOW, THEREFORE**, in consideration of the mutual promises, covenants, and agreements contained herein, the Parties to this Agreement stipulate and agree:

1. **Planning and Construction Phase:** The Parties understand and agree that approval of the Project is generally under the jurisdiction of the PSCW and that the Project’s preliminary site plans must be approved by the PSCW for substantive site design changes, absent PSCW’s request for such changes, unless there is a change in law which authorizes counties and local units of government to enforce laws and ordinances which they are prevented from enforcing by state law at the time this Agreement is executed.
	1. Planning Phase: Upon request from a Local Government, the Utility shall, within three (3) days of any request, provide proposed plans for above ground facilities and below ground facilities of the Project and proposed equipment haul routes, provided such plans have been prepared for the PSCW. The Project also shall provide, upon request, any updated exhibits, after issuance of of public convenience and necessity (a Certificate of Authority or “CA”) by the PSCW.
	2. Pre-Construction Schedule: The Utility will provide the Local Governments relevant site plans, including the erosion control plan, stormwater management plan, construction timelines, and other relevant construction information, at least seventy-five (75) days before the start of construction, to allow the Local Governments to review and comment on construction information. To the extent necessary, the Utility reserve the right to provide amended site plans, construction timelines, and other relevant construction information before the start of construction which shall be provided to Local Governments within three (3) days of amended plan completion.
		1. Members of the Project’s construction team will attend a pre- construction meeting with Jefferson County and Town of Ixonia official(s) and staff at a mutually agreeable date not less than forty-five (45) days before the start of construction.
		2. Notwithstanding the Utility’s obligations in Sections 2 and 3 below, the Utility shall commission a report by a subject matter expert which will document the condition of existing infrastructure (e.g. roads and culverts) and provide such report to the Local Governments, not less than forty-five (45) days before the start of construction activities.
	3. The Utility shall provide Local Government staff with copies of the Technical and Storm Water studies which were submitted in conjunction with the PSCW’s review process, and any other studies which have been completed related to developing the Project, upon Local Governments request. In the event a DNR permit is not required for erosion control and stormwater management, the plans must be approved by the Jefferson County Land and Water Conservation Department.
		1. The Utility shall incorporate into Project design any reasonable safety recommendations of the Town of Ixonia Fire Department.
		2. The Utility shall obtain approval and permits from the Town of Ixonia for all access points to/from North Road. The driveways shall be designed to minimize stress to North Road pavement from truck turning maneuvers. The Utility shall repair and/or replace all culverts damaged or removed during the construction process to their preconstruction condition, unless the Town of Ixonia where the culvert is located determines in writing that a culvert is deemed redundant or unnecessary as a result of final engineering.
		3. Compliance and Complaint Process:
			1. The Utility shall identify a Project contact to the Local Governments on its behalf, for compliance and complaints, if any.
			2. During construction, the construction site manager of the engineering procurement and construction (“EPC”) firm selected by the Utility will be designated as the Project contact, under Section 5(a) above. The selected EPC firm shall be contractually obligated to abide by the permit requirements.
			3. After construction completion, the Utility’s full-time operations team will be its Project contact. Complaints shall be submitted through the project website and the Local Governments will be provided with operation team’s contact information.
2. **Zoning:** The Utility shall comply with all zoning regulations set forth in the Jefferson County Code of Ordinances, including applying for and obtaining a Conditional Use Permit for the Project.
3. **Project’s Use of Roads and Road Repair Obligations: The** Utility shall document pre-construction and post construction conditions of impact on traffic during construction on North Road. The Utility shall commission (1) a report prepared by a subject matter expert to record pre-construction conditions and (2) a report prepared by a subject matter expert to record post-construction conditions and provide such reports to the Local Governments. These reports will include video documentation and a pre-construction report will be provided forty- five (45) days before the start of construction.
	1. The Utility shall reasonably maintain the traveled surface and infrastructure on North Road in safe conditions consistent with state and county standards for such roads throughout the construction period and will not wait until construction completion to address maintenance issues or potentially hazardous conditions. Utilities shall document road infrastructure maintenance on North Road and provide status reports to the Town of Ixonia and Jefferson County as needed, and within ninety (90) days of the Project reaching its Commercial Operation Date. For purposes of this Agreement, the Commercial Operation Date shall be the date designated by the Utility in its written notice to the Local Governments (the “Commercial Operation Date Notice”).
	2. At the completion of construction, and to the extent any damage has occurred as a direct result of the Project, the Utility shall return those portions of North Road used to transport equipment and personnel to a level comparable to their pre-construction conditions, or alternatively compensate the Town of Ixonia collectively to repair North Road to the levels comparable to their pre-construction levels within thirty (30) days following completion of Project unless waived by the local government with jurisdiction over the road.
	3. The roads used by construction vehicles for this Project or roads maintained by the County or Local Governments on behalf of the State or other unit of government. If the Utility needs to use County/Town/Local roads not listed herein by construction vehicles, the Utility shall negotiate such use with all affected parties/governments.
	4. All internal roads and parking areas shall be paved or constructed of dust-free surface materials.

##  Project’s Drainage Repair Obligations:

* 1. The Utility shall document the conditions of anticipated drainage crossings.
	2. The Utility shall commission a report prepared by a subject matter expert to record pre-construction conditions and a report to record post construction conditions and provide such reports to the Local Governments and the Jefferson County Drainage District. These reports will include video documentation. The pre-construction report will be provided thirty (30) days before construction and the post-construction report ninety (90) days from the completion of construction.
	3. Before the commencement of construction, the Utility will consult with the Jefferson County Drainage District, Jefferson County Land and Water Conservation Department and Planning and Zoning Department for review and comment before submitting final design plans to Local Governments for the items identified above in Section 1.b.
	4. The Utility shall have ninety (90) days from the completion of construction to provide the Local Governments with a plan in which to (a) remedy damage to public drainage infrastructure, if any, within the project footprint, caused by construction activities that negatively impact drainage systems, and if applicable, (b) compensate the Local Governments to repair such public drainage infrastructure to a level comparable to the pre-construction level.
	5. The Utility agrees to maintain any existing drainage system on all property with facilities to the extent necessary for proper drainage of the property and to protect and prevent drainage on public property and roads and other private property.

## Allocation of Utility Shared Revenues Proceeds Between Local Governments:

* 1. The Utility is subject to taxation under Chapter 76 of Wisconsin Statutes, which requires payment of a generator license fee1. The Utility Shared Revenue program is the program by which the Wisconsin Department of Revenue (“DOR”) distributes some revenues collected under the generator licensee fee to counties and municipalities.
	2. Based on the Wisconsin Utility Shared Revenue program, the Parties estimate the Project will generate up to $1,650,000 annually over its useful life, unrestricted aid 2[[1]](#footnote-2) that may be used for any activity approved by the local governing body. The Local Governments agree among themselves that the current estimated amounts to be distributed by the State of Wisconsin are:
		1. $555,000 annually to the Town of Ixonia and
		2. $1,100,000 annually for Jefferson County.
	3. The anticipated Utility Shared Revenue Payment amounts compare favorably to the current property tax revenues generated from the land used for the Project.
	4. Despite the increase in County and Township tax revenues the Parties acknowledge there may be a slight annual reduction in property tax revenue in that the Project lands will be removed from local property tax rolls because the Utility is subject to taxation under Chapter 76 of Wisconsin Statutes.
	5. Parties acknowledge that the Oconomowoc Area School District and WCTC currently receive property tax revenue in the approximate amounts of $446.26/year and $20.93/year (the “School Taxes”) totaling $467.19 annually from local property tax levies against the Project land through property tax payments, but they do not directly receive Utility Shared Revenue Payments.
	6. If the Town of Ixonia can no longer collect the School Taxes property taxes levied against the Project land, the Utility agrees to pay directly to the Oconomowoc Area School District and WCTCWCTC, in the amounts of $446.26/year and $20.93/year respectively, with a 1.5% per year escalator, during the useful life of the Project.
	7. If a change in law results in the elimination or reduction of the Utility Shared Revenue program, the elimination or reduction of the generator license fee (under Wis. Stat. § 76.28 and § 76.29), and the land used by the Project is not returned to the applicable taxing jurisdiction’s property tax rolls, which result in tax payments to the Local Governments in amounts less than what was previously being received through the Utility Shared Revenue program, subject to cost recovery in rates approved by the PSCW, the Utility will compensate Local Governments for the difference between the lost property tax revenue and the previous payments received by Local Governments, up to the Project’s prior year’s generator license fee (under Wis. Stat. § 76.28 and § 76.29).
	8. Neither the Utility nor their direct or indirect owners or affiliates shall take any affirmative action, including lobbying, to directly or indirectly interfere, impede, eliminate, or reduce the Utility Shared Revenue program in effect or the amounts paid to the Local Governments under such program.

## Assurances:

* 1. Assurance in Support of this Agreement During the Project’s Operations:
		1. The Utility shall, deposit one of the following assurances at its discretion:

(a) Fifty Thousand Dollars ($50,000); (b) post a Bond in said amount; or(c) provide a Letter of Credit; or provide a parent guarantee in said amount with or to the Local Governments in support of the terms and conditions of the Project in this Agreement within thirty (30) days of execution of this Agreement. Jefferson County shall hold the assurance on behalf of the Town of Ixonia. Jefferson County shall provide fifteen (15) days’ notice to the Utility before drawing upon such assurance. Said assurance shall remain in place through the Project’s operations but if the Project’s operations do not commence, said assurance shall be released; and

* + 1. The Utility shall, deposit one of the following assurances, at its discretion:

(a) an additional One Hundred Thousand Dollars ($100,000); (b) post a Bond in said amount; or (c) provide a Letter of Credit; or provide a parent guarantee in said amount with or to the Local Governments in support of the terms and conditions of the Project in this Agreement within thirty (30) days following the start of the Project’s operations. Jefferson County shall hold the assurance on behalf of the Town of Ixonia. Jefferson County shall provide fifteen (15) days’ notice to the Utility before drawing upon such assurance. Said assurance shall remain in place through the Project’s operations.

* 1. Assurances in Support of Decommissioning:
		1. The Utility shall, at its discretion, deposit One Million Dollars ($1,000,000), post a Bond in said amount, or provide a Letter of Credit, or provide a parent guarantee (“The Decommissioning Assurance”) in said amount with or to the Local Governments, before the start of the Project’s construction, but only if no such equal assurance is posted with the PSCW or under the CA. Jefferson County shall hold the Decommissioning Assurance on behalf of the Town of Ixonia. Jefferson County shall provide fifteen (15) days’ notice to the Utility before drawing upon such Assurance.
		2. If it is determined through the decommissioning plan that the cost of decommissioning shall exceed the above $1,000,000 Decommissioning Assurance, the Utility shall increase the Decommissioning Assurance to the expected cost of equipment removal, minus estimated salvage costs for the Project.
		3. If it is determined through the decommissioning plan that the cost of decommissioning shall not exceed the above $1,000,000 Decommissioning Assurance, the Utility shall have the discretion to decrease the Decommissioning Assurance to an amount to be not less than the expected cost of equipment removal, minus estimated salvage costs for the Project.

## Setbacks, Equipment Height, Vegetation, Fencing, Security and Waiver:

## Setbacks. All setbacks will comply with provisions of the Conditional Use Permit or PSC conditions, whichever is more stringent.

* 1. Sound Impacts:
		1. The Project will comply with PSCW standards set forth in Wis. Admin. Code § PSC 128.14 and Local Government sound impact standards set forth in the Jefferson County Zoning Ordinance and Town of Ixonia Ordinance for the zoning district where the Project is located, which together include maximum allowable sound levels attributable to the facility during daytime and nightime hours.
		2. The Project operations shall not exceed the PSCW mandated maximum nighttime sound level of 45 dBA, nor the maximum daytime sound level of 50 dBA, at the walls of the noise-sensitive receptors, hereby identified as the single-family residences within proximity of the Project. Additionally, the Project will meet the daytime sound standard thresholds at the Project’s boundaries, as set forth in Jefferson County’s Ordinances, currently in effect.
		3. Construction Hours. Hours of construction will be between 7:00 a.m. and 7:00 p.m., Monday through Saturday, and between 10:00 a.m. and 7:00 p.m. on Sunday. From time to time, it may be necessary for the Utility to perform work on the Project outside of the hours of construction. The Utility will notify the Local Governments no later than seven (7) days in advance of such work.
	2. The Vegetative Buffer:
		1. For adjacent landowners whose primary residence has a direct view of LNG storage tanks, the Utility will fund a vegetative buffer that provides a natural visual transition. This planting shall, at the least, encompass that area between the property line and the fence line of the Project, on Utility-owned property. These plantings will reach a height as to ultimately eliminate sight lines to the LNG storage tanks. Additional visual transition vegetative plantings aesthetic may be discussed and agreed upon on a case by case basis with the individual landowners. Project planting density shall be as stated in the Vegetation Management Plan developed in consultation with the PSCW. The Utility expects that any CA granted by the PSCW will require the Project to provide a draft final vegetation management plan to the Wisconsin Department of Natural Resources and PSCW staff prior to a preconstruction meeting with those agencies. Utilities will provide a copy of that plan to Jefferson County within three (3) days of its submission to the agencies.
		2. The Utility will maintain any areas between fence line and property boundaries that are not being actively farmed by participating landowner with vegetation that is consistent with the current native vegetation in these areas..
		3. The Utility agrees to comply with all applicable PSCW, DNR and local permitting requirements related to erosion drainage to prevent or minimize erosion around drainage ditches (navigable and non-navigable).
	3. Fencing:
		1. The Utility shall install fencing around the Project at the height of seven (7) feet or a height mandated by the PSCW to mitigate changes to the aesthetics of agricultural landscape and to prevent larger animals from gaining access to the Project. The Utility shall obtain a fence permit from the Town of Ixonia that, to the extent legally possible, shall incorporate the requirements of §6-60 of the Town Code. In the event of a conflict between a height of seven (7) feet or a height mandated by the PSCW, the height mandated by the PSCW shall control.
		2. The Project’s substation fence may utilize chain link and barbed wire, as required by electrical code.
		3. No fence shall cross a “navigable” waterway.
	4. Aesthetics: The Utility shall maintain all facilities in a manner to preserve the aesthetics of all facilities including, but not limited to, not allowing equipment or fencing to deteriorate or remain in a state of disrepair within view of the public or adjoining landowners.
	5. Floodplain: The Project shall comply with the County Floodplain ordinance.
	6. The Project design features incorporated under this paragraph shall be maintained throughout the life of the Project.
	7. Security: The facility shall be staffed on-site with at least one employee trained to monitor the facility for safety purposes at all times.
	8. Waiver: The Utility will request that the Commission grant the Utility a waiver of its gas extension rules for distribution main for new customers in the Town. New customers will still be subject to extension rule service line charges.
1. **Emergency Services, Fire and Emergency Medical Services.**
	1. **Emergency Services** Fire and EMS Plan: The Utility shall prepare and submit a plan detailing potential emergencies where fire and ems responses would be required. The Plan will delineate Utility’s resources available to respond to emergencies and proposals for coordination of the Utility, Town and County resources. The Plan must be reviewed and approved by the Town and County.
	2. Coordination. A representative of the Utility emergency response team shall meet with Town and County emergency personnel annually or as otherwise agreed to between the Parties to coordinate plans for potential response to emergencies at the facilities.
	3. The Utility will compensate the Ixonia Fire Department up to $50,000 for any costs reasonably incurred for EMS and rescue equipment and will be responsible to pay all usual and customary charges for EMS services. In addition, the Utility will provide any necessary training and related EMS personnel for fire and emergency services.
2. **Assignment of Interest.** The Utility shall have the sole and exclusive right to sell, assign, or lease any or all portions of its Project to any non-party entity at any time uponwritten notice to the Local Governments within thirty (30) days after any such assignment. In such event, such non-party entity shall, with the Utility or, in the event of total sale, assignment or lease, the new owner of the Property, shall have the same rights and obligations as Utilities as set forth in this Agreement, to operate the Project in, along, under, and across the same road rights-of-way and drainage systems. The Utility, its successors or assigns, shall, at all times and at its sole expense, maintain the Project in good condition and repair. The Utility shall also have the sole and exclusive right (without any consent from the Local Governments required) to collaterally assign their interest in this Agreement to any parties providing debt, equity or other financing for the Project to the Utility or any of their affiliates. For the avoidance of doubt, no direct or indirect change in control of the ownership interests of the Utility, or any sale of direct or indirect ownership interests in the Utility (including any tax equity investment or passive investment) shall constitute an assignment requiring the consent of the Local Governments under this Agreement.
3. **Cooperation.** The Utility and the Local Governments agree to communicate and cooperate in good faith concerning the safe construction and operation of the Project and preventing or correcting any adverse conditions that may be created by the Project.
4. **Indemnification.** TheUtility agrees to defend, indemnify, and hold harmless the Local Governments and their supervisors, trustees, administrators, employees, and representatives (collectively the "Indemnified Parties") against any and all losses, damages, claims, expenses, including reasonable attorneys' fees, and liabilities for physical damage to the property of the Local Governments and for physical injury to any person, to the extent the same is a result of any activities or operations of the Utility, its agents and employees, for the performance or non-performance of its duties pursuant to this Agreement except to the extent such physical damage to property or physical injury to persons is caused by the negligence or intentional misconduct of the Local Governments. Furthermore, the Utility agrees to defend, indemnify, and hold harmless the Indemnified Parties from any third-party claims arising out of terms and conditions of this Agreement, except to the extent that such claims are caused by the negligence or intentional misconduct of the Local Governments. This indemnification obligation shall survive the termination of this Agreement.
5. **Insurance.** At all times during the term of this Agreement, the Utility shall keep in force and effect Commercial and General Liability Insurance as outlined below issued by a company authorized to do business in the State of Wisconsin and A.M. Best "A" rated or better and Class VII size or larger. Such insurance shall be primary. The Commercial General Liability Policy shall be written to provide coverage for, but not limited to, the following: premises and operations, products and completed operations, personal injury, blanket contractual coverage, broad form property damage, independent contractor’s coverage and coverage from property damage from perils of explosion, collapse or damage to underground utilities (commonly known as XCU coverage). At the commencement of this Agreement, the policy limits shall not be less than $5,000,000 general aggregate $5,000,000 products/completed operations aggregate, and $5,000,000 personal injury, $5,000,000 each occurrence. Prior to this Agreement taking effect, and upon request (which shall not be more than once per year), the Utility shall furnish the Local Governments with proof of insurance in a form approved by the municipal attorney, demonstrating compliance with the obligations of this section. The Local Governments will be given 30 days’ advance notice by the insurance company of cancellation of the insurance during the term of this Agreement. The Local Governments, their boards, commissions, agencies, officers, employees and representatives (collectively, "Additional Insureds") shall be named as additional insureds under all the policies, which shall be so stated on the Certificate of Insurance.
6. **Compliance with Laws.** TheUtility shall at all times comply in all material respects with all federal, state and local laws, statutes, ordinances, rules, regulations, judgments, and other valid orders of any government authority with respect to its activities associated with the Project and shall obtain all material permits, licenses, and orders required to conduct any and all such activities.
7. **Entire Agreement:** This Agreement, including all Exhibits and other documents and agreements referenced herein, constitutes the Entire Agreement among the parties hereto in respect to the Project. However, this Agreement shall be deemed and read to include and incorporate all of the Exhibits hereto and any related approvals of the Local Governments. In the event of a conflict between this Agreement, any related approvals by the Local Governments, or the PSCW, the PSCW’s requirements shall be deemed controlling. No modification, waiver, amendment, or change of this Agreement shall be valid unless the same is in writing and signed by the parties.
8. **Relevant Law.** Any and all disputes arising under this Agreement and/or relating to the actual development and/or construction of the Project shall be resolved pursuant to the laws of the State of Wisconsin.
9. **Disputes**. The Utility will have sixty (60) days from the time in which Jefferson County and/or the Town of Ixonia notifies them of any dispute related to this Agreement to 1) make a determination of its validity, and if so determined to be valid, 2) provide a plan in which to reasonably remedy such Complaint. In the event such a dispute cannot be resolved after steps 1) or 2) above, the aggrieved Local Government shall provide written notice of said dispute to the Project within fifteen (15) days after the occurrence of steps 1) or 2) (“Notice of Dispute”). The Notice of Dispute shall include a description of the nature of the dispute and the remedy sought by the County. The Parties shall endeavor to resolve the Dispute by mediation with a mediator mutually acceptable to the Parties. The administration of the mediation shall be as mutually agreed by the Parties. The mediation shall be convened within thirty (30) days, or as soon thereafter as possible, of the issuance of a Notice of Dispute. The costs of the mediator shall be equally shared by the Parties. All disputes which are not resolved by good faith discussions or mediation shall be resolved in Jefferson County, Wisconsin by arbitration with a single arbitrator mutually acceptable to the Parties. If the Parties cannot agree on an arbitrator, either party may petition the Jefferson County Circuit Court for appointment of an arbitrator. Such arbitration shall be in accordance with Wis. Stat. Chapter 788. Arbitration in effect at the time of the Dispute.
10. **Notices.** Notices, requests, demands, and other communications shall be sent to the following addresses:

**FOR WISCONSIN GAS LLC**

NAME:

TITLE:

[INSERT ADDRESS]

## FOR JEFFERSON COUNTY:

NAME: Benjamin Wehmeier

TITLE: County Administrator

Jefferson County Courthouse,

311 S. Center Avenue, Room 111

Jefferson, Wisconsin 53549

## FOR TOWNSHIP OF IXONIA:

NAME: Perry Goetsch, or Current Town Chair

TITLE: Town Chair

 W1195 Marietta Avenue

Ixonia, WI  53036

All notices shall be in writing. Any notice shall be deemed to be sufficiently given (i) on the date, if delivered in person; (ii) five (5) days after being sent by United States registered or certified mail, postage prepaid, return receipt requested; or (iii) on the next Business Day if sent by overnight delivery service *(e.g.* Federal Express) to the notified Party at its address set forth above. These addresses shall remain in effect unless another address is substituted by written notice.

***SIGNATURE PAGES TO FOLLOW***

# EXECUTION PAGE ONLY

IN WITNESS WHEREOF, the parties to this Agreement have caused this instrument to be signed and sealed by duly authorized representative of Wisconsin Gas, LLC this day of

 , 2020.

## WISCONSIN GAS LLC:

By: Name: Title:

# EXECUTION PAGE ONLY

IN WITNESS WHEREOF, the parties to this Agreement have caused this instrument to be signed and sealed by duly authorized representative of Jefferson County, this day of

 , 2020.

## JEFFERSON COUNTY:

By:

Name: Benjamin Wehmeier

Title: County Administrator

# EXECUTION PAGE ONLY

IN WITNESS WHEREOF, the parties to this Agreement have caused this instrument to be signed and sealed by duly authorized representative of Township of Ixonia, this day of

 , 2020.

## TOWNSHIP OF IXONIA:

By:

Name: Perry Goetsch

Title: Town Chair

1. Shared Revenue Utility payments regulated by Wisconsin Department of Revenue [↑](#footnote-ref-2)