WATER QUALITY TRADING AGREEMENT

THIS WATER QUALITY TRADING AGREEMENT (this "**Agreement**") is made this 19th day of January, ~~2023~~ 2024, by and between Dairy Dreams, LLC ("**DD**" or the "**farm**") and the Wisconsin Department of Natural Resources ("**WDNR**" and together, the "**Parties**").

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RECITALS

WHEREAS, DD is a CAFO currently operating under WPDES Permit No. WI-0062057-04-0.

WHEREAS, DD is in the process of partnering with Aqua Innovations to add a Nutrient Concentration System ("**NCS**") to separate and manage nutrients from the farm's manure waste stream. The NCS will allow for the segregation of three (3) approximately equal waste streams, one being effluent which is to be discharged to a tributary of Silver Creek.

WHEREAS, in order for the effluent from the NCS to be discharged into the environment, it needs to be covered under a discharge permit and offset its Total Phosphorus ("**TP**") and Total Suspended Solids ("**TSS**") with the water quality trading program regulated by the WDNR.

WHEREAS, DD submitted a renewal application for reissuance of its existing WPDES permit on or around January 31, 2023 which upon reissuance will also contain the foregoing discharge permit and be incorporated into the farm's WPDES permit No. WI-0062057-05-0 (the "**Permit**").

WHEREAS, DD intends to use the WDNR's water quality trading program pursuant to Section 283.84, Wisconsin Statutes, to ensure compliance with its TP and TSS Water Quality Based Effluent Limits ("**WQBEL**") in its Permit from the newly created Outfall No. 1 which is contained in HUC 12 040301020203 watershed also known as the Silver Creek sub watershed ("**Watershed**").

WHEREAS, DD owns and will implement a trade using a farm field located in the Township of Lincoln, Kewaunee County, Wisconsin, identified as field DD-9A and part of DD-9 (collectively, the "**Field**") which Field is located within the same Watershed. The foregoing Field is part of TPNs 31 010 3.111 and 31 010 10.06, Township of Lincoln, Kewaunee County, Wisconsin.

WHEREAS, DD submitted to the WDNR, a water quality trading plan ("**WQT Plan**") under which DD will establish and maintain permanent perennial vegetation according to USDA-NRCS Technical Standard Code 327.

WHEREAS, the WQT Plan includes an establishment plan and an operation and maintenance plan for the permanent vegetative cover on the Field.

AGREEMENT

NOW THEREFORE, in consideration of the above recitals, which are hereby acknowledged and made a part of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties to this Agreement as follows:

1. This Agreement shall become effective upon the WDNR issuing DD's Permit which shall include trading terms that are consistent with both the approved WQT Plan and the terms of this Agreement.

2. DD shall establish and maintain the permanent vegetative cover on the Field consistent with the requirements of the approved WQT Plan (including the establishment plan and the operation and maintenance plan).

3. Subject to the terms of this Agreement and the terms of DD's Permit, the WDNR will allow DD to utilize TP and TSS credits in the amount set forth in the approved WQT Plan to demonstrate compliance with TP and TSS WQBEL in DD's Permit, provided DD implements the approved WQT Plan and complies with the related trading terms of its Permit.

4. Any duly authorized officer, employee or representative of the WDNR shall have the right to access and inspect the Field pursuant to Section 283.55(2), Wisconsin Statutes, so long as this Agreement remains in effect.

5. This Agreement shall be effective for the term of the Permit, and any subsequent renewals thereof, unless the Permit is modified, revoked and reissued, or terminated by the WDNR in such a manner so as to eliminate the trade or to revise the trading terms in a manner that is inconsistent with the terms of this Agreement. If the trade is removed or revised inconsistent with the terms of this Agreement through a Permit action, this Agreement shall terminate. Notwithstanding, if DD makes timely and sufficient application for the renewal of its Permit in accordance with Section 227.51(2), Wisconsin Statutes, then the existing Permit shall not expire until the Permit has been finally acted on by the WDNR, and, if the farm's application is denied or the terms of the new Permit are limited, until the last day for seeking review of the WDNR decision or a later date fixed by order of a reviewing court.

6. This Agreement may be terminated by mutual agreement of the Parties at any time. In addition, DD may terminate this Agreement by providing at least sixty (60) days written notice to the WDNR of DD's intent to terminate this Agreement.

7. The WDNR may modify, revoke and reissue, or terminate this Agreement in accordance with the procedures and requirements of Section 283.53(2), and Sections NR 203.135 and 203.136, Wisconsin Administrative Code, if any one of the following occur:

    a. DD fails to implement the WQT Plan as approved by the WDNR;

b. DD fails to comply with the Permit terms and conditions related to water quality trading; or

c. New information becomes available that causes the WDNR to determine that water quality trading is no longer an acceptable option, including an objection or disapproval of the trade by the U.S. EPA.

8. Any action by the WDNR to terminate this Agreement or otherwise to reduce or eliminate the number of TP or TSS credits in the Permit and approved WQT Plan shall be implemented through a modification, revocation and reissuance, or a reissuance of the Permit. Prior to termination of this Agreement, the WDNR shall notify DD of its intent to terminate this Agreement and provide DD an opportunity for DD to discuss the proposed termination with WDNR. If appropriate and feasible, the WDNR shall provide DD with a reasonable time period to correct the grounds for the proposed termination.

9. This Agreement may be amended only by a further written document signed by each of the Parties. The WQT Plan and the Permit terms may be revised as part of a future permit reissuance or modification.

10. This Agreement shall be construed and interpreted in accordance with the laws of the State of Wisconsin.

11. This Agreement may be executed in one or more counterparts, and all such executed counterparts shall constitute the same agreement. A signed copy of this Agreement transmitted by facsimile or email shall be treated as an original and shall be binding against the Party whose signature appears on such copy.

12. If any provision of this Agreement is held invalid or unenforceable, the invalidity or unenforceability shall be limited to the particular provision involved and shall not affect the validity or enforceability of the remaining provisions. The Parties shall work in good faith to modify this Agreement if necessary to preserve its original intent.

13. In no event shall the WDNR be liable to DD or any third party in contract, tort or otherwise for incidental or consequential damages of any kind, including, without limitation, punitive or economic damages or lost profits, except as provided under federal or state laws.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

DAIRY DREAMS, LLC

By: _____
John J. Pagel, its President

WISCONSIN DEPARTMENT OF NATURAL RESOURCES

By: Adrian Stocks
Name: Adrian Stocks
Title: Water Quality Bureau Director