

**Water Quality Trade Agreement between  
BelGioioso Cheese, Inc. and Wisconsin Department of Natural Resources**

**Freedom facility, Freedom, WI**

This Water Quality Trade Agreement (this "Agreement") is made by and between BelGioioso Cheese, Inc. ("BelGioioso") and the Wisconsin Department of Natural Resources ("WDNR" and together "the Parties").

1. **Recitals**

- a. Water quality trading is an alternative compliance option for Wisconsin Permit Discharge Elimination System ("WPDES") permit holders and is authorized by Wis. Stat. § 283.84.
- b. Wis. Stat. § 283.84(1)(e) provides that, "the [WDNR] may authorize a person required to obtain a permit to increase the discharge of pollutants above levels that would otherwise be authorized in the permit if the person . . . [r]eaches a binding, written agreement with [WDNR] under which the person constructs a project or implements a plan that results in reducing the amount of water pollution from sources other than the source covered by the permit."
- c. The WDNR has issued guidance regarding water quality trading, including:
  - i. Guidance for Implementing Wisconsin's Phosphorus Water Quality Standards for Point Source Discharges, No. 3800-2011-02 (Edition 2, February 8, 2017);
  - ii. A Water Quality Trading How To Manual, No. 3400-2013-03 (September 9, 2013); and
  - iii. Guidance for Implementing Water Quality Trading in WPDES Permits, No. 3800-2013-04 (August 21, 2013).
- d. BelGioioso submitted a Permit application for issuance of a WPDES Permit on May 17, 2017. Updated information was submitted in an updated Permit application on April 5, 2019. The Permit is for a wastewater discharge from its cheese factory located in Freedom, Wisconsin.
- e. The WPDES Permit will contain phosphorus and total suspended solids water quality based effluent limits ("WQBELs") for new Outfall 001, which is located in HUC-12 Subwatershed 040302040104.
- f. BelGioioso owns and will implement a trade using three farm fields (the "Fields") within the same HUC-12 watershed as Outfall 001.

- g. The legal descriptions of the lands that include three Fields are: W1/2 SW NW Less HY Sec 15 T22N R18E, and CSM 5542 LOT2 (PRT SE NW & PRT SW NW & PRT NE NW SEC 15-22-18). Parcel numbers 090040000 and 090039800.
- h. For the past three years, the Fields have been planted in corn grain or soybeans.
- i. BelGioioso submitted to WDNR a Water Quality Trading Plan (WQT Plan) under which BelGioioso will establish and maintain permanent vegetative cover on all three Fields.
- j. The management practices will be installed and maintained relative to the NRCS and WDNR Conservation Practice Standard listed below in Table One:

**Table One – Conservation Practice Standards**

NRCS Conservation Practice Standard	Number
Conservation Cover	327

- k. The WQT Plan includes an Establishment Plan and an Operation and Maintenance Plan for the permanent vegetative cover on the Fields.

2. Agreement Terms

- a. BelGioioso shall establish and maintain the permanent vegetative cover on the Fields consistent with the requirements in the attached WQT Plan (including the Establishment Plan, and the Operation and Maintenance Plan).
- b. WDNR will propose to issue the WPDES Permit to allow BelGioioso to use water quality trading as a compliance option, in accordance with the WQT Plan as approved by WDNR.
- c. Subject to the terms of this Agreement and the terms of the WPDES Permit issued to BelGioioso, WDNR shall allow BelGioioso to utilize phosphorus and total suspended solids credits in the amount set forth in the approved WQT Plan to demonstrate compliance with phosphorus and total suspended solids WQBELs in the WPDES Permit, provided BelGioioso implements the approved WQT Plan and complies with the related trading terms of the Permit.
- d. Any duly authorized officer, employee or representative of WDNR shall have the right to access and inspect the Fields pursuant to Wis. Stat. § 283.55(2) so long as this Agreement remains in effect.
- e. This Agreement shall become effective on the later date of the completion of the following conditions: i.) The WDNR approves a WQT Plan that is consistent with this Agreement; and ii.) The WPDES Permit includes trading terms that are consistent with both the approved WQT Plan and the terms of this Agreement.
- f. The Agreement applies and is effective for the term of the issued Permit unless, subject to this section the Permit is modified, terminated or revoked and reissued

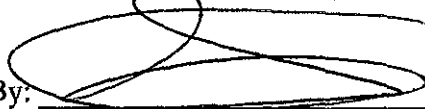
by the WDNR to eliminate the trade or to revise the trading terms in a manner that is inconsistent with this Agreement. If the trade is removed or revised through a Permit action, this Agreement is terminated. In accordance with Wis. Stat. § 227.51(2), if the trade has not been eliminated or modified through a Permit action, and if BelGioioso files a timely application for the reissuance of the Permit, the terms of the Agreement will continue until the later of the following: 1.) the application has been finally acted upon by WDNR, 2.) the last day for seeking review of the agency's decision or 3.) a later date fixed by a reviewing court. The Agreement may extend into a subsequent reissued Permit upon approval of the WDNR.

- g. The Parties may terminate this Agreement by written mutual agreement at any time.
- h. BelGioioso may terminate this Agreement by providing at least sixty (60) days written notice to WDNR of BelGioioso's intent to terminate the Agreement.
- i. In accordance with paragraph (h) and the procedures and requirements of § Wis. Stats 283.53(2), and Wis. Admin. Code § § NR 203.135 and 203.136, WDNR may terminate this Agreement and modify or remove the terms of the Permit related to the trade if any one of the following occur:
  - 1) BelGioioso fails to implement the WQT Plan as approved by the Department;
  - 2) BelGioioso fails to comply with WPDES Permit terms and conditions related to water quality trading;
  - 3) New information becomes available that causes WDNR to determine that water quality trading is no longer an acceptable option, including an objection or disapproval of the trade by USEPA.
- j. Any action by WDNR to terminate this Agreement or otherwise to reduce or eliminate the number of phosphorus or total suspended solids credits in the reissued WPDES Permit and approved WQT Plan shall be implemented through a modification, revocation and reissuance or reissuance of the WPDES Permit. Prior to termination of this agreement, WDNR shall notify BelGioioso of its intent to terminate the trading agreement and shall provide an opportunity for BelGioioso to discuss the proposed termination with WDNR. If appropriate and feasible, WDNR shall provide BelGioioso with a reasonable time period to correct the grounds for the proposed termination.
- k. This Agreement may be amended only by a further written document signed by each of the Parties. The WQT Plan, Agreement and Permit terms may be revised as part of a Future Permit reissuance or modification.
- l. This Agreement shall be interpreted pursuant to the laws of the State of Wisconsin.

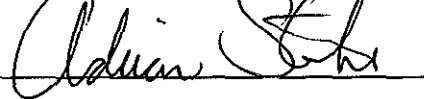
- m. This Agreement may be executed in one or more counterparts, and all such executed counterparts shall constitute the same agreement. A signed copy of this Agreement transmitted by facsimile or email shall be treated as an original and shall be binding against the party whose signature appears on such copy.
- n. 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 together in good faith to modify this Agreement if necessary to preserve its original intent.
- o. In no event shall the WDNR be liable to any party under this Agreement or to 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.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year entered above.

**BELGIOIOSO CHEESE, INC.**

By:   
 Name: Gustavo Bodino  
 Title: VP  
 Date: 07/23/19

**WISCONSIN DEPARTMENT OF  
NATURAL RESOURCES**

By:   
 Name: ADRIAN STOCKS  
 Title: DIRECTOR - WATER QUALITY  
 Date: 8/7/19