US Army Corps of Engineers
St Paul District

Public Notice

SPONSOR: Wisconsin Department of Natural Resources

ISSUED: August 16, 2013

EXPIRES: September 16, 2013

REFER TO: 2013-00984-ERH

1. **IN-LIEU FEE PROGRAM PROPOSAL**. Interested parties are hereby notified that a complete prospectus has been received pursuant to 33 CFR 332 proposing the establishment of an In Lieu Fee Program (ILFP) to provide mitigation for impacts to waters of the United States (U.S.) under Section 404 of the Clean Water Act (Section 404) and/or Sections 9 and 10 of the Rivers and Harbors Act of 1899 within the State of Wisconsin. It may also provide alternative types of mitigation for Corps of Engineers civil works projects as well as mitigation in connection with resolving wetland enforcement cases. The purpose of this public notice is to solicit comments from the public regarding the establishment of the proposed ILFP.

The Wisconsin Department of Natural Resources (WDNR) has provided a prospectus to initiate the development of an ILFP to meet compensatory mitigation requirements for future permits issued under Section 404 of the Clean Water Act; Sections 9 and 10 of the Rivers and Harbors Act; and Section 281.36 of the Wisconsin Statutes. The purpose of the prospectus is to establish guidelines, responsibilities, and standards for the establishment, use, operation, and maintenance of the program in a way that complies with the regulations governing compensatory mitigation for activities authorized by Department of Army (DA) permits granted by the U.S. Army Corps of Engineers (Corps) and wetland permits issued by the state of Wisconsin.

This is not an application for work in federally regulated waters; however, authorization under Section 404 may be required for implementation of particular mitigation sites later proposed under the ILFP, if approved. Such sites would be advertised under separate public notices. No decision has been made as to whether this ILFP will be approved.

2. IN-LIEU FEE PROGRAM DEFINITION AND REVIEW PROCESS. An ILFP is a program involving the restoration, establishment, enhancement, and/or preservation of aquatic resources through funds paid to a governmental or non-profit natural resources management entity to satisfy compensatory mitigation requirements for DA permits. Similar to a mitigation bank, an ILFP sells compensatory mitigation credits to permittees whose obligation to provide compensatory mitigation is then transferred to the ILFP sponsor.

Under Section 404, applicants for DA permits to discharge dredged or fill material into waters of the U.S., including wetlands, are often required to mitigate for permitted wetland losses by creating, restoring, enhancing, or in exceptional circumstances, preserving wetlands or streams. Authorized ILFPs provide the Corps, the State, and the regulated public with additional options for compensatory mitigation of aquatic resource losses. The establishment and implementation of an ILFP must be in accordance with an ILFP instrument approved by the Interagency Review Team (IRT). The IRT is presently comprised of the Corps, the U.S. Environmental Protection Agency, and the U.S. Fish and Wildlife Service.

If, through the review process, the ILFP is determined sufficient, the ILFP program will be established through the development of an ILFP instrument to be signed by the sponsor, the Corps, and other IRT members who choose to do so. The review and evaluation process will follow 33 CFR 332, Compensatory Mitigation for Losses of Aquatic Resources ("Mitigation Rule") published in the Federal Register on April 10, 2008.

3. SPECIFIC INFORMATION.

SPONSOR'S ADDRESS: Wisconsin Department of Natural Resources
101 S. Webster Street
PO Box 7921
Madison, Wisconsin 53707-7921.

SPONSOR'S POC: Mr. Matt Matrise
matthew.matrise@wi.gov
phone: (262) 574-2124

4. GEOGRAPHIC SERVICE AREA. The proposed ILFP will include the entire state of Wisconsin as the geographic area for which mitigation can be provided. The state will be further divided into 12 service areas for program administration. The proposed boundaries for the 12 PSAs are the same as the Bank Service Areas (BSAs) already in use under the existing mitigation banking program. The entire program proposal is within the regulatory boundaries of the St. Paul District Office of the Corps of Engineers.

5. DESCRIPTION OF PROPOSED ACTIVITY: The purpose of the ILFP is to provide an additional method of compensatory mitigation to offset unavoidable adverse impacts to wetland resources focusing on the greatest watershed need. The overall objective is to complete compensatory wetland mitigation projects on the ground that will in turn fill in current mitigation gaps, bridge future lulls, maximize wetland functional values, preserve high quality sites and benefit the public. If approved, the WDNR would accept fees directly from permittees in exchange for providing third-party wetland compensatory mitigation that satisfies compensatory mitigation requirements for state and federal wetland permits. Through direct receipt of fees from permittees the Sponsor accepts the legal responsibility to satisfy wetland compensatory mitigation requirements specified by the state and federal permit authorities. In addition to undertaking compensatory mitigation projects, funds may be used to preserve buffer areas that protect and/or enhance resource functions associated with wetlands from disturbances associated with adjacent land uses. The Sponsor may also collect separate non-credit related funds resulting from supplemental environmental projects, donations, Wisconsin wetland General Permit surcharge fees and other non-specific sources all of which may be used to augment the ILFP, but will not be associated with any legal responsibilities to mitigate for wetland losses. Funds collected from sources other than from the sale of credits originating from the ILFP cannot be used to generate compensatory mitigation credits, but can be used to augment or supplement compensatory mitigation projects. Any non-credit related funds will also be tracked and recorded separately in the required annual ledgers as described in the Financial & Credit Reporting section of the prospectus.

The geographic service areas presented in Section 4 of this public notice would be further broken down into two scopes of consideration referred to as primary service areas and secondary service areas. The primary service areas would be the same as Wisconsin's Wetland Mitigation Banking Program detailed in the Guidelines for Wetland Compensatory Mitigation in Wisconsin. The primary service area boundaries are USGS Basin Level 3 hydrologic units corresponding to a modified 6-digit hydrologic unit codes (HUC). The secondary service areas broaden the areas of consideration and consist of the USGS Subregion Level 2 hydrologic units corresponding to a 4-digit HUC. The HUC-4 areas divide the state into 3 separate Subregions including the Lake Superior Basin, Lake Michigan and the larger Mississippi River Basin.

The WDNR has prepared a Compensation Planning Framework (CPF) for each primary service area. The CPF outlines the ILFP sponsor's approach to the selection, securement, planning and implementation of wetland restoration, establishment, enhancement, and/or preservation activities through a watershed approach. The CPFs for each primary service area are contained in Appendix A of the prospectus.

6. COORDINATION WITH RESOURCE AGENCIES. This ILFP proposal is being coordinated with the members of the IRT including the U.S. Environmental Protection Agency, in accordance with the federal mitigation rule. Any comments provided by the IRT members will be considered by the District during our review and evaluation of the ILFP proposal. If the ILFP is ultimately approved, proposals for specific mitigation sites also will be coordinated with previously identified IRT members. Each individual proposal will have a separate federal Public Notice and opportunity for agency comments.

Since the proposed ILFP does not identify specific sites as part of the program review and evaluation, the District will not be conducting any project level coordination under the Endangered Species Act or Section 106 of the National Historic Preservation Act (NHPA). If the ILFP is approved, project level coordination will occur as sites are identified and proposed by the WDNR. The public notice for each mitigation site will request input from the USFWS concerning Federally-listed threatened or endangered wildlife or plants or their critical habitat at that location. The Corps also will review information on known cultural resources and/or historic properties within and adjacent to any mitigation site and consider the potential effects of subsequently-proposed projects on any properties that have yet to be identified. The results of this review and the Corps' determination of effect for each future ILF project proposal will be coordinated with the State Historic Preservation Officer as determined necessary by the Corps.

7. COMMENTS OR REQUEST FOR ADDITIONAL INFORMATION: Comments or questions pertaining to this prospectus should reference the Application Number (2013-00984-ERH) and be directed to the attention of Eric Hanson, who can be contacted at the above address, by calling (651)-290-5386, or by email at eric.r.hanson@usace.army.mil. Comments submitted in response to this notice will be fully considered during the review for this prospectus. All written comments will be made part of the administrative record which is available to the public under the Freedom of Information Act. The administrative record or portions thereof may also be posted on a Corps internet website. Due to resource limitations, this office will normally not acknowledge the receipt of comments or respond to individual letters of comment. Copies of comments received will be forwarded to the sponsor and to the members of the IRT.

Operations - Regulatory (2013-00984-ERH)
SUBJECT: Wisconsin Department of Natural Resources In-lieu Fee Program

A complete copy of the prospectus is posted on the public notices page of the Corps St. Paul District website and the Regulatory In lieu fee and Bank Information Tracking System (RIBITS) website at the following links: WI ILFP Prospectus through Corps Public Notice Website; WI ILFP Prospectus through RIBITS Website.

The prospectus is also available for review in each of the offices listed below:

Waukesha Field Office, 20711 Watertown Road, Suite F, Waukesha, WI 53186
POC: Matt Groshek, 262-717-9345, stacy.l.marshall@usace.army.mil

Green Bay Field Office, 211 N Broadway, Suite 216, Old Forte Square, Green Bay, WI 54303
POC: Cale Richter, 651-290-5855, cale.r.richter@usace.army.mil

Stevens Point Field Office, 1314 Contractor Blvd, Plover, WI 54467
POC: Cynthia Calhoun-Kosiec, 651-290-5876, cynthia.a.calhoun@usace.army.mil

Hayward Field Office, 15954 Rivers Edge, Suite 240, Hayward, WI 54843
POC: Karen Eklund, 715-934-2170, karen.m.eklund@usace.army.mil

LaCrescent Field Office, 1114 South Oak Street, La Crescent, MN 55947
POC: Kerrie Hauser, 651-290-5903 kerrie.j.hauser@usace.army.mil

St. Paul District Office, 180 East Fifth Street, Suite 700, St. Paul, MN 55101
POC: Eric Hanson, 651-290-5386, eric.r.hanson@usace.army.mil

Optimal times to review the prospectus would be between the hours of 9:00 AM and 3:00 PM, Monday through Friday. Please call the point of contact listed above to make arrangements.

8. PUBLIC HEARING REQUESTS: Any person may request, in writing, within the comment period specified in this notice that a public hearing be held to consider this prospectus. Requests for a public hearing shall state, with particularity, the reason for holding a public hearing. The District Engineer will determine if the issues raised are substantial and whether a hearing is needed for making a decision.

This notice is promulgated in accordance with Title 33, Code of Federal Regulations, parts 320-332. Any interested party desiring to comment on the work described herein may do so by submitting their comments in writing so they are received no later than the expiration date of this notice.

Tamara E. Cameron,
Chief, Regulatory Branch

Enclosure

State of Wisconsin
DEPARTMENT OF NATURAL RESOURCES
101 S. Webster Street
Box 7921
Madison WI 53707-7921

Scott Walker, Governor
Cathy Stepp, Secretary
Telephone 608-266-2621
Toll Free 1-888-936-7463
TTY Access via relay - 711

WISCONSIN
DEPT. OF NATURAL RESOURCES

July 26, 2013

Ms. Tamara Cameron
Regulatory Branch Chief
US Army Corps of Engineers - St. Paul District
180 East 5th St., Suite 700
St. Paul MN 55101

Subject: Final Prospectus for Wisconsin Wetland In-Lieu Fee Mitigation Program

Dear Ms. Cameron:

On behalf of the Wisconsin Department of Natural Resources (DNR), I am pleased to submit the enclosed Final Prospectus to continue down the path toward establishing a Wetland In-Lieu Fee Mitigation Program in Wisconsin. We welcome any comments your team may have, and look forward to working with your agency to bring this document to a completed status and initiate the Public Comment Period.

Since submitting our Draft Prospectus and receiving subsequent comments we have worked closely with your team to incorporate all suggested elements and adapt the Final Prospectus to meet the corresponding Federal Rule. The enclosed document reflects the overarching programmatic framework for our Wetland In-Lieu Fee Program developed using a watershed approach.

Thank you in advance for your consideration.

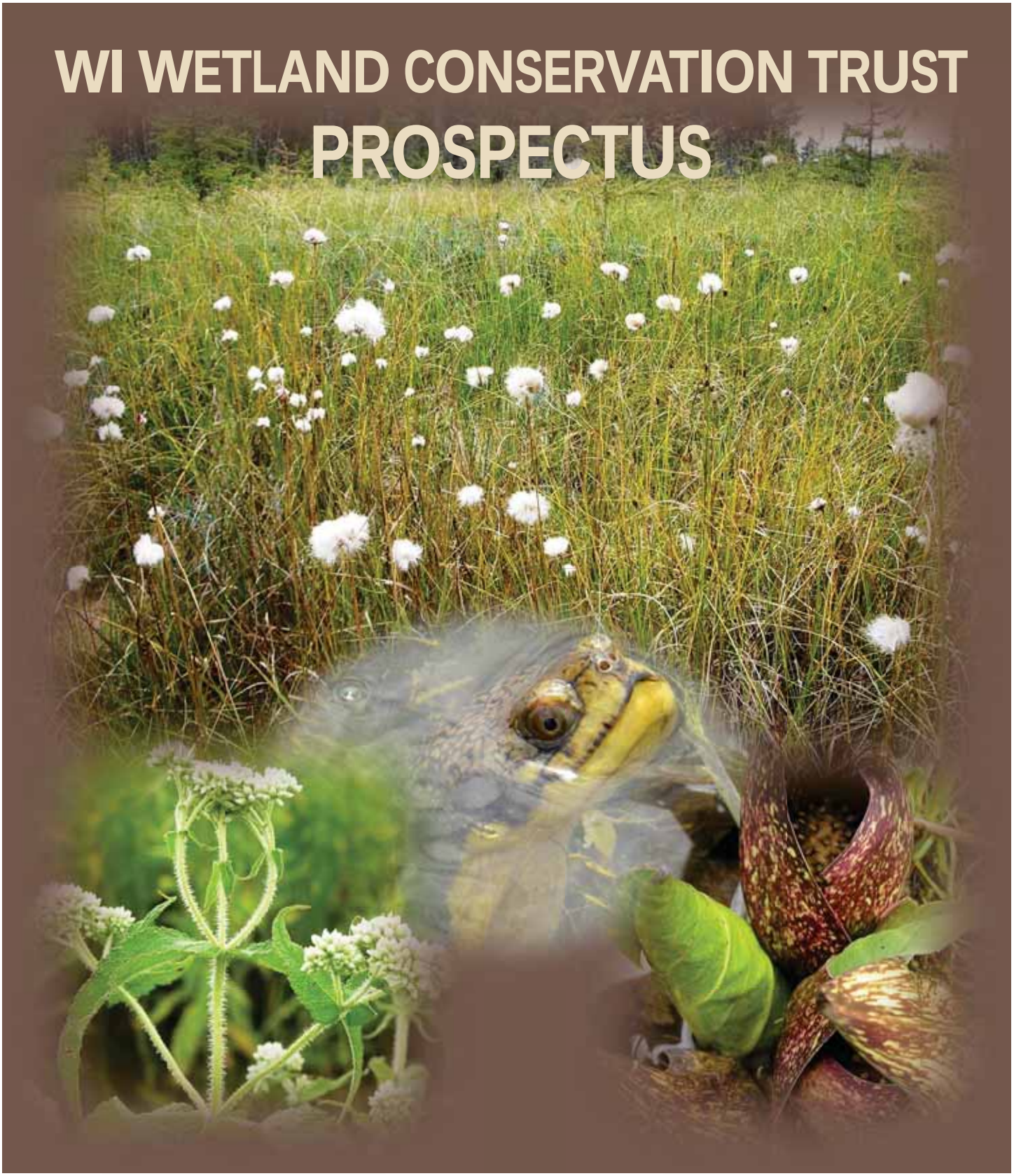
Sincerely,

Kenneth G. Johnson, P.E.
Water Division Administrator

Encl: Final Prospectus July 22nd, 2013 – Wisconsin Wetland Conservation Trust

Cc: Matt Matrise, Wetland In-Lieu Fee Coordinator – DNR Waukesha, via email
Matthew.Matrise@wisconsin.gov
Eric Hanson, Technical Services Specialist – US Army Corps of Engineers, via email
Eric.R.Hanson@usace.army.mil
Tim Smith, Chief of Technical Service Section – US Army Corps of Engineers, via email
Tim.J.Smith@usace.army.mil

WI WETLAND CONSERVATION TRUST
PROSPECTUS



July 22nd, 2013

Prepared for:
U.S. Army Corps of Engineers

WISCONSIN
DEPT. OF NATURAL RESOURCES

Contents

Objectives

The purpose of establishing the Wisconsin Department of Natural Resources (herein "DNR") In-Lieu Fee Program, which shall be referred to as the WI Wetland Conservation Trust (herein "the WWCT") is to provide an additional method of compensatory mitigation to offset unavoidable adverse impacts to wetland resources focusing on the greatest watershed need. The overall objective of the WWCT is to complete compensatory wetland mitigation projects on the ground that will in turn fill in current mitigation gaps, bridge future lulls, maximize wetland functional values, preserve high quality sites and benefit the public. Through the sale of WWCT credits the Sponsor accepts the legal responsibility to satisfy wetland compensatory mitigation requirements specified by US Army Corps of Engineers-St. Paul District permits authorized under Section 404 of the Clean Water, Section 10 of the River and Harbors Act and Wisconsin Wetland Individual Permits (herein, "IP's") pursuant to Section 281.36, Wis. Stats. The Sponsor may also collect separate non-credit related funds resulting from supplemental environmental projects, donations and WI wetland General Permit surcharge fees that may be used to augment the WWCT.

As sponsor of this Program, the DNR will use a watershed approach to select, plan and complete WWCT mitigation projects in Wisconsin as detailed under each Compensation Planning Framework. While the DNR will be the WWCT Sponsor there will be a clear separation of duty and responsibility between DNR's review and approval of IP's, participation in IRT for review of mitigation bank instruments and the administration of the WWCT so as to dispel any conflicts of interest. Review and approval of IP's is performed on a decentralized basis throughout the state within a series of geographic Water Districts (Northern, Southern, Eastern & Western) for which the WWCT program has no authority or role. Likewise the WWCT program and its coordinator is housed within a separate bureau of the DNR referred to as the Watershed Bureau further broken down into the Waterways and Wetlands Section, which is separate from the regulatory program that reviews and approves IP's. The DNR's role on the Interagency Review Team (herein, "IRT") for review of mitigation banks and future WWCT project sites is undertaken by the Wetland Mitigation Coordinator, which is a separate position from the Wetland In-Lieu Fee Coordinator and the DNR fulfills an advisory role in the review of WWCT project sites with the Corps being the Chair of the review committee and maintaining ultimate approval. The WWCT will be overseen by the DNR Wetland In-Lieu Fee Coordinator, whom has no role in reviewing or approving said permits or mitigation banks, but may engage permittees and permit authorities to discuss the WWCT details and its role as an avenue for satisfying permit conditions requiring compensatory mitigation.

This Prospectus document describes the general overarching framework under which the WWCT will be funded, operated and managed. This Prospectus along with a future detailed Instrument shall establish how future development of supplemental document guidelines will be performed as well as guide program decisions.

Need

Wisconsin has lost 47% of their estimated original ten million wetlands acres present in the 1800s leaving approximately 5.4 million acres today **(WI Wetland Team, 2008)**. Historically viewed as

wastelands these wetland resources were destroyed, drained or filled for agriculture, roads, cities, development and other uses relatively unchecked until 1972 with the enactment of the Clean Water Act. The loss of wetland resources has slowed significantly in the last half-century as more people have realized the value of wetlands to the citizens of the Wisconsin and the regulatory framework has been established. The DNR established a general wetland banking program in 2002 offering compensatory mitigation credits, although wetland mitigation was not required at that time to compensate for adverse wetland impacts resulting from permitted activities. In 2008 the Department of the Army and the US Environmental Protection Agency published the Federal Rule on Compensatory Mitigation: Mitigation for Aquatic Resources (33CFR Parts 325 and 332). This rule was established to improve the effectiveness of mitigation by evaluating the strengths and weaknesses of prior mitigation efforts and setting new standards based on the lessons learned. Among other things, the rule elaborated upon requirements for In-Lieu Fee Programs, required a watershed approach to In-Lieu Fee mitigation site selection and described a general tiered preference for mitigation types.

In March of 2012 Wisconsin Governor Scott Walker signed into law 2011 WI Act 118, which for the first time requires state applicants to mitigate for unavoidable and minimized wetland impacts through an individual permit approved under Ch. 281.36, Wis. Stats. This new state compensatory mitigation requirement carried with it a new mitigation obligation offered by three general avenues described as mitigation banks, in-lieu fee programs and permittee responsible sites. However, currently without an existing WI In-Lieu Fee Program, permit applicants are left with only two options in a state currently with very limited mitigation bank credits available in only a fraction of the service areas resulting in large mitigation gaps throughout the state. While this situation is temporary in nature as several mitigation banks are currently seeking approval, this type of lull in the available credits is likely to reoccur as banks sell out and new banks seek approvals. The current scenario is yielding permittee-responsible mitigation and out-of-service-area mitigation banking as the only avenues to satisfy compensatory mitigation requirements, which is contrary to the preferred options. Through the establishment of the WWCT the purpose is to provide more consistent mitigation options that better align with the preferred watershed approach resulting in an overall improvement in wetland resource functional values throughout the state. In some instances having both mitigation banks and an active WWCT within the same Primary Service Areas will enable a system that offers wetland compensatory mitigation credits that are best suited for compensatory mitigation aimed at the wetland functional values based on the greatest watershed need.

Whenever appropriate for consistency purposes, the WWCT will use similar policies and procedures as established for Primary Service Areas, released credit ratios and wetland type classifications detailed in the most recent version of The Guidelines for Wetland Compensatory Mitigation in Wisconsin. The Sponsor will also use the best available science and guidance from stakeholders in developing the overall WWCT such as using overarching reference plans that have been vetted through the scientific and public arena.

As current resource pressures and future unavoidable adverse impacts evolve there will be a continual need to preserve and protect the wetlands that remain in Wisconsin and to mitigate unavoidable losses.

Technical feasibility

The Sponsor has completed many assessments of Wisconsin's wetland resources and developed many science-based restoration and conservation plans to prioritize and guide its natural resource management decisions. Some examples are *State of the Basin Reports* for each of the State's major watersheds, the *Wisconsin Wildlife Action Plan*, *Land Legacy Report*, *Wisconsin Great Lakes Strategy*, and the *Ecological Landscapes of Wisconsin Handbook.* In 2001, the Natural Resources Board along with a newly formed DNR Wetland Team comprised of various federal and state regulatory agencies, local government, non-profits and non-governmental entities composed "Reversing the Loss**" (WI Wetland Team, 2008)** as an overall vision strategy to guide the protection, restoration and exploration of wetlands. This document also created a principle goal to reverse the loss of wetlands that Wisconsin historically experienced striving for comprehensive gains in wetland functional values. This visionary document set forth to implement their strategy through "Action Plans" prepared and evaluated on a 2 year frequency that guide and prioritized what steps should be employed to achieve the goals **(WI Wetland Team 2013)**. Together with science based data and stakeholder involvement these comprehensive assessments and plans will provide a foundation and direction for the WWCT's compensation planning frameworks to set prioritized objectives in each service area and establish quantifiable targets to measure project success.

The Sponsor (DNR), its public and private partners in natural resource conservation have also accomplished many projects for restoration, establishment, enhancement and preservation of wetland resources throughout the state. The Sponsor intends to deliver high quality wetland projects by identifying the most effective partners to work with through the review of solicited proposals or preparation of internal proposals against the prioritization strategy, goals and objectives contained in the Comprehensive Planning Frameworks (herein, "CPF"). Projects may be implemented by other DNR programs or external conservation partners with the support of private consultants having extensive experience in effective restoration, establishment, enhancement, preservation, monitoring, maintenance and long-term management.

Sponsor Qualifications

Officially established through Legislative action in 1967 the DNR is the State agency dedicated to the preservation, protection, effective management and maintenance of Wisconsin's natural resources with an overarching mission:

"To protect and enhance our natural resources: our air, land and water; our wildlife, fish and forests and the ecosystems that sustain all life. To provide a healthy, sustainable environment and a full range of outdoor opportunities. To ensure the right of all people to use and enjoy these resources in their work and leisure. To work with people to understand each other's views and to carry out the public will. And in this partnership consider the future and generations to follow."

Amongst many areas of responsibility and an ever growing realm of experience the DNR has many diverse programs that could contribute to the WWCT through collaborative knowledge and comprehensive expertise related to:

- Creation and maintenance of a robust wetland and waterway permit tracking database system.
    - Demonstrates an ability to properly track large datasets and stratify information for use that would benefit the WWCT areas such as reporting and information management.
- Real estate acquisition, legal protection through easements, management and long-term protection of lands for conservation purposes.
    - Demonstrates ability to secure lands through proper legal mechanisms and properly manage land stewardship as will be required under the WWCT.
- Wetland restoration, establishment, enhancement, preservation and overall land stewardship.
    - Demonstrates an ability to select, plan and complete such projects in conjunction with stakeholders to ensure proper technical standards are employed in consideration of lessons learned and a dynamic scientific methodology.
- Environmental databases and analytical capability, including the Wisconsin Wetland Inventory, Potentially Restorable Wetlands and the Natural Heritage Inventory.
    - Demonstrates an ability to work with and interpret a complex and large scale dataset to create usable scientific based tools to aid in the watersheds based selection of prioritized objective criteria for each CPF.
- Long-standing and strong relationships with regulatory, non-governmental, public and private sector conservation entities.
    - Demonstrates an ability to engage wide ranging stakeholders comprised of the above to approach program and project developments and issues to achieve well vetted results representing a wide stakeholder base.
- Completion of a comprehensive wetland strategy, "Reversing the Loss" **(WI Wetland Team 2008)** and associated "Action Plans" for 2008-2010, 2011-2012 and 2013-2014 along with annual "Gains and Losses Reports" and database quantifying yearly wetland gains and losses.
    - Demonstrates an ability to prepare a "big picture" strategy for wetlands, utilize wide ranging available data to prepare analytical reports communicating the observed trends in wetland impacts as a reflection of wetland based vision and goals. Further builds upon the ability to be successful with the WWCT direction, vision and goals setting, reporting and monitoring requirements.
- Compensatory mitigation oversight with WI DOT since 1990 and the private sector since 2002.
    - Demonstrates historical reference and continual involvement with compensatory mitigation programs, their development and administration over the past 23 years. This provides a backdrop to Sponsor's involvement and experience with mitigation for which the establishment of the WWCT is another step in the evolution of compensatory mitigation implementation.
- Collecting money, managing funds and implementing various competitive proposal processes.
    - Demonstrates a working knowledge and extensive experience in managing funds, allocating them to projects, properly tracking them and preparing ledger reporting to reflect project progress as will be required under the WWCT. Also exhibits experience relevant to the solicitation process that may be employed for selection, planning and

implementation of project sites and comparing proposals against the goals/objectives of the CPF's.

- Analysis of wetland functional values through the creation of a Rapid Assessment Method and Floristic Quality Assessments.
    - Demonstrates scientific wetland knowledge, which will be beneficial to the WWCT in setting CPF prioritized objectives, establishing targeted metrics to measure project success and meeting performance standards.

Establishment and Operation

DNR intends to establish itself as the qualified WWCT Sponsor, approved to accept fees directly from permittees in exchange for providing third-party wetland compensatory mitigation that satisfies compensatory mitigation requirements for state and federal wetland permits. Through direct receipt of fees from permittees the Sponsor accepts the legal responsibility to satisfy wetland compensatory mitigation requirements specified by the state and federal permit authorities. In addition to undertaking compensatory mitigation projects, funds may be used to preserve buffer areas that protect and/or enhance resource functions associated with wetlands from disturbances associated with adjacent land uses. The Sponsor may also collect separate non-credit related funds resulting from supplemental environmental projects, donations, WI wetland General Permit surcharge fees and other non-specific sources all of which may be used to augment the WWCT, but will not be associated with any legal responsibilities to mitigate for wetland losses. Funds collected from sources other than from the sale of credits originating from the WWCT cannot be used to generate compensatory mitigation credits, but can be used to augment or supplement compensatory mitigation projects. Therefore, if any non-credit generated revenue is utilized on a WWCT project site intended to generate WWCT credits the released credits may be weighed against the percentage of non-credit vs. credit funds to appropriately reduce the credits release from the site. Any non-credit related funds will also be tracked and recorded separately in the required annual ledgers as described in the Financial & Credit Reporting section.

The US Army Corps of Engineers' St. Paul District (herein "the Corps" or "Corps") and representatives of the IRT as established by the Corps, shall review WWCT documents with the IRT providing comments to the Corps, whom in turn advises the DNR as the WWCT develops. The Corps alone retains final authority for approval of all WWCT documents, such as the Prospectus and Final Instrument.

The Sponsor will operate as the administrator of the WWCT and may work with stakeholders to broaden the knowledge base utilized in identifying and performing appropriate mitigation project areas in conjunction with a watershed based approach.

The Sponsor may solicit proposals for selection, planning and implementation of mitigation sites once it determines there are sufficient funds after successfully selling its first Advanced Credit per Service Area in consideration of default provisions requiring completion of land acquisition and initial physical and biological work prior to the subsequent third growing season. The Sponsor may collaborate with other DNR programs, non-profits, non-governmental organizations, stakeholders and private entities through the solicitation process to ensure the watersheds approach is utilized. The Sponsor may also choose to

select sites and/or prepare a WWCT Mitigation Plan on its own containing the twelve core elements required under 33 CFR 332.4. All sites, plans and implementation phases of a project shall be consistently prepared and/or reviewed relevant to the prioritization strategy, goals and objectives of the Compensation Planning Framework. Regardless of the avenue chosen by the Sponsor, the sites and Mitigation Plans will be submitted to Corps, who shall consult with the IRT for further guidance with ultimate approval authority remaining with the Corps.

Proposed Service Areas

The proposed geographic service area authorized to provide WWCT based mitigation includes the entire state of Wisconsin and is further broken down into two scopes of consideration referred to as Primary Service Areas and Secondary Service Areas.

The Primary Service Areas **(Figure 1.)** shall be the same as Wisconsin's Wetland Mitigation Banking Program detailed in the Guidelines for Wetland Compensatory Mitigation in Wisconsin, which have revised the previous 2002 document through a public comment, IRT review and Corps approval process. This reference document is dynamic in nature and therefore is referred to in the general sense so that future renditions or revisions shall remain the guide for those areas specifically referenced in the WWCT for consistency. This guideline includes watersheds that are USGS Basin Level 3 hydrologic units corresponding to a 6-digit hydrologic unit codes (herein "HUC"). In an effort to provide spatially equivalent areas modifications to the HUC-6 boundaries were undertaken, which resulted in the division of the Wisconsin River HUC-6 into two distinct service areas (Upper and Lower Wisconsin) and combination of several northern HUC-6 watersheds that drain to the Great Lakes (Lake Superior). These modified HUC-6 areas divide the state of Wisconsin into 12 primary service areas.

The Secondary Service Areas **(Figure 1.)** shall broaden the areas of consideration and consist of the USGS Subregion Level 2 hydrologic units corresponding to a 4-digit HUC. The HUC-4 areas divide the state into 3 separate Subregions including the Lake Superior Basin, Lake Michigan and the larger Mississippi River Basin.

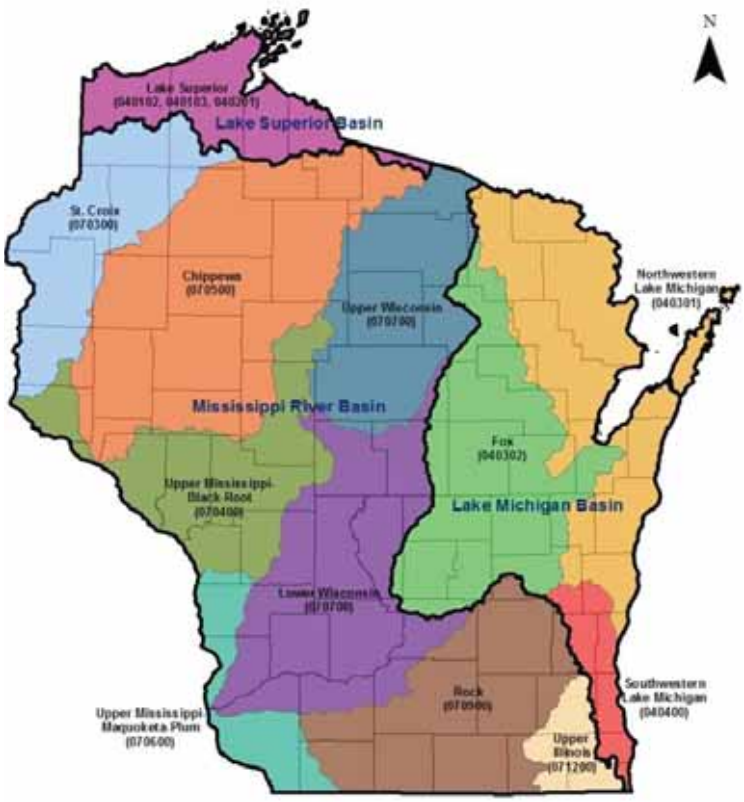
How Service Areas will be applied:

The Primary Service Areas (herein "PSA") area anticipated and designed to be the service areas utilized most frequently when mitigating unavoidable adverse impacts under the WWCT so that unavoidable impacts and the associated wetland compensatory mitigation sites fall within the same PSA. However, in cases where the PSA does not result in a suitable mitigation project site identified through the watershed based selection and prioritization process then the Secondary Service Areas (herein "SSA") may be utilized to find a more suitable project location. Also if in any given year the combined sale of WWCT credits in a PSA is too small to result in a viable project then the Sponsor shall have an option to combine said PSA credits with another PSA so long as they are within the same SSA. This approach will broaden the area of consideration for siting more successful, feasible projects that benefit wetland functional values while still maintaining an overall watershed scale. As a last resort failsafe to protect against program default, if combining PSA funds within a SSA context as referenced above isn't sufficient

to get a project on the ground within the required 3 growing seasons then the Sponsor may elect to purchase mitigation bank credits to satisfy their compensatory mitigation requirements with the approval of the Corps. Projects originating within the HUC-4 Lake Michigan Basin may not be combined or located with the HUC-4 Lake Superior Basin nor the HUC-4 Mississippi River basin and vice versa.

Figure 1. Primary and Secondary Service Areas –

Primary Service Areas (PSA) depicted below in 12 varying colors and HUC-6 names with their associated HUC numbers. Secondary Service Areas (SSA) depicted with bold black outlines and HUC-4 Basin Names.



Primary Service Areas –

Lake Superior (040102, 040103, 040201)
St. Croix (070300)
Chippewa (070500)
Upper Mississippi-Black-Root (070400)
Upper Mississippi Maquoketa-Plum (070600)
Upper Wisconsin (070700)
Lower Wisconsin (070700)
Northwest Lake Michigan (040301)
Fox (040302)
Rock (070900)
Southwest Lake Michigan (040400)
Upper Illinois (071200)

Secondary Service Areas –

Lake Superior Basin
Lake Michigan Basin
Mississippi River Basin

Ownership Arrangement & Long-Term Management

All WWCT funded compensatory mitigation sites must be protected by a recorded document that preserves the land in perpetuity with the protection instrument running with the land. The wetlands that benefit from the ILP Program must be open to the public for hunting, fishing, trapping cross-country skiing, or hiking or any combination thereof. However, the Sponsor may establish reasonable restrictions on the use of the land by the public in order to protect public safety or to protect a unique plant or animal community. In order to protect said lands the Sponsor foresees utilizing fee-simple title and conservation easements, such as the DNR Wetland Compensatory Mitigation Easement (included as Attachment A), as its main legal mechanisms for ensuring proper perpetual protection as required. The Sponsor shall also be legally responsible for ensuring the long-term management of the WWCT mitigation sites through the creation of site specific mitigation plans that will detail the Long-Term Monitoring and Maintenance Plans for each site as required under 33 CFR 332.4 and 33 CFR 332.8. With the approval of the Corps, the Sponsor may transfer responsibility for the Long-Term Monitoring and Management of WWCT project sites to another DNR program or to another entity through solicitation of contract proposals or other approved transfer mechanisms that ensure the monitoring and management goals are met.

In addition, with the same Corps based approval process, the Sponsor may transfer ownership or management responsibilities of WWCT properties on a case-by-case basis to appropriate non-profit organizations, non-governmental organizations, state or local government entities. In the event any of the above transfers occur the Sponsor shall also transfer any reserve funds specifically set aside by the WWCT to finance the responsibilities associated with said transfer.

Likewise, upon successful transfer to another party that party shall accept full responsibility for meeting any and all long-term monitoring, management and stewardship responsibilities outlined in the approved project specific mitigation plan.

The terms and conditions of the conveyance shall not conflict with the intent and provisions of the preservation mechanism, nor shall such conveyance enlarge or modify uses specified in the preservation mechanism unless explicitly approved by the Corps in consultation with the IRT.

Compensation Planning Framework

The Compensation Planning Framework (herein, "CPF") is the main decision tool specific to each Primary Service Area that serves to guide the selection, securement, planning and implementation of wetland restoration, establishment, enhancement and/or preservation activities through a watershed approach. The CPF's are based on a HUC-6 watershed area to be manageable in size and promote the watershed approach. Several components of the CPF's are in part based on "Level 1" watershed assessment, as defined by EPA's National Wetlands Monitoring Workgroup, where existing data are used within a computer mapping (Geographic Information System, herein "GIS") environment. This is a first filter for identification and comparison of resource conservation needs and opportunities utilized to guide investment toward compensatory wetland mitigation sites that are most likely to result in wetland functional value gains by comparing their relative potential across an entire watershed. Additionally,

planning documents that have been prepared through extensive expert consultation, peer scrutiny and subjected to review through the public arena were also utilized in the preparation of the CPF's, especially in those areas where GIS information was found to be scarce.

The CPF consists of ten elements listed below for reference, which are required under 33 CFR 332.8(c) along with any additional information that may be deemed necessary by the Corps:

I. **Service Areas** - The geographic service areas, including a watershed-based rationale for the delineation of each;
II. **Threats and Remediation** - A description of the threats to wetland resources in the service areas, including how the WWCT will help offset impacts resulting from those threats;
III. **Historic Loss** - An analysis of historic wetland resource loss in the service areas;
IV. **Current Conditions** - An analysis of current wetland resource conditions in the service areas, supported by an appropriate level of field documentation;
V. **Goals and Objectives** - A statement of the wetland resource goal and objectives for each service area, including a description of the general amounts, types and locations of wetland resources the WWCT will seek to provide;
VI. **Priorities** - A prioritization strategy for selecting and implementing compensatory mitigation activities;
VII. **Preservation** - An explanation of how any preservation objectives identified in section V. above and those references under the prioritization strategy of section VI. Above satisfy the criteria for use of preservation;
VIII. **Stakeholder Involvement** - A description of any public and private stakeholder involvement in plan development and implementation, including, where appropriate, coordination with federal, state, tribal and local wetland resource management authorities;
IX. **Protection** - A description of the long-term protection and management strategies for activities by the WWCT Sponsor;
X. **Evaluation and Reporting** - A strategy for periodic evaluation and reporting on the progress of the program in achieving the goal and objectives in section V. above, including a process for revising the CPF as necessary.

When considering the ten CPF elements there are some that can be applied across all service areas to provide a consistent programmatic approach while others need to be applied more specifically within each respective service area. In consideration of providing uniformity, elements common to all service areas are listed below while the remaining elements are specifically addressed within Appendix A.

See Appendix A. for specific PSA CPF information

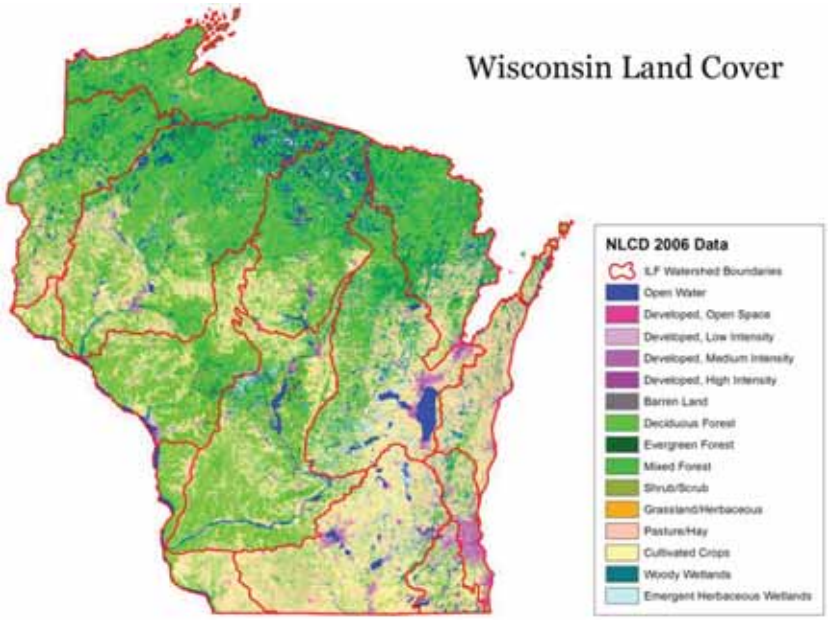
Element II. Threats and Remediation

Threats to wetlands described below are broadly categorized not based on their origin of impact, but rather the resulting effect that removes or adversely alters the wetland resources' capability to provide one or more functional values. Wetland resource threats are dynamic in nature subject to modification as new technology and approaches to anthropogenic land use occurs within each watershed area.

Arguably every watershed is in need of all seven identified wetland functional value goals detailed under Element V., however through the evaluation of the Level 1 watershed assessment the Sponsor has strived to prioritize the functional values of greatest need requiring remedial actions in each watershed and list their hierarchy in each PSA. It is also important to target values suffering from threats that are capable of sustainable curative action. Below is a list and description of the greatest historical, current and future anticipated generalized threats along with how the WWCT will work to bring positive change beneficial to increasing functional values. These threats are also ranked specific to each of the 12 PSA's to highlight those that should be targeted for remediation through compensatory mitigation projects on the ground.

Habitat Segmentation and Loss – General development land use activities **(Figure 2.)**, agriculture, roadways, bridges and utility projects have fragmented many wetland complexes and introduced anthropogenic barriers to wildlife corridors and adversely impacted wetland hydrology. Most species require wetlands for a portion of their life cycle for stages of their growth, migratory safe havens, feeding grounds or full time residency. Habitat segmentation and loss can also be a contributing factor for the introduction of invasive species through increased pathways of introduction. Filling of wetlands can also increase peak flows and cause flooding and erosion. The WWCT through its CPF's will identify the watershed areas that have been heavily impacted by these threats and target wetland compensatory mitigation projects that provide or connect wetland habitat areas to form meaningful wildlife, fish and aquatic organism territories.

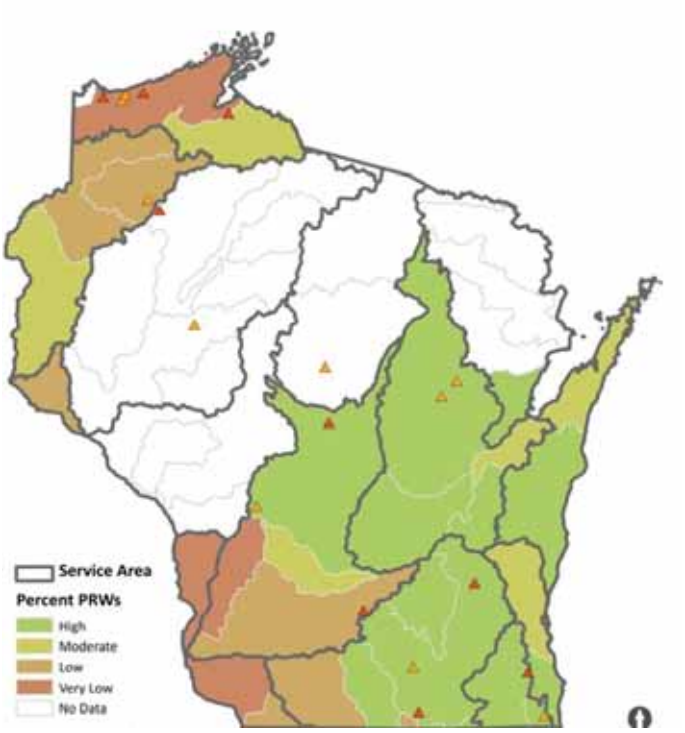
Figure 2. Current Land Cover for Wisconsin – Based on the USGS NLCD 2006 GIS Layer.



Agricultural Impacts – Wisconsin has a history and tradition of agriculture, which has led to many adverse impacts to wetlands once thought of wastelands best served as drained, tiled and farmed. Wetlands being composed of organic soils providing ideal production lands had their wetland based hydrology removed or altered and the vegetation transformed to row crops or pasture lands. Large

tracts of wetland vegetation now sit empty for portions of the year leading to increase non-point runoff contributing to the sedimentation and nutrient loading of waterways and their associated wetlands. These areas are treated with herbicides and fertilizers that runoff into the same resources further leading to harmful environmental effects. The WWCT through its CPF's will identify the watershed areas that have been heavily impacted by these threats and target wetland compensatory mitigation projects in areas containing high and moderate percentages of Potentially Restorable Wetlands **(Figure 3.)** or similar areas composed of hydric soils that once housed wetland complexes that have been previously converted for agricultural purposes.

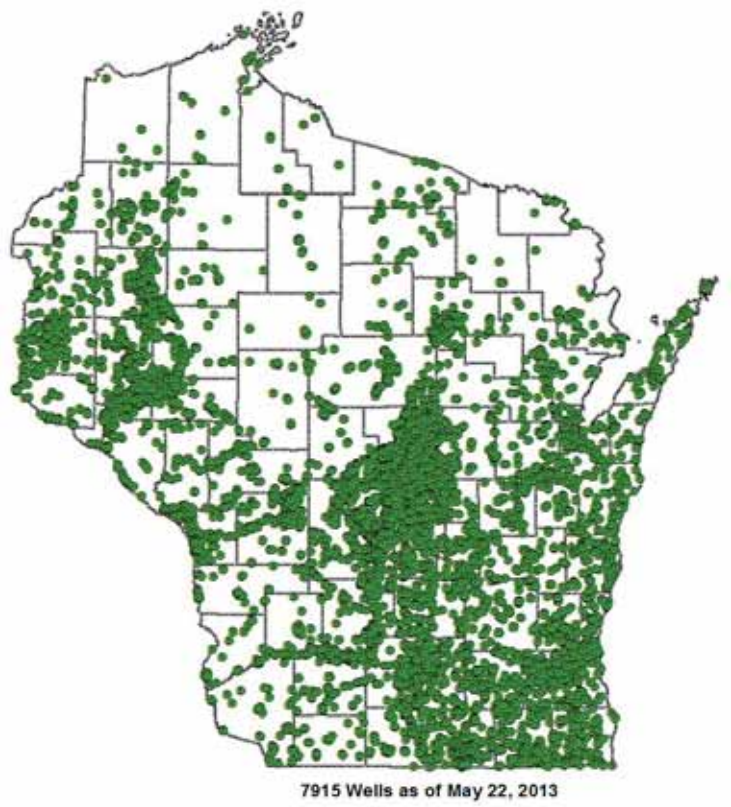
Figure 3. – Potentially Restorable Wetlands shown in each Primary Service Area.



Groundwater Depletion & Surface Water Alteration – General development and its associated activities along with agricultural practices have negatively impacted wetland hydrology. Resource fragmentation, floodplain alteration, impervious surfaces, tiles and drainage ditches have removed, redirected or increased water flow to wetlands. High capacity wells used for drinking water, commercial use, industrial processes and irrigation have also depleted groundwater that feeds wetlands throughout the state with some areas seeing heavier impacts than others **(Figure 4.)**. The alteration of surface water, increase in impervious areas and reduction in the ability of wetlands to attenuate storm events has resulted in increased flooding in many areas. Wetlands located in stream headwaters or riparian areas that have been filled or had their hydrology altered have reduced stream base flow, increased thermal impacts and may cause perennial streams to revert into an intermittent state. The WWCT through its CPF's will identify the watershed areas that have been heavily impacted by these threats and target

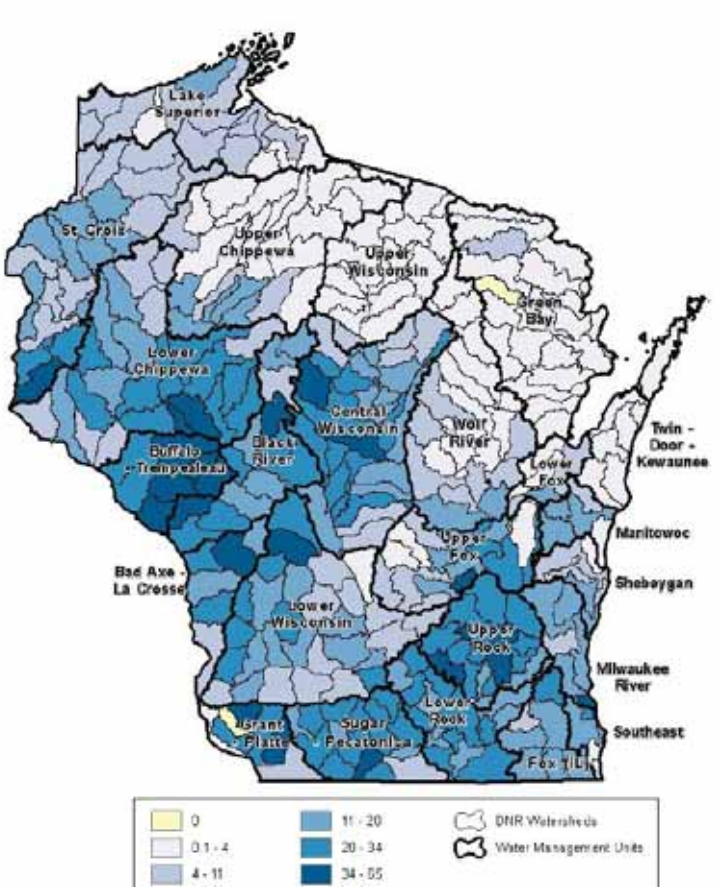
wetland compensatory mitigation projects where altered hydrology can be remediated paying particular attention to the wetlands landscape position to achieve maximum functional value benefits.

Figure 4. Statewide Existing High Capacity Wells with a capacity exceeding 100,000 gallons per day.



Invasive Species – Anthropogenic interference in the realm of wetlands has opened many pathways for the introduction of invasive species. Removal of native vegetation, habitat segmentation, altered hydrology, general development and agricultural activities have created ideal situations for invasive species to gain a foot hold in wetland areas and thrive. Modification of streams and their riparian wetland resources has provided conduits for the further spread of invasive species. Wetland invasive species such as Reed Canary Grass (*Phalaris arundinacea)* were analyzed in 2008 for their presence in wetlands and were found to be dominant in 10% of all wetland types comprising 498,250 acres **(Hatch and Bernthal 2008)** across Wisconsin **(Figure 5.)**. Invasives can displace native species, degrade suitable habitat, impact life cycle development and disrupt the food chain in those areas where it becomes dominant. The WWCT will strive to select sites where invasives have not taken over or areas that provide an opportunity for control. Also the WWCT preservation mechanism may be a tool to protect high quality sensitive wetland resources from the onslaught potential these intrusive species present.

Figure 5. Percent Area of Wetlands Dominated by Reed Canary Grass, per Watershed.



Nutrient and Sediment Loading – Point and nonpoint runoff has directed both sediment and excess nutrients into wetland resources resulting in changes in hydrology, disruption to vegetative communities, adverse impacts to habitat and opened the door to invasive species. Commonly referred to as natures filtration devices, wetlands can serve to remediate many issues related to nutrient and sediment loading, but excessive runoff can damage this functional value. Impairment in this area can have downstream negative impacts to aquatic resources leading to eutrophication resulting in algae blooms, fish kills, reduction of floristic quality and other unfavorable effects. The WWCT will target wetlands that have historically served as these filtration devices, but have been impacted to remove this function to restore their ability to provide this valuable functional value paying particular attention to those wetlands found in service areas on the 303d list of Impaired Waters **(Figure 6.)**.

Figure 6. Depicts 303d listed Impaired Waters shown in orange in each Primary Service Area.

Element III. Historic Loss

Wisconsin has lost 47% of their estimated original ten million wetlands acres present in the 1800s leaving approximately 5.4 million acres today **(WI Wetland Team 2008)**. Historically viewed as wastelands these wetland resources were destroyed drained or filled for agriculture, roads, cities, development and other uses during a time in which rural and urban development was underway. Those wetland areas that contained organic soils were targeted for agricultural development as the most fertile lands in the state being stripped of their wetland hydrology and native vegetative communities transformed into row crops and pasture land. Dams were constructed on waterways and associated riparian wetland for grain mills as farming practices grew. Wetlands landscape position generally being found in the lower contours where surrounding drainage could congregate were viewed as wastelands best served by filling and/or draining for residential, commercial, industrial and agricultural development activity as settlement occurred throughout Wisconsin. Pre-settlement vegetation cover in Wisconsin, which is the data digitized from a 1976 map created from land survey notes written in the mid-1800s when Wisconsin was first surveyed depict a landscape historically dominated by ~82% forest cover **(Figure 7.)**. Current land use extrapolated from USGS NLCD 2006 land cover data reveals that human influence has impacted approximately ~44% of the original land cover and converted it into cultivated crops, hay, pasture land, and various developed areas that have changed our landscape **(Figure 8.)**. The timber industry, logging, pulp and paper mills were very active historically given the density of Wisconsin's forest cover. The timber industry opened the door for subsequent settlement in

many areas leading to land clearing for agriculture, housing and trails that eventually morphed into roadways. Urban sprawl has extended these influences into more rural areas over time leading to the proliferation of changes to the physical, chemical and biological features of wetlands across the state. While historical impacts remain scattered across the state, science based data to catalogue the resulting impacts has been documented and mitigation opportunities lie in wait in some instances while others may have been transformed forever. Within each of the 12 PSA's the historical loss of wetlands is discussed under the watershed description to provide a reference point depicting the journey these natural resources have taken and portray how we arrived at the current status of these unique features. Understanding the past impacts to wetlands in each area will serve to better direct compensatory mitigation projects and how they can be designed and feasibly implemented to maximize successful outcomes.

Figure 7. – WI Original Vegetative Cover, depicted in square miles & % of total cover.

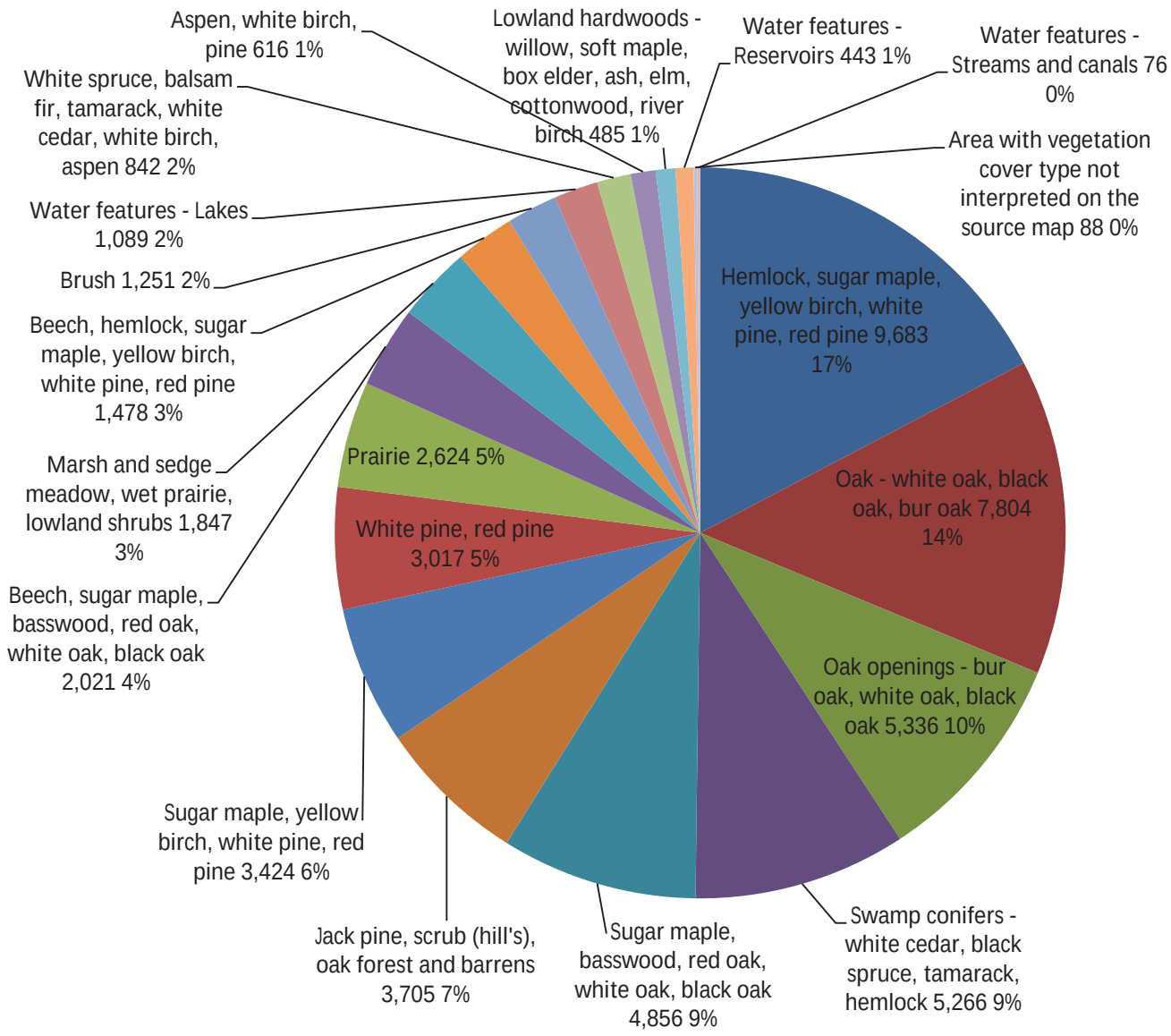
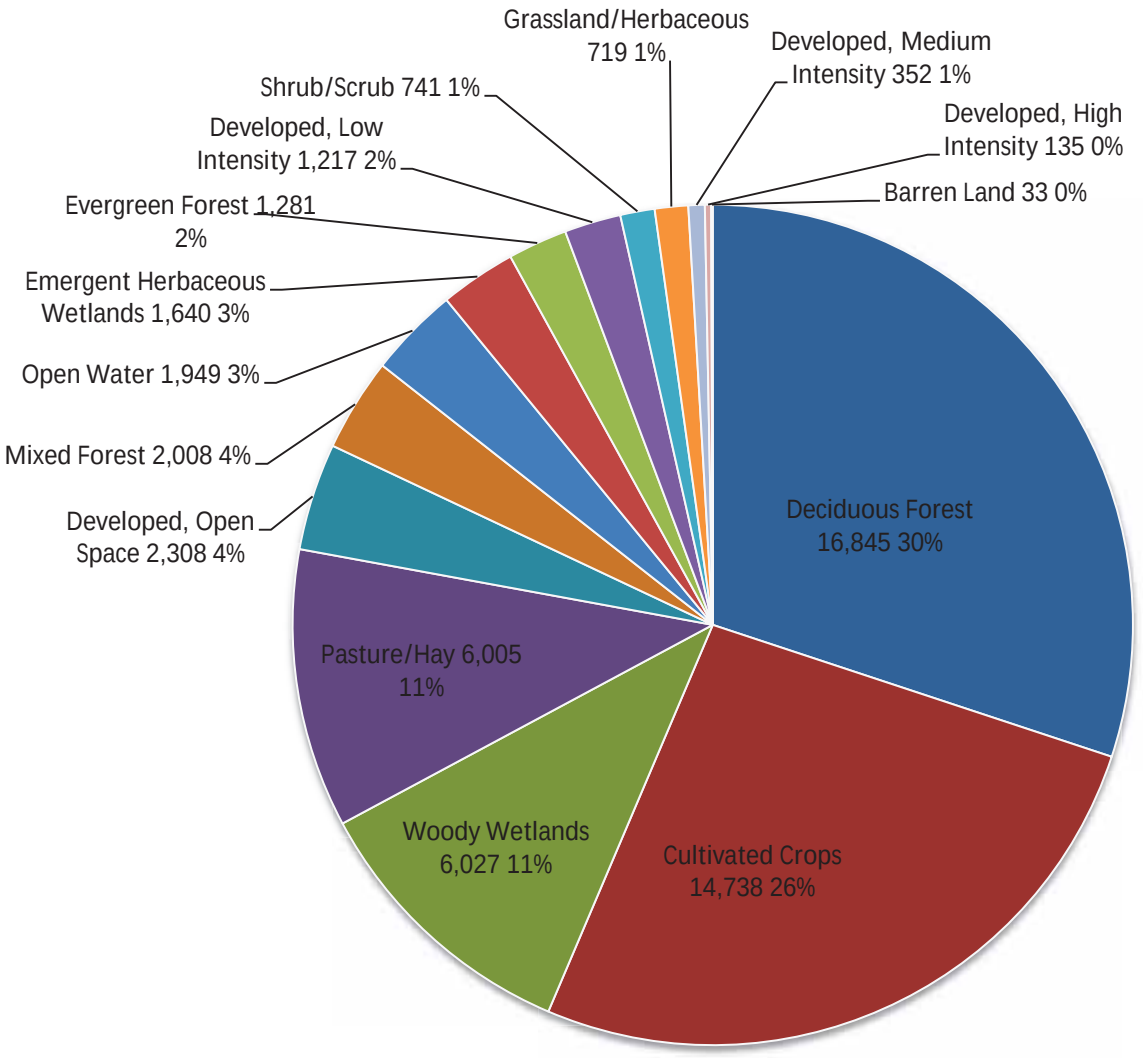


Figure 8. - WI Current Land Cover (USGS NLCD 2006), depicted in square miles & % of total cover.



Element V. Goal and Objectives

The goal of the CPF is to provide clear direction to the Sponsor for wetland compensatory mitigation site selection, planning and design implementation resulting in projects on the ground that will in turn maximize wetland functional value objectives, preserve high quality sites and benefit the public. Under each of the PSA's found in Appendix A, the wetland functional value objectives identified below are prioritized in a hierarchy to highlight those that are most needed within each watershed based on historic, current and future resource losses, adverse impacts and threats.

The 7 wetland functional value objectives (WDNR Wetland Functional Value Website 2013):

- Wildlife Habitat
    - Many animals spend their entire life in wetlands while others utilize them as critical habitat for feeding, breeding, nesting, escape cover, resting or travel corridors.

Wetlands comprise a diversity of abundant vegetation and often shallow water providing crucial areas that support the life cycle for many species such as ducks, shorebirds songbirds, reptiles and amphibians.

- Fish and Aquatic Life Habitat
    - Wetlands provide some of the most valuable areas for spawning fish, breeding reptiles and amphibians along with subsequent nurseries for the resulting fry, juveniles and larvae. Aquatic life flourishes in the nutrient rich environment and energy converted by the plants is passed up the food chain to the many inhabitants that depend on wetlands as part of their life cycle **(U.S. EPA 2001)**. Other key components of the food web such as crustaceans, mollusks, insects and plankton are dependent on these natural resource areas as an essential habitat.
- Shore line Protection
    - Wetlands that are positioned in the landscape along riparian areas and coastal regions protect stream banks and shorelines against the damaging effects of erosion. Wetland plants stabilize the soil with extensive root structures and emergent vegetation dissipates wave energy and absorbs river flow energy that may otherwise scour the soil from these areas.
- Storm and Floodwater Storage
    - Acting like natures sponges, wetlands and their organic soils soak up storm water and flood water holding it until later release thus reducing the effects of flashy stream flows and flooding. This cycle of events contributes to the base flow of streams, reduction of erosion and attenuation of storm events most important in more urbanized areas composed of more impervious surfaces.
- Water Quality Protection
    - Water enters a wetland and is slowed by contact with the plant matter enabling suspended sediments to settle out and gather on the wetland floor. Nutrient rich water composed of agriculture runoff laden with fertilizer, water treatment plant effluent or other sources discharged into wetland areas comes into contact with the diversity of aquatic plants and microorganisms within the soil matrix capable of removal or sequestration.
- Groundwater Processes
    - The water quality protection function of wetlands can complement and protect groundwater based drinking water sources from contamination. Groundwater discharges in the form of surface springs and seepages are important for stabilizing stream base flows, especially during the drier times of year. This release of groundwater is essential for maintaining fisheries dependent on it for their required cold water thermal gradients. This same groundwater may also carry with it minerals such as calcium and magnesium that are critical in forming the foundation for our states rarest wetlands, calcareous fens **(Eggers and Reed 2011, pg.141)**.
- Human Use Values: recreation, culture, education, science and natural scenic beauty

- Wetlands are some of our favorite places for recreation as they provide peaceful open spaces in landscapes providing unique interactions for hunters, anglers, scientists and students. Wetlands provide exceptional educational and scientific research opportunities because of their distinctive combination of terrestrial and aquatic life along with physical and chemical processes. Wetlands located within or near urban settings and those frequented by the public are especially valuable for social and educational opportunities.

Element VI. Prioritization Strategy for Site Selection and Planning

The strategy for prioritizing, selecting and implementing compensatory mitigation projects begins with identifying and ranking the wetland functional value objectives per service area based on watershed evaluation as described under Element V. Goals and Objectives. These objectives will be incorporated into the prioritization strategy as one of the main considerations when reviewing or preparing project proposals to determine whether they meet the core requirements for an adequate compensatory mitigation proposal. A proposal's ability to satisfy the core requirements listed below along with their likelihood to meet one or more of the ranked wetland functional value objectives will result a higher preference for that specific project. Therefore, the following section describes how proposals will be evaluated to determine which compensatory mitigation projects to pursue. The Sponsor will refer to this portion of the CPF during the selection and planning of projects in order to decide which proposals will be submitted to the Corps for approval.

Core Requirements for Selecting Proposals for Submission to Corps for approval: Proposals will first be evaluated using these requirements. If proposals are found to be equivalent after this "first run" approach then the Sponsor will further evaluate qualifying proposals using the Secondary Requirements described beneath this section.

- **Wetland Functional Value Objectives** – Compensatory mitigation proposals that include a site and plan that provides one or more of the top ranked wetland functional value objectives listed within the corresponding PSA will carry more preference. If the proposal is able to address more than one of the top ranked objectives within a site and plan then it may pose a greater overall environmental significance.
- **Success potential** – Some projects may pose a higher degree of a successful outcome based on a multitude of factors including, but not limited to wetland landscape position, presence of invasive species, historical conditions, surrounding land use, buffer potential, required long-term management, local master planning, hydric soils and hydrology. The intent is to target Potentially Restorable Wetlands **(Figure 3.)**, areas identified on current or future watershed landscape level assessments or similar areas that pose a greater ability to be restored, established, enhanced and/or preserved. Targeting these areas will bring a focused effort to achieve the greatest opportunity for successfully addressing the wetland functional value objective most needed in the watershed.

- **Feasibility** –When identifying, planning and implementing WWCT projects the historical conditions relevant to wetland soils, hydrology and vegetation will be consider with those sites that strive to match historical conditions carrying with them more weight. Projects that align with the original conditions of wetland areas are more likely to result in the restoration, establishment, enhancement or preservation of wetlands and their associated function most needed by the watershed. Also projects that endeavor to restore, establish, enhance or preserve those wetland types that have suffered the greatest loss in a given watershed will also be given greater consideration (i.e. forested wetlands) as inherently these classification of wetlands carried with them high significance within the given watershed.

Secondary Requirements: To be referred to for any proposals that the Sponsor deems as equivalent after evaluating against the core requirements. These Secondary Requirements will be used to make a final determination on which proposals to select and bring forth to the Corps for funding approval.

- **Corridors** – When consistent with wetland functional value objectives target projects that are adjacent or otherwise linked to wildlife and other environmental corridors, preserved lands, public and private conservation areas or other protected natural resource areas to expand the connectivity of safe havens for wildlife, fish and associated organisms.
- **Localized Impact** – Where warranted and feasible strive to select proposals that are located in a smaller HUC area or Ecological Landscape corresponding with the majority of the unavoidable permitted impacts for a given PSA to achieve a more localized mitigation impact.
- **Cost Efficiency** – The cost of projects and preservation sites will be considered with the broad understanding that certain aspects such as land costs will vary widely based on geography. Priority may be assigned to those sites that are more efficient in terms of overall project costs and required long-term management allocations. Consideration on cost efficiency may also be weighed against the other priority topics carrying with them the greatest environmental significance. In other words, some compensatory mitigation projects may be more costly to ensure successful results (i.e. forested wetland projects), but that will not result in those projects being disqualified as they carry with them a strong environmental significance.
- **Efficient Long Term Management** – Sites where the long term management and maintenance can be done efficiently without intensive human manipulation of the site are preferred. Likewise sites that do not incorporate large scale structures that require future rigorous attention for maintenance and/or replacement and associated high cost will also be preferred.
- **Project Size** – Strive to select lands for wetland compensatory mitigation projects that are large enough to pose valuable resource areas and have a greater overall watershed impact.
- **WI Natural Resource Board Approved Boundaries** – Proposed compensatory mitigation activities and projects that fall within established Natural Resources Board approved Project Boundaries and existing Management Areas will add to these ecologically important contiguous areas. These approved areas establish the overall spatial context of preapproved environmentally significant boundaries where the addition of a WWCT project may boost the overall functional value of the area contributing to meaningful environmental improvement.

Element VII. Preservation

Contained within the Code of Federal Regulations (33 CFR 332.3(h)), preservation may be used as a method to provide compensatory mitigation to protect resources that provide important physical, chemical or biological functions that significantly contribute to the ecological sustainability of the watershed. The resource must be under the threat of destruction or adverse modification and the preserved site must be perpetually protected through an appropriate real estate or other legal instrument.

The WWCT will utilize preservation when it has been identified as an objective or method to achieve an alternative ranked objective listed under each of the 12 Primary Service Areas. Where appropriate and practicable the preservation shall be done in conjunction with resource restoration, establishment and/or enhancement activities even if completed in subsequent years following protection establishment. The targeted areas for use of preservation shall include high quality wetlands, difficult wetlands to restore and/or establish (i.e. calcareous fens), critical wetland habitat for threatened and endangered species along with Species of Greatest Conservation Need and other resources identified as important to meet Wisconsin's conservation and watershed needs. These areas may be identified in conservation plans developed by regulatory agencies, watershed plans or other overarching conservation plans such as the *WI Land Legacy Report, WI Wildlife Action Plan, State Natural Areas Program, Natural Heritage Inventory* or other scientific based methodology and peer information compiled in consultation with stakeholders. Sites that have utilized preservation meeting the requirements of 33 CFR 332.3(h) as a method to achieve compensatory mitigation may produce WWCT credits for satisfying Advanced Credit sales as well as generation of Released Credits where warranted.

Element VIII. Stakeholder involvement

The WWCT Sponsor has a commitment to engage stakeholders starting with the overall development of the program through the final planning and implementation. Large scale planning and guidance documents such as the *2013 Guidelines for Wetland Compensatory Mitigation in Wisconsin, WI Wildlife Action Plan, WI Land Legacy Report and Reversing the Loss* were chosen as reference in creating the WWCT in part due to their heavy stakeholder involvement and exposure to the public arena to build upon the widely vetted nature of the program. The Sponsor has also worked closely with the Corps and IRT comprised of key stakeholders from Federal agencies to develop the components of the program. The Sponsor has also engaged separate stakeholders from non-profits and non-governmental entities to gather valuable input relevant to the overall functionality of the WWCT. The WWCT will continue to collaborate with additional conservation entities and individuals to evaluate wetland compensatory mitigation site opportunities as well as develop mitigation plans, implementation, monitoring and long term management responsibilities. The Sponsor also intends to prepare announcements for distribution and website postings to keep the general public apprised of the WWCT development progress as well as direction over future years.

Beyond utilizing the Sponsor's experience and outside stakeholders; other DNR Programs may participate in contributing resource knowledge to continually shape the WWCT goals and objectives. The WWCT will strive to foster long lasting relationships and partnerships with non-profits, non-governmental entities, federal and state agencies, local units of government, private firms and the general public that share common wetland resource goals and objectives. Promoting such relationships will benefit the overall WWCT to diversify contributing information resulting in broad set of guiding principles similar to the comprehensive watershed approach to determine those ideas that collectively rise as common elements.

The WWCT will also interface with regulatory agencies to determine whether permits are required for the implementation of compensatory mitigation projects. Following approval of proposals by the Corps the Sponsor or its assigns will engage the appropriate regulators to determine which permits may be required along with the requirements for approval. This process will provide another opportunity to involve stakeholders for a given project and further build meaningful professional relationships.

Element IX. Protection

The Sponsor is responsible for developing and ensuring long term protection and management specific to each approved compensatory mitigation project site. All WWCT sites shall be perpetually protected through real estate instruments or other legal mechanisms so as to preserve their intended function, use and condition over time. Where feasible and appropriate fee-simple title will be employed while in other scenarios conservation easements, restrictive covenants or other legal mechanisms may be applied.

The Sponsor will address the responsibility of long-term management by ensuring that sites are properly managed by either conducting the required actions on its own or by transferring responsibility as detailed under the Ownership Arrangement & Long-Term Management section of this Prospectus. The Sponsor will aim to select, design and construct projects that require minimal long-term human manipulation once performance standards have been met. However, the Sponsor recognizes that plans should also anticipate situations where this is not feasible. Within each site specific monitoring and long term management strategy the Sponsor will include estimates for such activities and identify funding devices such as non-wasting endowments, trusts, escrows, contractual agreements or other appropriate financial tools. The Sponsor may also set aside program revenue for a collective program contingency fund to be used when warranted to correct, repair or address catastrophic or unforeseen events that negatively impact a project site.

Element X. Evaluation and Reporting

The WWCT expects that much like the ever changing adverse forces that alter the wetland landscapes of Wisconsin, the WWCT will also need to be dynamic in nature to overcome the challenges that lie ahead. Therefore, the Sponsor will evaluate the overall WWCT periodically to determine if modifications are

needed to properly respond to current and future needs of the wetland resources. Part of this evaluation will review the goals and wetland functional value objectives along with the prioritization strategy set forth under each of the Primary Service Areas to determine their relevancy and success within the context of changing land use, development trends and wetland resource threats on a watershed basis. During this evaluation period the Sponsor may also undertake an assessment of the entire programmatic framework to determine if any modifications are warranted, which if deemed necessary will be presented to the Corps for approval. These evaluations will be done outside of the context of the annual reporting discussed under the Financial & Credit Reporting section as the need arises or if a substantial change in information becomes available, but no later than 5 years following completion of the first compensatory mitigation site. This will then enable the Sponsor ample time and flexibility to establish its own experiences with the current programmatic framework and adapt as necessary.

In-Lieu Fee Program Account

The Sponsor will establish a WWCT account after Final Instrument approval by the Corps and prior to accepting any credit related fees from permittees. The Sponsor shall separately track money collected from non-credit related actions resulting from supplemental environmental projects, donations and WI wetland General Permit surcharge fees that may be used to augment the WWCT. The WWCT Account will be established at a financial institution that is a member of the Federal Deposit Insurance Corporation. All interests and earning accruing to the WWCT Account will remain in that account for use by the WWCT for the purposes of providing compensatory mitigation. No more than 10% of the fees paid in to the Program Account may be used for reasonable administrative costs. All remaining funds will only be used for the selection, design, acquisition, implementation, monitoring and management of WWCT projects. Associated activities may include appraisals, surveys, title insurance, permit fees, activities related to the restoration, establishment, enhancement, and/or preservation of aquatic and/or wetland resources, site maintenance, monitoring, long-term management and the failsafe purchase of credits from mitigation banks if deemed necessary. Use of fees is prohibited for activities that do not directly support wetland compensatory mitigation such as upland preservation (other than buffers), research, education and outreach. The Sponsor may also set aside program revenue for a collective or site specific program contingency fund to be used when warranted to correct, repair or address catastrophic or unforeseen events that negatively impact a project site. The funding source for this contingency fund may come from credit sales or non-credit revenue and is not anticipated to exceed 10% of compensatory mitigation project costs. The Administrative fees generated will not be drawn from for the purposes of establishing this contingency fund.

The Sponsor will submit proposed WWCT projects to the Corps for funding approval and disbursements from the WWCT account will only be made upon written approval from the Corps. Within each PSA the Corps shall retain the right to direct the corresponding funds to alternative compensatory mitigation projects in the event the Sponsor does not complete land protection and/or acquisition and initial physical and biological improvements before the third full growing season after the first advanced credit

in that service area is secured by a permittee, unless the district engineer determines that more or less time is needed to plan and implement a WWCT project.

Financial & Credit Reporting

The WWCT Account, authorized under Chapter 20, Wis. Stats., will track funds accepted from permittee credit purchases separately from those accepted from other sources as identified under the WWCT Account section. Once the WWCT accepts payment from a permittee the responsibility for compensatory mitigation shall transfer from the permittee to the WWCT Sponsor and the permittee' s responsibility shall be met. The Sponsor will provide annual reports to the Corps and the IRT containing the following information:

- All income received, disbursements and interest earned by the WWCT Account;
- A list of all permits for which WWCT funds were accepted further broken down to depict the:
    - Corps permit number, State permit number;
    - Primary Service Area, Secondary Service Area and Ecological Landscape in which the unavoidable permitted impacts are located;
    - Wetland Classification impacted according the eight wetland plant communities and two sub-types defined in **Eggers and Reed 2011**;
    - amount of authorized impact in acres to the nearest 100th place (i.e. 0.01 acres);
    - amount of required WWCT compensatory mitigation to the nearest 100th place;
    - amount paid to the WWCT, and;
    - date actual funds were received from permittee;
- A description of WWCT expenditures from the account, such as the costs of land acquisition, planning, construction, monitoring, maintenance, contingencies, adaptive management and administration;
- The balance of advanced credits and released credits at the end of the report period for each Primary Service Area; and
- Any other information required by the Corps.

All books, accounts, reports, files and other records relating to the WWCT Account will be made available at reasonable times for inspection and audit by the Corps upon written request.

References and Citations

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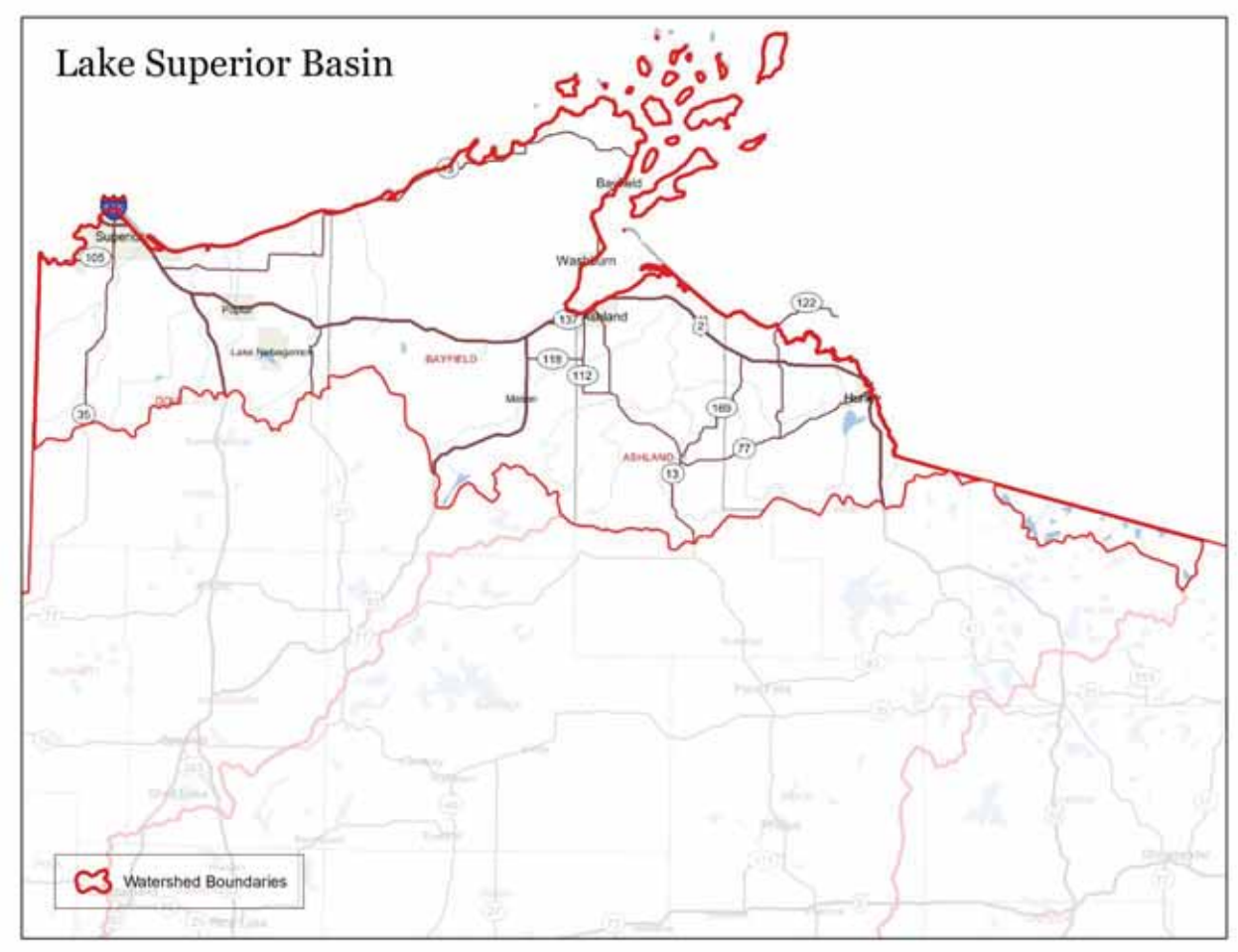
Appendix A. – CPF for Respective Service Areas

Lake Superior CPF

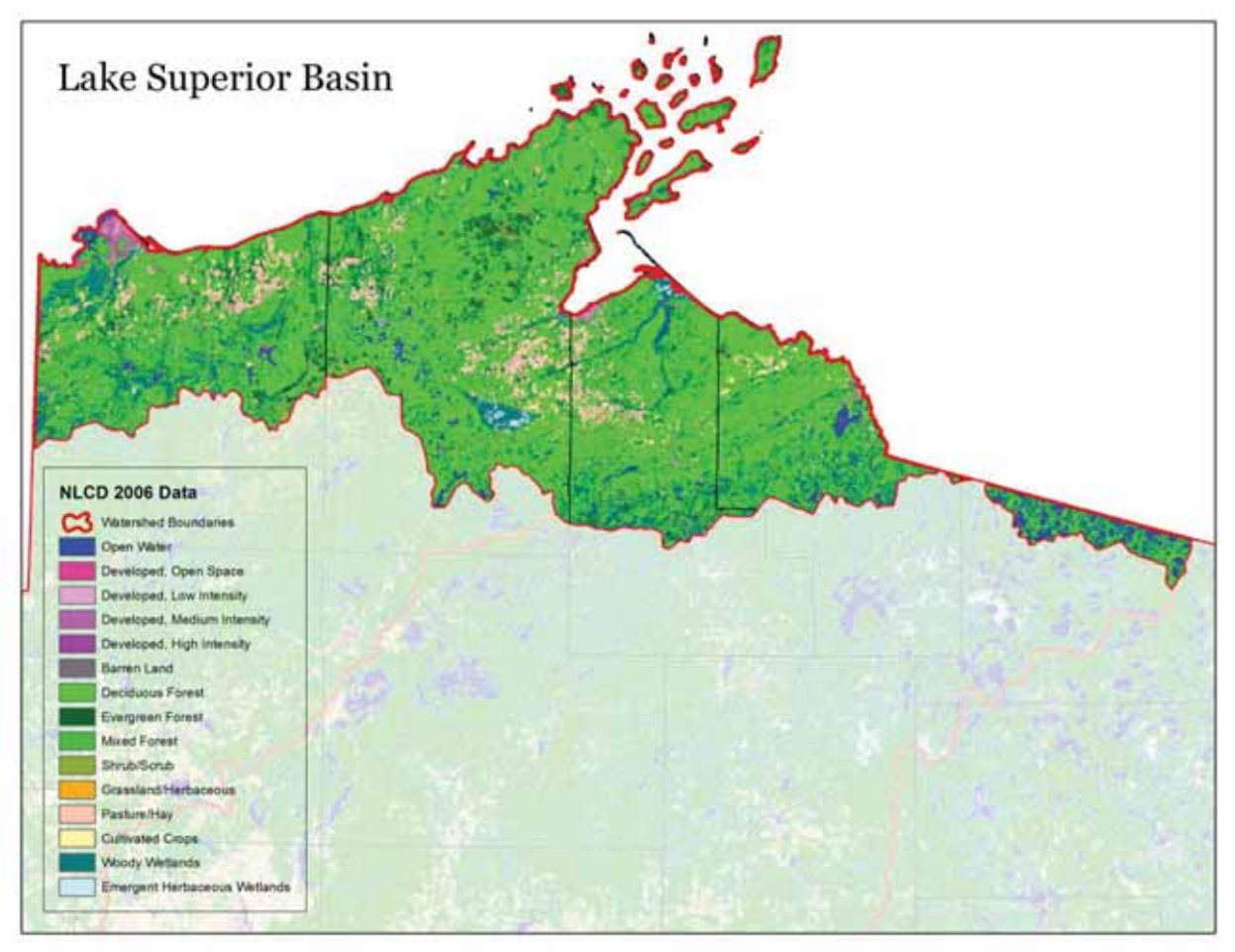
Element I. Service Area:



The Lake Superior watershed (040102,040103,040201), comprised of Douglas, Bayfield, Ashland, Iron and Vilas counties is located at the northern tip of Wisconsin and drains an area approximately 2,984 square miles. Ecological Landscapes include North Central Forest, Northern Highland, Northwest Lowlands, Northwest Sands and Superior Coastal Plan **(WDNR 2012)**.

Element II. Threats and Remediation:

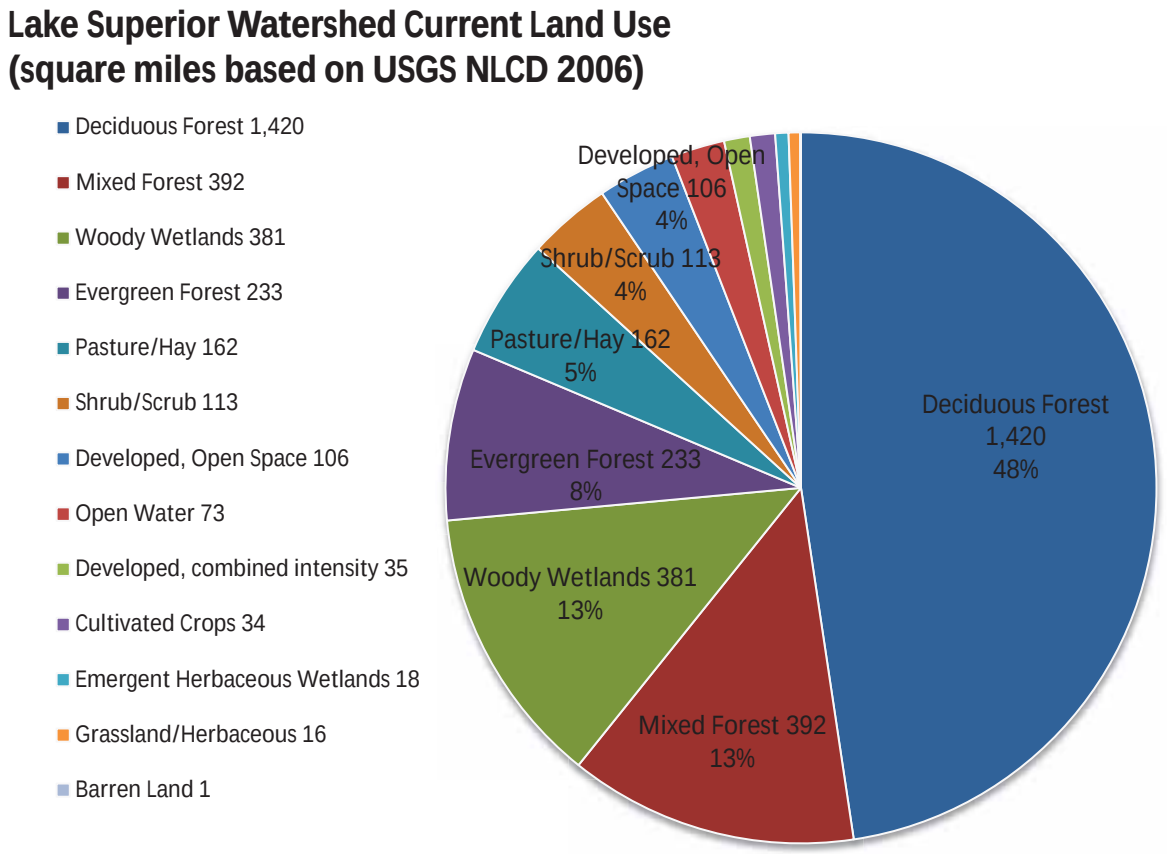
- Habitat Segmentation and Loss
- Agricultural Impacts
- Invasive Species
- Nutrient and Sediment Loading
- Groundwater Depletion and Surface Water Alteration



Element III. Historic Loss:

This watershed area has been generally spared of the heavy urbanization that the other Great Lake regions have encountered. The Lake Superior watershed's soils are poor in comparison to other state areas, which when combined with a shortened growing season has resulted in little historical agricultural impact. Having a majority of land use being forested, timber harvest and the logging industry have had the greatest historical impact along with mining and transportation infrastructure stemming from its widely used ports **(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



The Lake Superior Watershed Area consists of a largely rural undeveloped cross section with anthropogenic impacts stemming from residential, industrial and commercial development as the major contributing threat factors. Roads, sidewalks, bridges and wastewater treatment plants along with ponds are some of the activities that contribute to the majority of permitted actions. As the northern population continues to grow and expand these activities will remain a leading factor contributing to wetland losses. There has also been recent interest in metallic mining within this watershed that could become a major resource threat should an active site be pursued and constructed. However, even with these threats this watershed is one of the least overall impacted areas in our state and poses many opportunities to preserve pristine high quality wetland areas. This is also the only watershed in our state that drains to Lake Superior providing another opportunity to protect this unique shoreline against adverse impacts such as erosion and toxic pollution. Lake Superior represents that largest expanse of fresh water in the world as well as the "cleanest" of the Great Lakes**(WDNR Basin Website 2013)**.

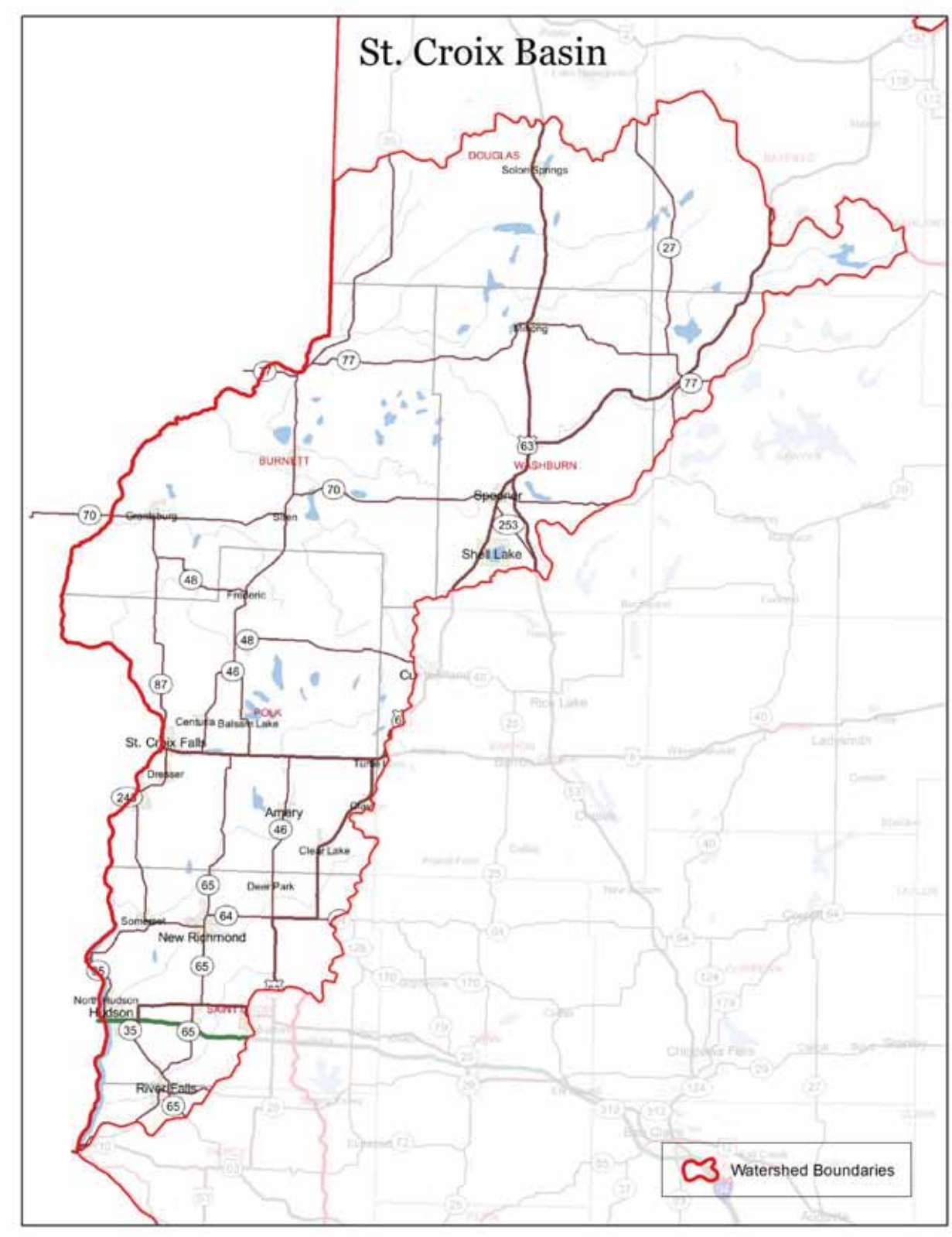
Element V. Goals and Objectives:

1. Shore line Protection
2. Wildlife Habitat
3. Preservation of wetland resources as referenced under Element VII.
4. Groundwater Processes

5. Fish and Aquatic Life Habitat
6. Water Quality Protection
7. Storm and Floodwater Storage
8. Human Use Values: recreation, culture, education, science and natural scenic beauty

St. Croix CPF

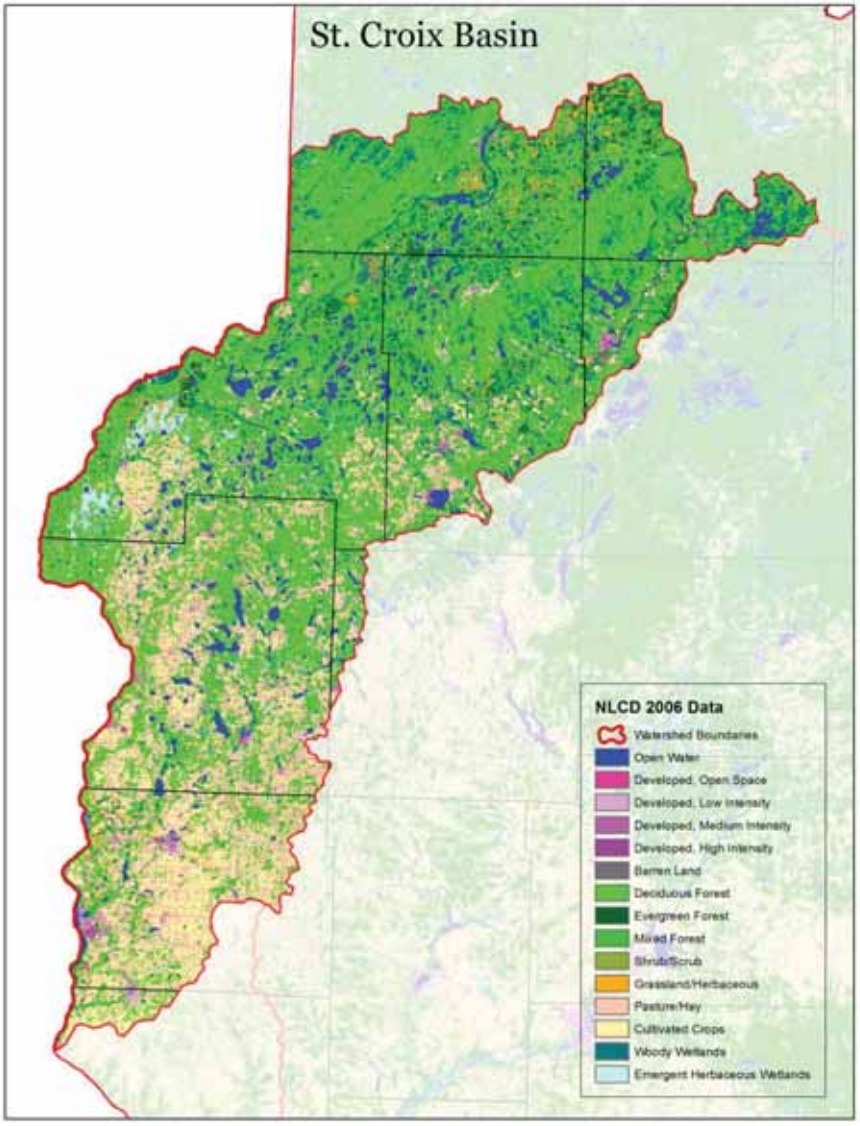
Element I. Service Area:



The Saint Croix watershed (070300), comprised of Douglas, Bayfield, Burnett, Washburn, Polk, Barron and Saint Croix counties is located at the north western tip of Wisconsin and drains an area approximately 4,188 square miles. Ecological Landscapes include Forest Transition, North Central Forest, Northwest Lowlands, Northwest Sands and Western Prairie **(WDNR 2012)**.

Element II. Threats and Remediation:

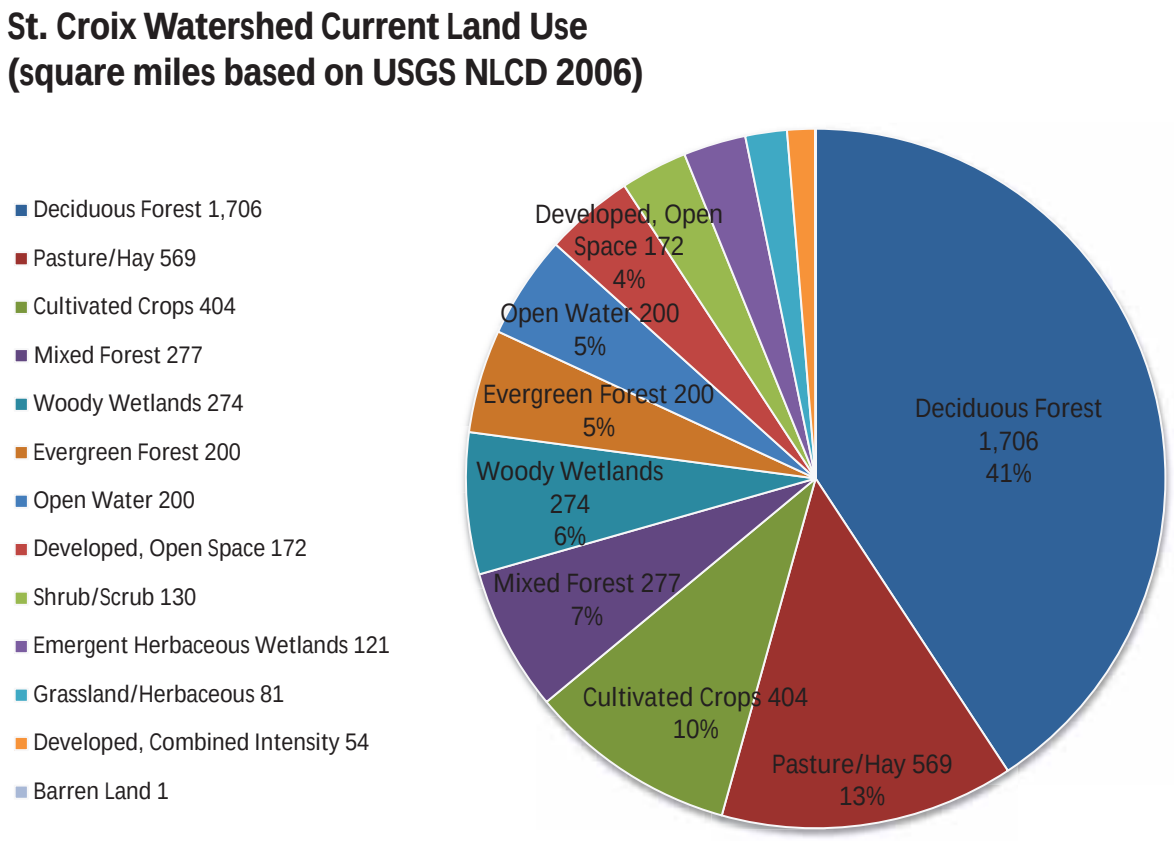
- Agricultural Impacts
- Groundwater Depletion and Surface Water Alteration
- Invasive Species
- Habitat Segmentation and Loss
- Nutrient and Sediment Loading



Element III. Historic Loss:

This watershed area is known for its rich water based resources that brought people to the area to utilize and enjoy them. Historically logging and agriculture practices dominated the early economy along with dams for milling and eventually electricity. These changes to the landscape have altered and impacted the character of wetlands changing their hydrology and vegetative communities and influencing their soil composition**(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



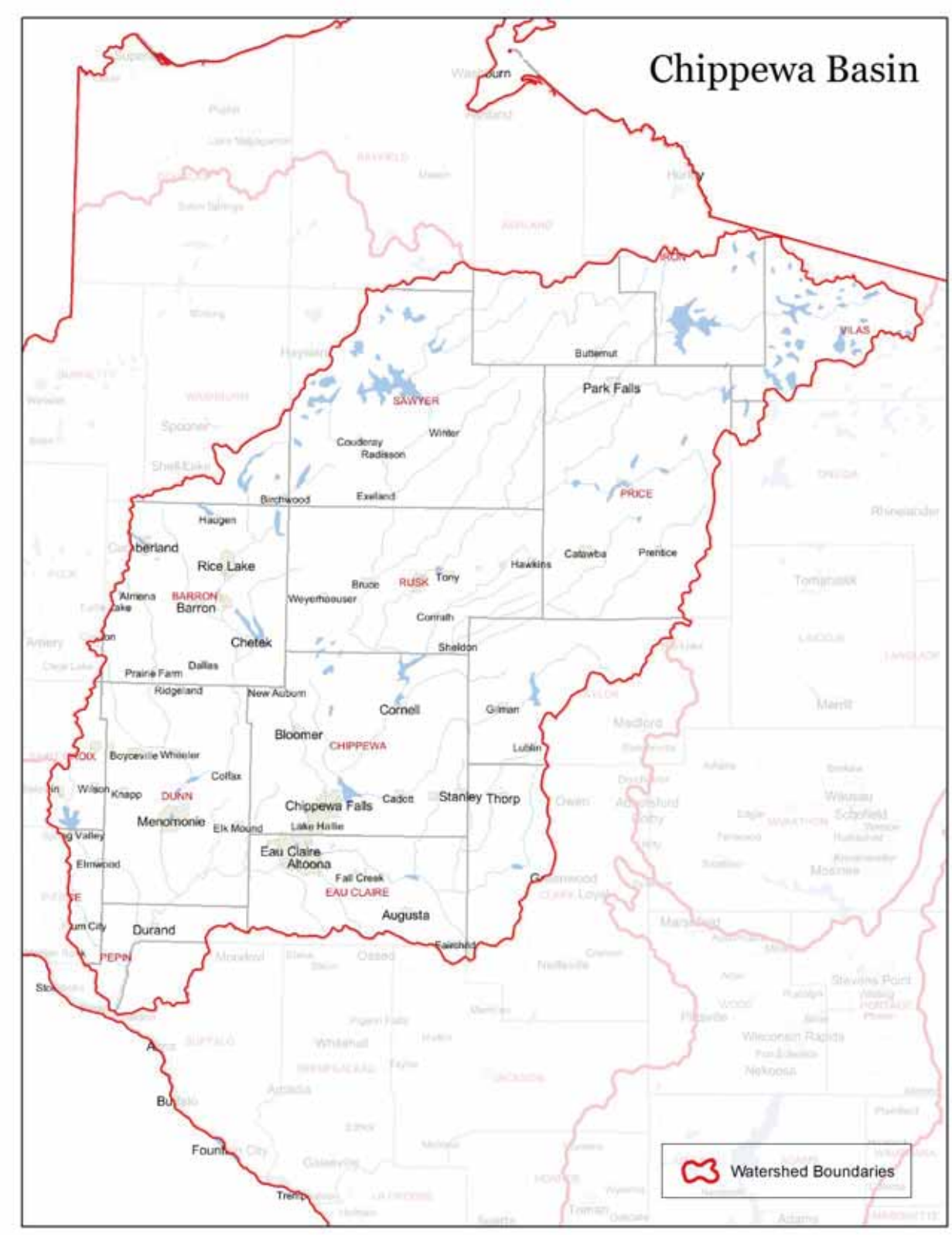
The St. Croix Watershed Area consists of a large dispersal of water resources including both groundwater and surface water fed areas. Water rich, this watershed area consists of primarily rolling glacial terrain ranging from flat outwash plains to knob and kettle moraines. This area is growing in popularity as a result of its abundant streams, lakes, wetlands rich forest, wildlife and fisheries as both a place for recreation and general living. Following deciduous forested areas, combined agricultural areas dominate the land use and changes to more row crops and larger confined animal feeding operations are cause for water resource concern from non-point runoff, erosion and manure management. Increased growth and its associated development activities are also major threats as they are occurring largely along shorelines and other resource areas **(WDNR Basin Website 2013)**.

Element V. Goals and Objectives:

1. Wildlife Habitat
2. Shore Line Protection
3. Groundwater Processes
4. Fish and Aquatic Life Habitat
5. Preservation of wetland resources as reference under Element VII
6. Human Use Values: recreation, culture, education, science and natural scenic beauty
7. Water Quality Protection
8. Storm and Floodwater Storage

Chippewa CPF

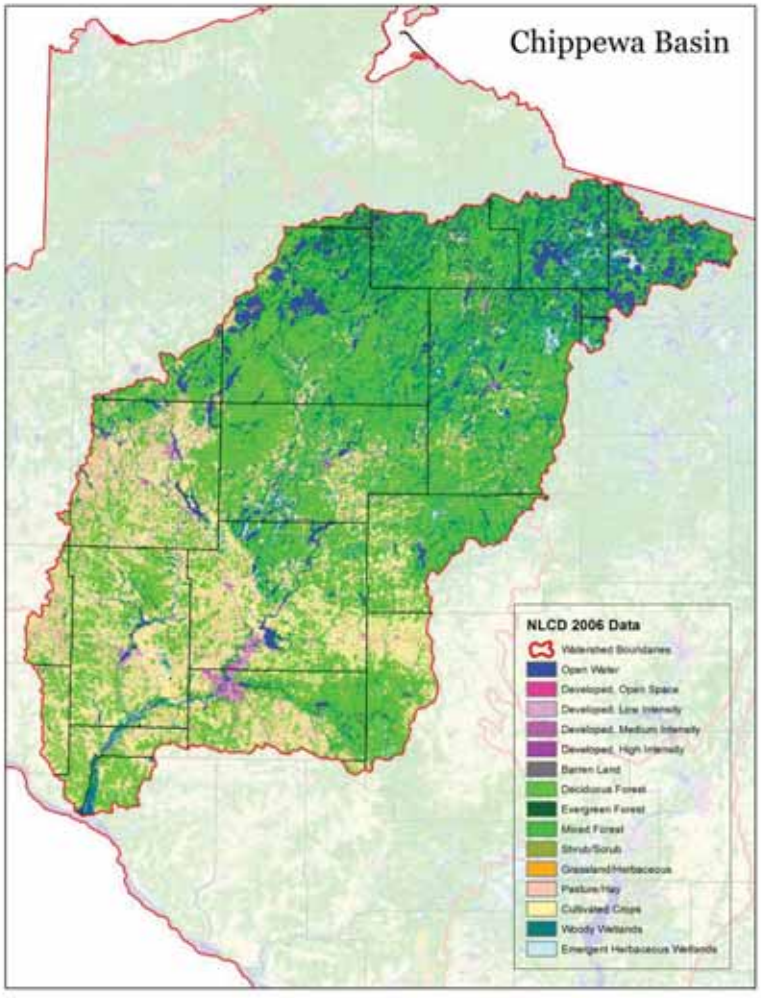
Element I. Service Area:



The Chippewa Watershed is the largest of the 12 service areas comprised of Bayfield, Burnett, Polk, Ashland, Iron, Vilas, Washburn, Sawyer, Price, Oneida, Barron, Rusk, Saint Croix, Dunn, Chippewa, Taylor, Pierce, Pepin, Buffalo, Eau Claire, Clark and Jackson counties, located in the northern western portion of Wisconsin and draining an area of approximately 9,583 square miles. Ecological Landscapes include Central Sand Plains, Forest Transition, North Central Forest, Northern Highland, Northwest Sands, Western Coulees and Ridges and Western Prairie **(WDNR 2012)**.

Element II. Threats and Remediation:

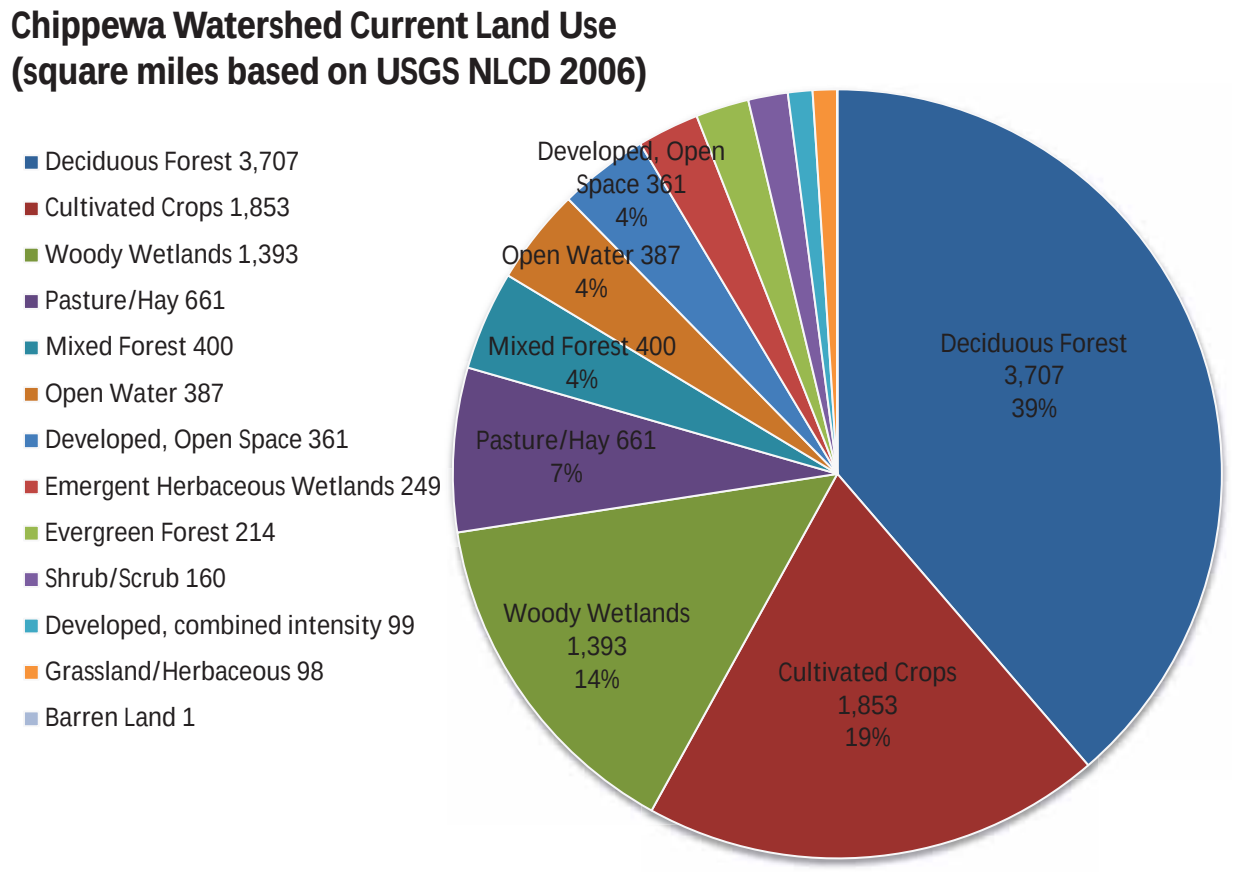
- Agricultural Impacts
- Habitat Segmentation and Loss
- Invasives Species
- Groundwater Depletion and Surface Water Alteration
- Nutrient and Sediment Loading



Element III. Historic Loss:

This watershed has a history rooted in the timber industry with pulp and paper mills setting the stage for subsequent population growth and industrialization. The red clay soils of the lower watershed contributed to red bricks used to fabricate the structures of the areas, which in many cases remain in place today. As settlement grew in response to the growing economy trails were cut followed by roadways and the ever expanding effects of anthropogenic influence**(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



The Chippewa Watershed Area consists of the Upper and Lower Chippewa River and comprises the largest Primary Service Area. The Upper Chippewa is formed by the confluence of the West Fork Chippewa River (rising from Chippewa Lake) and the East Form Chippewa River (rising from wetlands in the Town of Knight). The Lower Chippewa downstream from Eau Claire and downstream from Menomonie on the Red Cedar contains more rare species (125) and more native prairie (25% of state total) than any area of comparable size in Wisconsin **(WDNR Basin Website 2013).** This area provides significant areas of habitat, recreation, navigation and is home to over 40 lakes that host Wild Rice stands, a critical natural resource protected by state and tribal **(WDNR Basin Website 2013)**. The Chippewa Watershed also provides a great sport fishery hosting musky, walleye and smallmouth bass in its many water resource areas. Hosting critical habitat for rare species this watershed area has been subject of many preservation activities through the various State Wildlife Areas and Natural Areas. Being the largest of our 12 Primary Service Areas this watershed contains a wide variety of resources and is

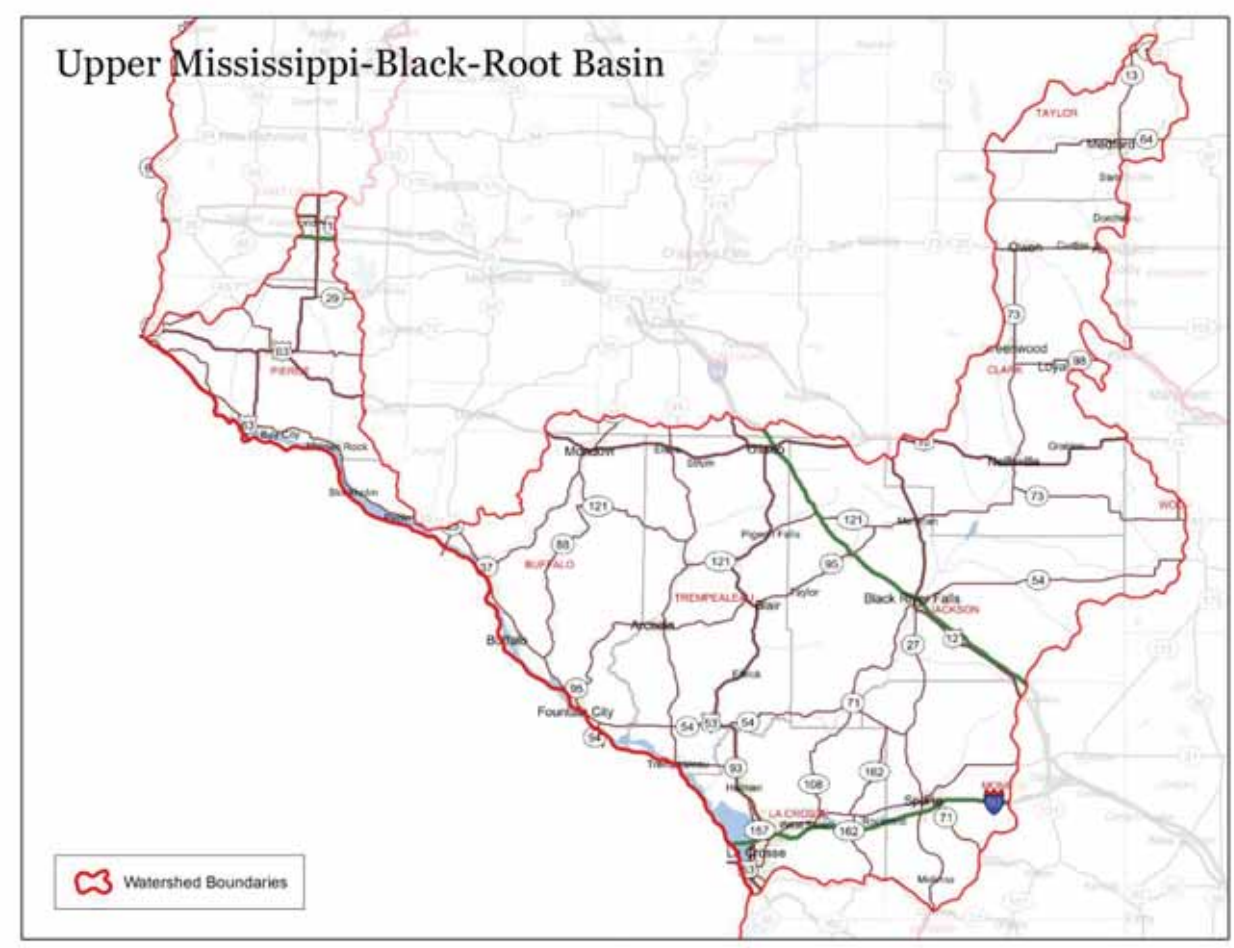
subject to many diverse impacts. For examples, the Lower Chippewa watershed is subject to groundwater threats by the extensive network of high capacity wells, whereas the Upper Chippewa has relatively few high capacity wells **(Figure 5.)**.

Element V. Goals and Objectives:

1. Fish and Aquatic Life Habitat
2. Groundwater Processes
3. Wildlife Habitat
4. Shore Line Protection
5. Water Quality Protection
6. Storm and Floodwater Storage
7. Human Use Values: recreation, culture, education, science and natural scenic beauty
8. Preservation of wetland resources as reference under Element VII

Upper Mississippi – Black Root CPF

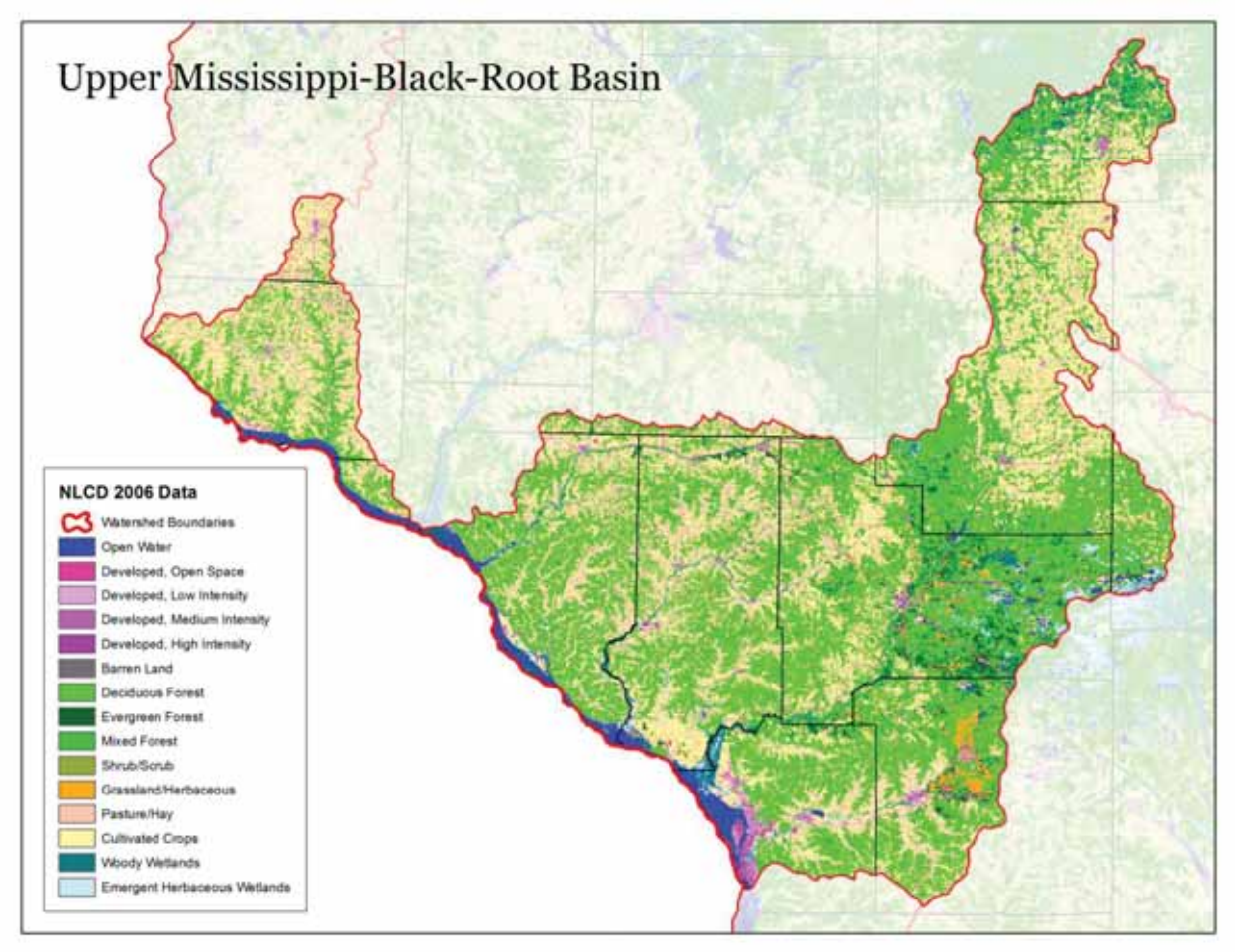
Element I. Service Area:



The Upper Mississippi – Black Root watershed (070400), comprised of Saint Croix, Pierce, Pepin, Eau Claire, Buffalo, Trempealeau, La Crosse, Monroe, Jackson, Wood, Clark and Taylor counties is located on the western side of Wisconsin and drains an area approximately 4,843 square miles. Ecological Landscapes include Central Sand Plains, Forest Transition, North Central Forest, Western Coulees and Ridges and Western Prairie **(WDNR 2012)**.

Element II. Threats and Remediation:

- Invasives Species
- Agricultural Impacts
- Nutrient and Sediment Loading
- Groundwater Depletion and Surface Water Alteration
- Habitat Segmentation and Loss

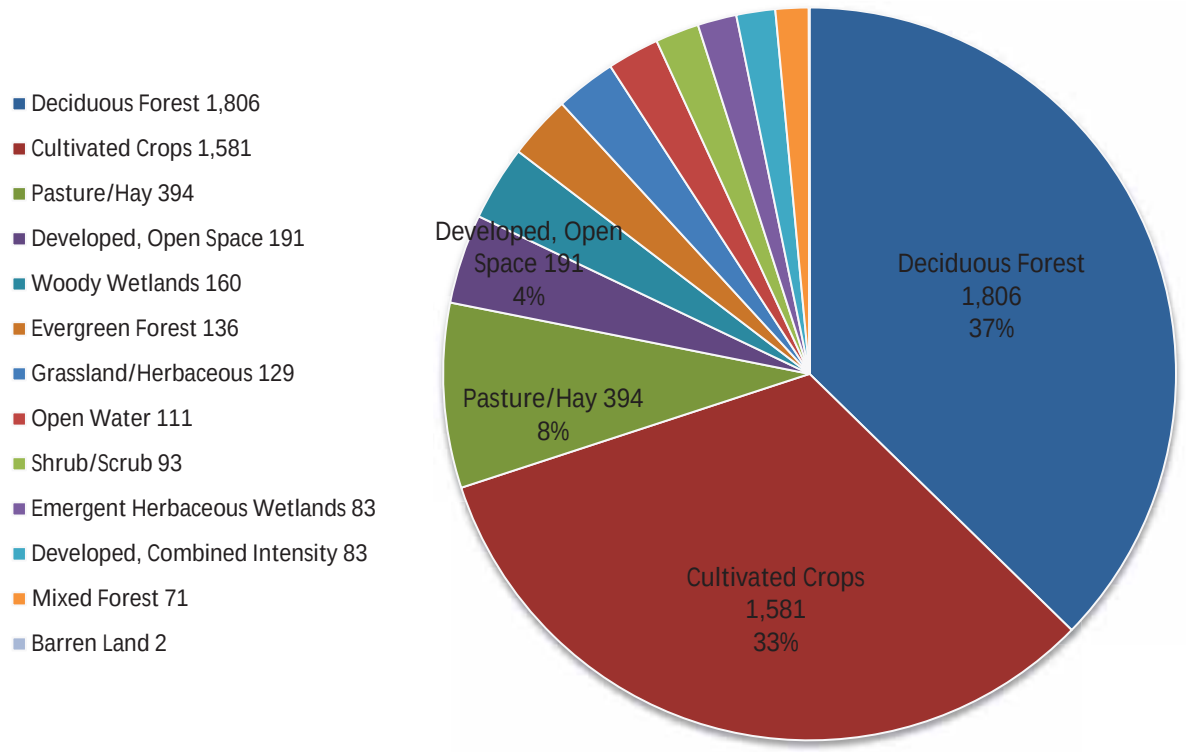


Element III. Historic Loss:

This watershed's historical activity is rooted in logging practices, agriculture activities and dams for grain mills. These past land use activities brought with them more settlers looking to participate in the growing economy leading to further wetland loss and adverse impacts as settlement grew**(WDNR Basin Website 2013)**.

Element IV. Current Conditions:

Upper Mississippi Black-Root Watershed Current Land Use (square miles based on USGS NLCD 2006)



The Upper Mississippi – Black Root Watershed area is comprised of four smaller basins commonly referred to as the Great Western Rivers that drain directly into the Mississippi River. This watershed area consists of the Buffalo-Trempealeau, Black River, Bad Axe-La Crosse and Grant-Platte basins. The overall watershed contains mainly forested and agricultural land use activities. In addition mining, timber and other resource related industries operate within this area. Urban and rural non-point runoff, barnyard runoff, non-stabilized riparian areas and water quality threats pose risks to the watershed health. This watershed area spans both large portions of the driftless area of the state viewed for miles from the regions steep bluffs as well as those areas impacted by the last glacier. Coldwater streams can be readily found within this watershed supported by groundwater discharges. Portions of this watershed also contain many natural stream channels whose meandering pathways have never been channelized **(WDNR Basin Website 2013)**.

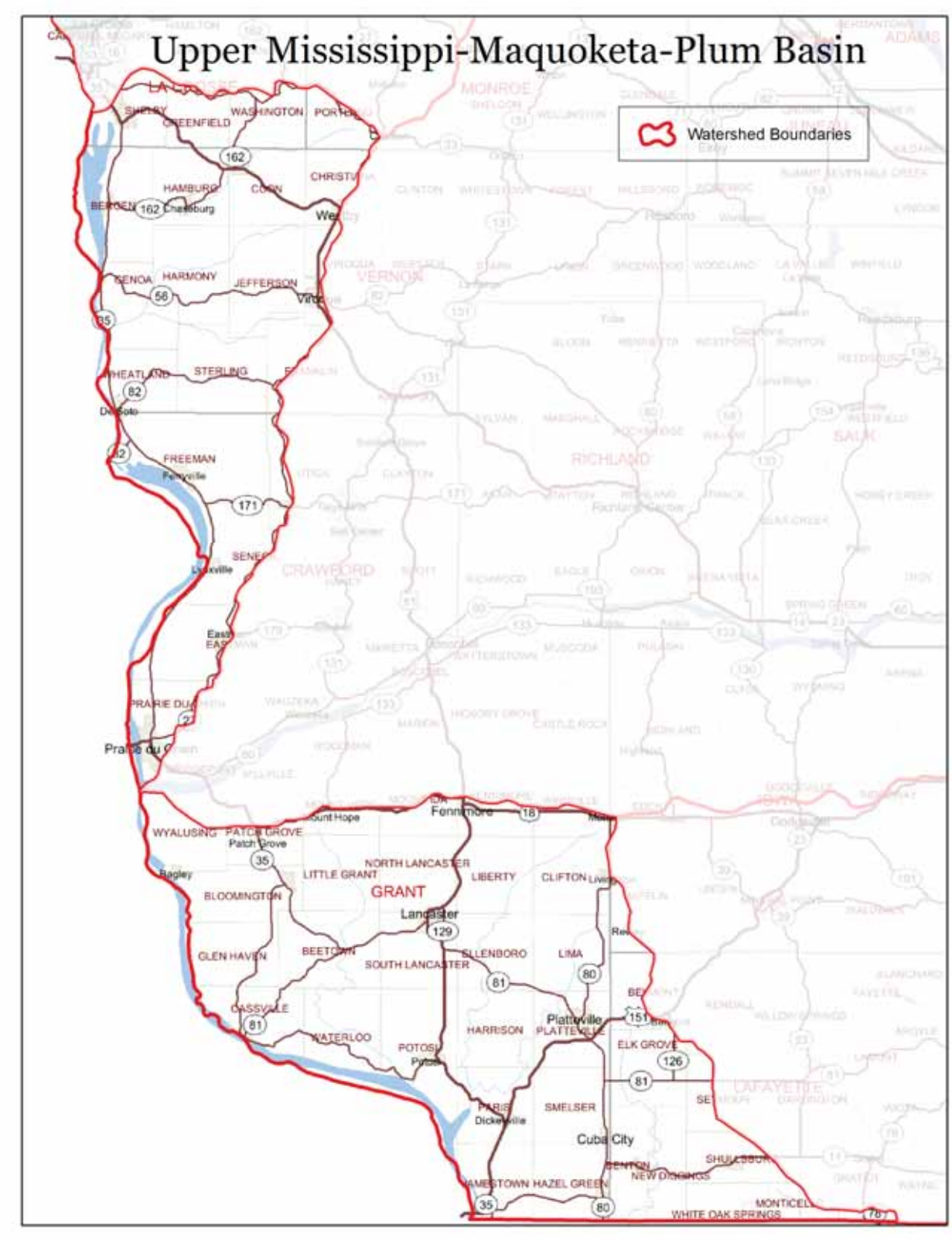
Element V. Goals and Objectives:

1. Storm and Floodwater Storage
2. Water Quality Protection
3. Wildlife Habitat
4. Groundwater Processes

5. Fish and Aquatic Life Habitat
6. Shore Line Protection
7. Human Use Values: recreation, culture, education, science and natural scenic beauty.
8. Preservation of wetland resources as reference under Element VII

Upper Mississippi – Maquoketa Plum CPF

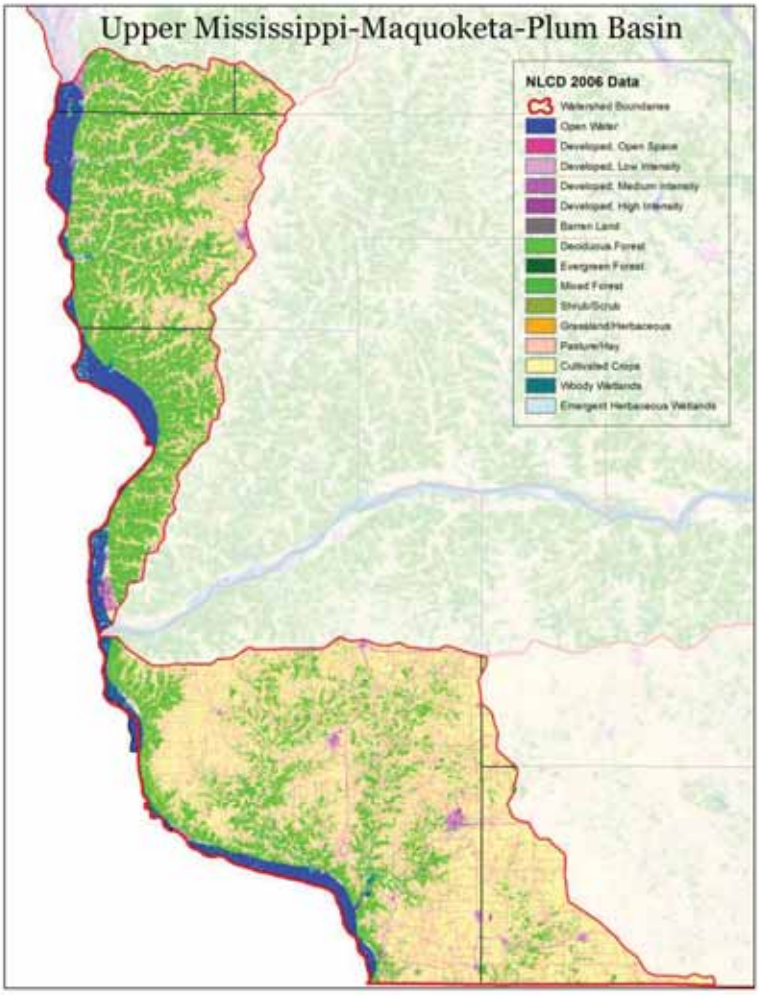
Element I. Service Area:



The Upper Mississippi – Maquoketa Plum watershed (070600), comprised of La Crosse, Monroe, Vernon, Crawford, Grant, Iowa and La Fayette counties is located at the south western tip of Wisconsin and drains an area approximately 1,730 square miles. Ecological Landscapes include Southwest Savanna and Western Coulees and Ridges **(WDNR 2012)**.

Element II. Threats and Remediation:

- Agricultural Impacts
- Nutrient and Sediment Loading
- Habitat Segmentation and Loss
- Invasives Species
- Groundwater Depletion and Surface Water Alteration

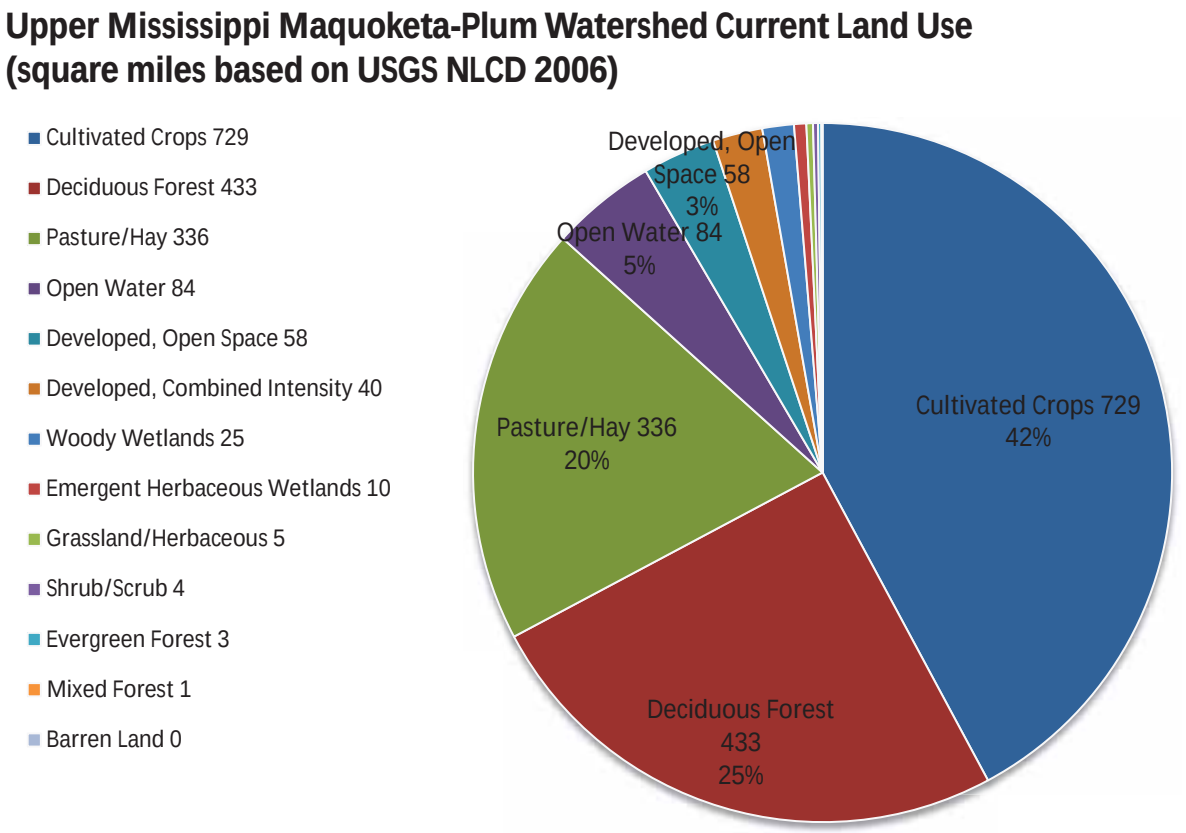


Element III. Historic Loss:

The settlement of the lower portion of this watershed and its diverse elevations, ridges and coulees was centered on agricultural practices. Wetlands and their rich humus soil composition were drained, grazed

and disturbed to fall within the realm of farming practices. Many streams and their associated wetland areas were dammed to power the mills for processing their harvest. Early farming did not have the benefit of modern soil conservation standards leading to sedimentation and nutrient loading of drainage areas. The upper portions of this watershed also followed the same agricultural path, but had a greater influence form the timber industry seeking to benefit from its higher density of original forest cover compared to the lower region comprised of large areas of prairie and oak opening **(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



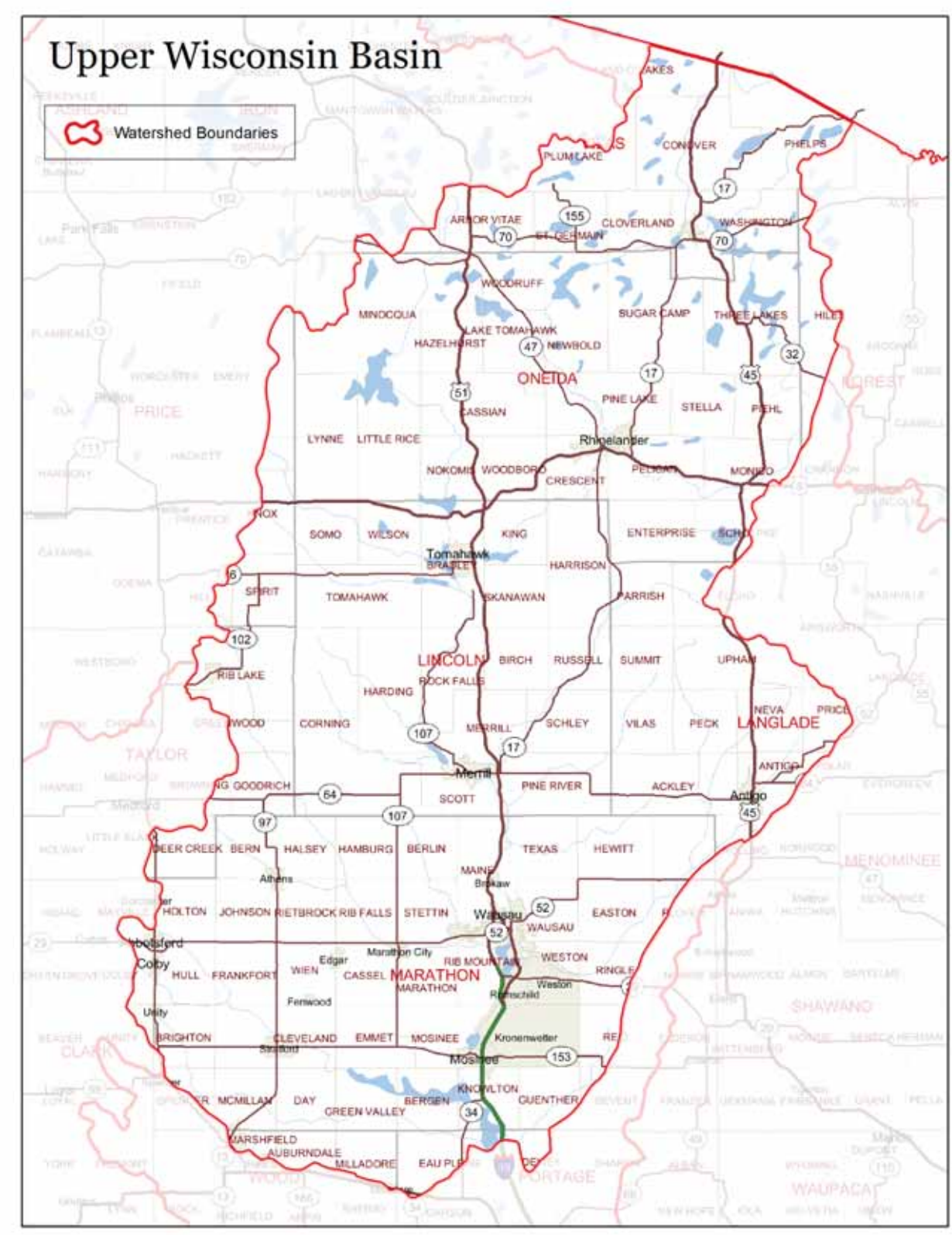
The Upper Mississippi Maquoketa-Plum Watershed is comprised of two basin areas, the southern portion of the Bad Axe-La Crosse and the Grant-Platte with most areas draining directly to the Mississippi River except for the Sugar-Pecatonica Basin that drains into the Rock River. The land use is dominated by rural agricultural activities especially in the southern portion of the watershed where head of cattle out number people nearly 3.5:1 **(WDNR Basin Website 2013)**.This area also has its fair share of coldwater fisheries contained more so in the northern portions of the watershed. Given the prevalence of cultivated crops and pasture land uses, non-point runoff and water quality issues are paramount to the overall health of this watershed.

Element V. Goals and Objectives:

1. Storm and Floodwater Storage
2. Wildlife Habitat
3. Water Quality Protection
4. Groundwater Processes
5. Fish and Aquatic Life Habitat
6. Human Use Values: recreation, culture, education, science and natural scenic beauty.
7. Preservation of wetland resources as reference under Element VII
8. Shore Line Protection

Upper Wisconsin CPF

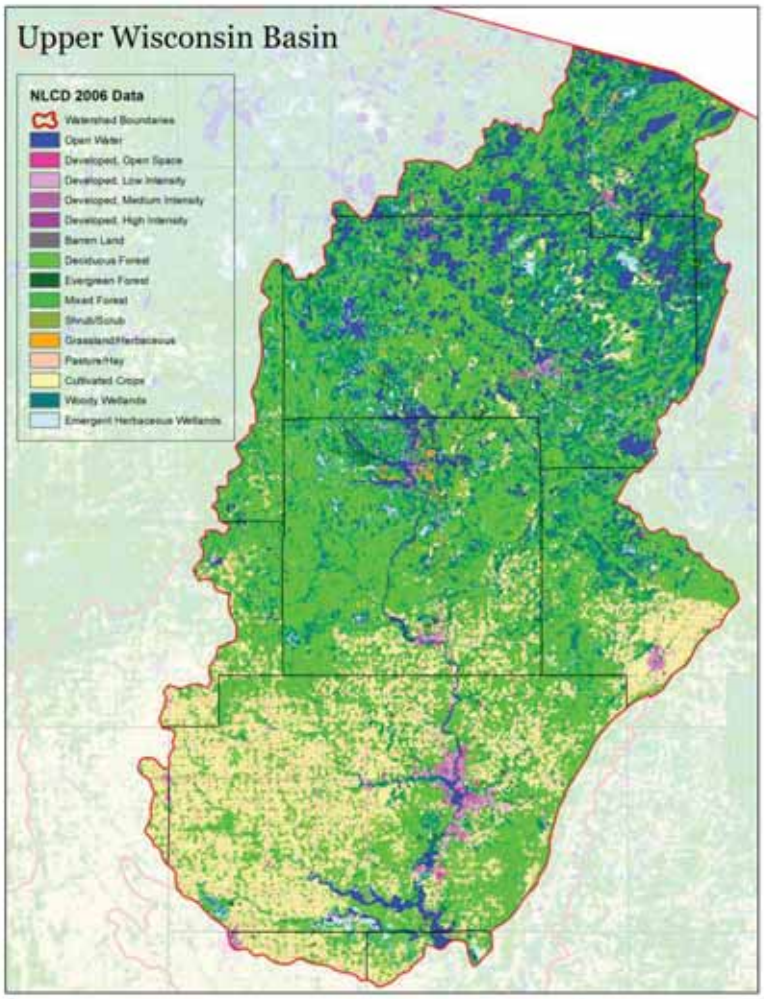
Element I. Service Area:



The Upper Wisconsin watershed (070700), comprised of Vilas, Forest, Price, Oneida, Taylor, Lincoln, Langlade, Clark, Marathon, Wood and Portage counties is located in the north central portion of Wisconsin and drains an area approximately 5,608 square miles. Ecological Landscapes include Central Sand Plains, Forest Transition, North Central Forest and Northern Highland **(WDNR 2012)**.

Element II. Threats and Remediation:

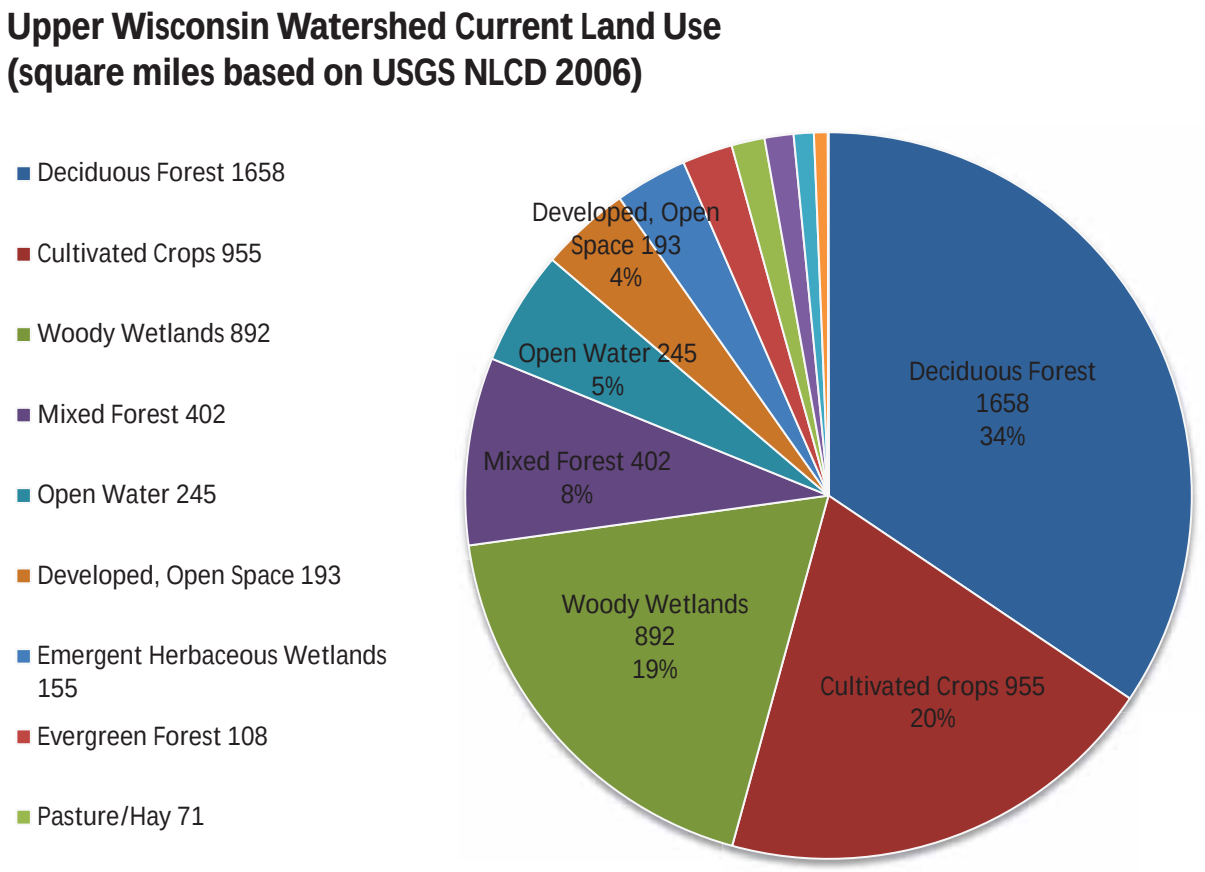
- Habitat Segmentation and Loss
- Groundwater Depletion and Surface Water Alteration
- Agricultural Impacts
- Invasives Species
- Nutrient and Sediment Loading



Element III. Historic Loss:

This watershed like many other of the northern parts of Wisconsin was developed based on the timber and saw mill industry that impacted the wooded wetland vegetation of the area. Dams were also constructed to hold water that could later be used to maintain the river flow to enable logs to be floated downstream. Infrastructure to support the saw mills such as railroads and other means of transportation followed. Saw mils eventually converted to paper mills and settlers and subsequent unique sandy soil based agriculture practices followed suit as lands were cleared and changed the wetland landscape of the area**(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



The Upper Wisconsin Watershed was formed when melting glaciers left the area with a very large portion of Wisconsin's open water when compared to most other watershed areas of the state containing 34% of named and unnamed lakes and 22% of the total lake acreage **(WDNR 2002)**. Known as a headwaters area this watershed also contains an abundance of streams as well as a significant amount of cold water fisheries. Heavily forested, the wooded wetland areas of this watershed dominate all other types in acreage. Water recreation is by no surprise very active in this area with many people flocking to this area to take part in the many opportunities represented within this watershed. In general this area contains a majority of farm fringe and forested regions of northern Wisconsin, but provides a unique habitat for aquatic dependent species such as bald eagles, osprey, common loons, river otters and colonial nesting water birds. This area also contains a very high density of housing units per square

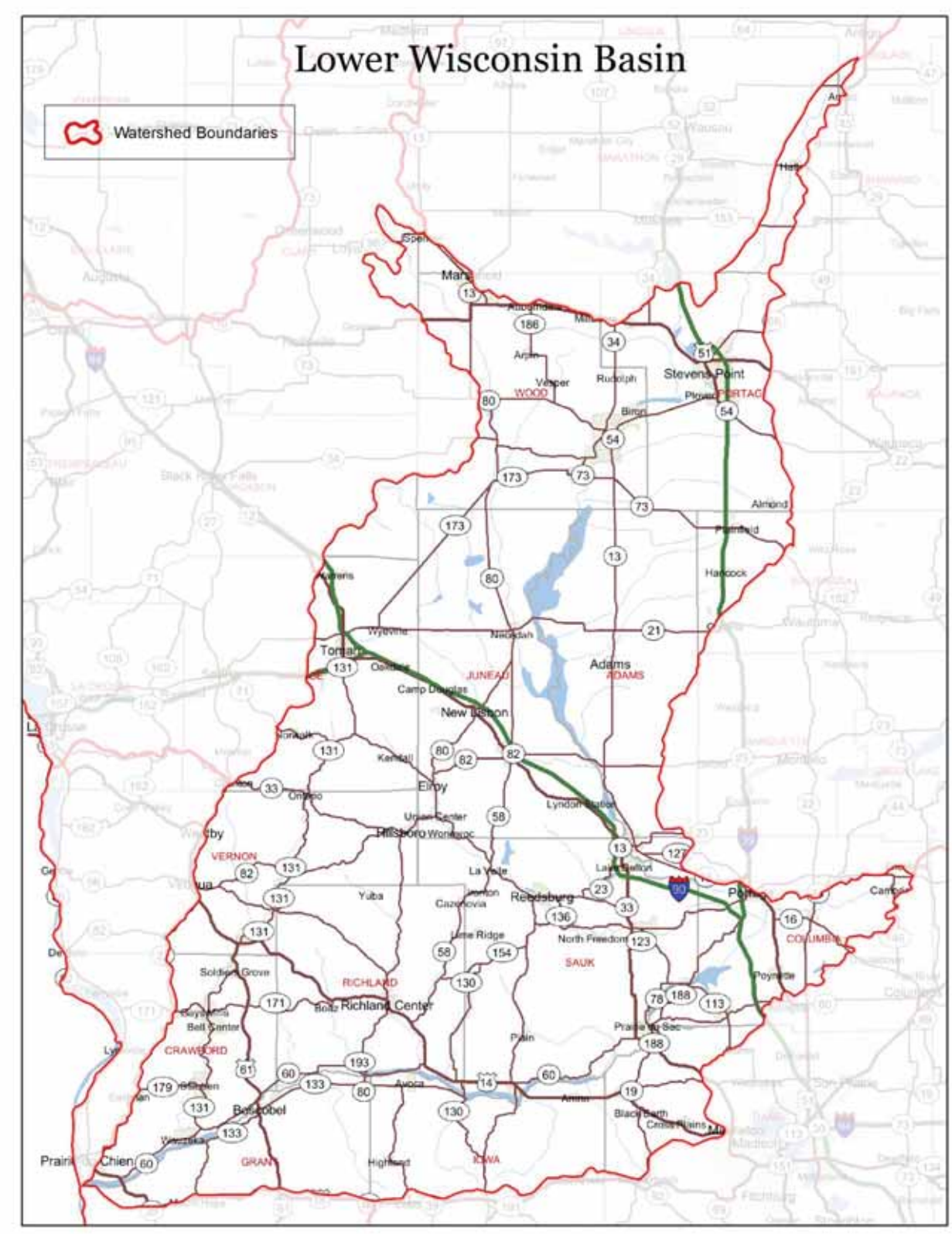
miles, which are largely centered on the many lakes that are found concentrated in the northern regions as development pressures continue to grow**(WDNR Basin Website 2013)**.

Element VI. Priorities:

1. Fish and Aquatic Life Habitat
2. Shoreline Protection
3. Wildlife Habitat
4. Groundwater Processes
5. Water Quality Protection
6. Storm and Floodwater Storage
7. Human Use Values: recreation, culture, education, science and natural scenic beauty.
8. Preservation of wetland resources as reference under Element VII

Lower Wisconsin CPF

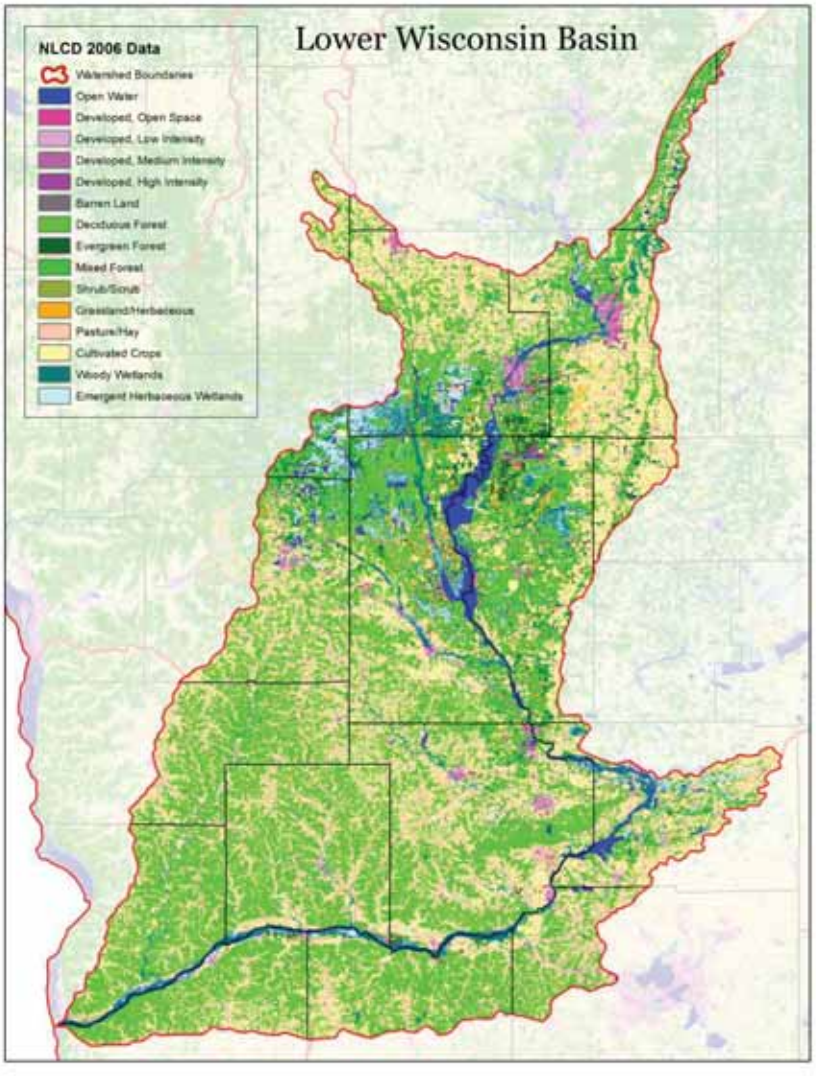
Element I. Service Area:



The Lower Wisconsin watershed (070700), comprised of Clark, Marathon, Langlade, Jackson, Wood, Portage, Monroe, Juneau, Adams, Waushara, Vernon, Crawford, Richland, Sauk, Columbia, Grant, Iowa and Dane counties is located in the south central portion of Wisconsin and drains an area approximately 7,049 square miles. Ecological Landscapes include Central Sand Hills, Central Sand Plains, Forest Transition, Southeast Glacial Plains, Southwest Savanna and Western Coulees and Ridges **(WDNR 2012)**.

Element II. Threats and Remediation:

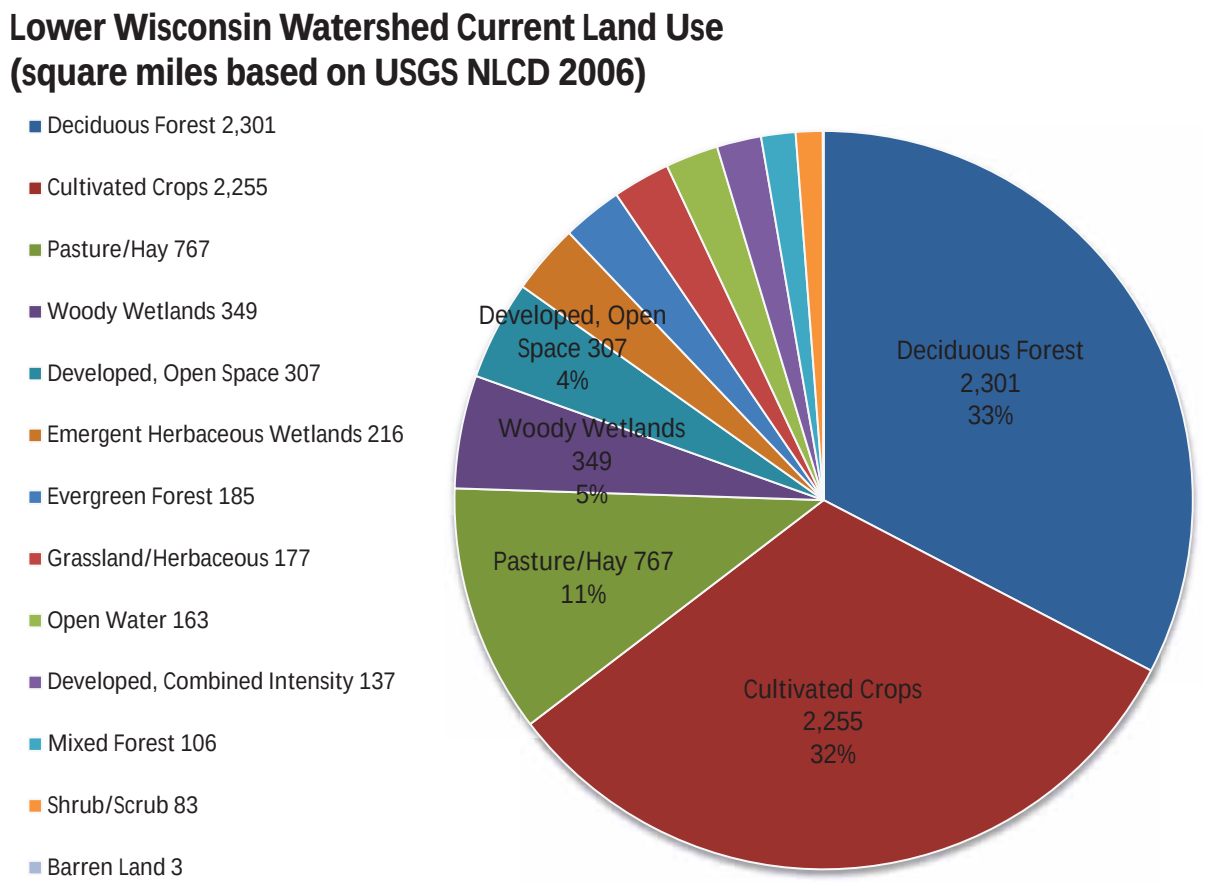
- Nutrient and Sediment Loading
- Groundwater Depletion and Surface Water Alteration
- Agricultural Impacts
- Invasives Species
- Habitat Segmentation and Loss



Element III. Historic Loss:

This watershed like many other of the northern parts of Wisconsin was developed based on the timber and saw mill industry that impacted the wooded wetland vegetation of the area. Dams were also constructed to hold water that could later be used to maintain the river flow to enable logs to be floated downstream. Infrastructure to support the saw mills such as railroads and other means of transportation followed. Saw mils eventually converted to paper mills and settlers and subsequent unique sandy soil based agriculture practices followed suit as lands were cleared and changed the wetland landscape of the area**(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



The Lower Wisconsin Watershed water quality is generally considered good with primary concerns centered on nonpoint runoff from agricultural land origins along with hydrological alterations of wetland areas. This basin contains few lakes, but an abundance of streams with a large portion being cold water trout fisheries comprised of some of the best trout fishing in the nation (Black Earth Creek Watershed). Most of the categorized lakes are actually flowages created to support cranberry culture or resulting from historical attempts to drain wetlands for agricultural purposes. Much of the western portion of this

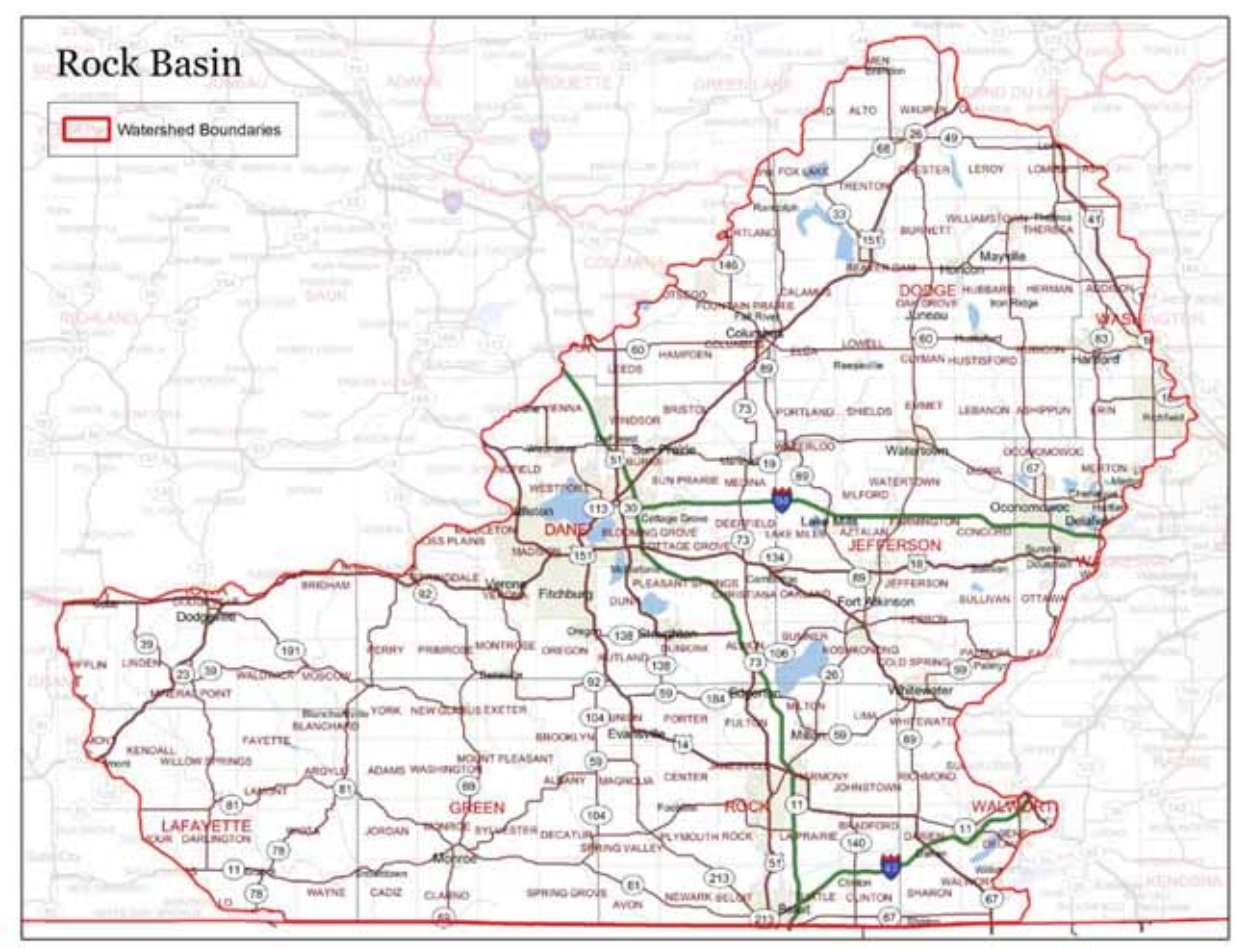
watershed lies within the driftless region, which was not covered by the last glacier. Consequently the eastern portion of this watershed was historically covered with glacial drift. The north central portion lies within the boundary of glacial Lake Wisconsin, which contains large wetland complexes ranging from wet meadow and open marsh to wooded lowlands. Other wetland areas are abundant along the riparian areas of the many streams and rivers in the watershed with the most common type of wetland resources found in this watershed being forested **(WDNR 2002)**.

Element V. Goals and Objectives:

1. Storm and Floodwater Storage
2. Groundwater Processes
3. Water Quality Protection
4. Fish and Aquatic Life Habitat
5. Wildlife Habitat
6. Shore Line Protection
7. Human Use Values: recreation, culture, education, science and natural scenic beauty.
8. Preservation of wetland resources as reference under Element VII

Rock CPF

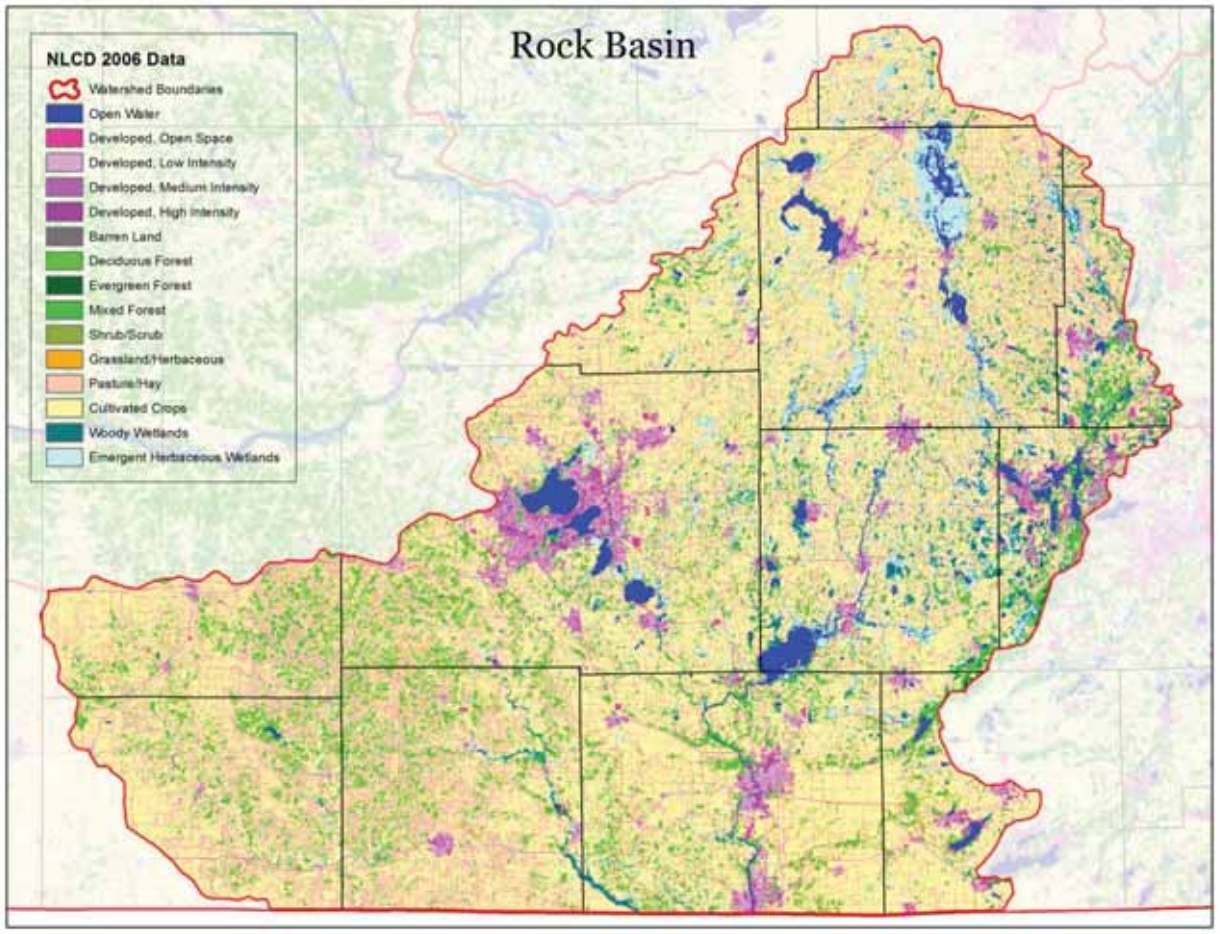
Element I. Service Area:



The Rock watershed (070900), comprised of Green Lake, Fond Du Lac, Columbia, Dodge, Washington, Iowa, Dane, Jefferson, Waukesha, Lafayette, Green, Rock and Walworth counties is located at the southern tip of Wisconsin and drains an area approximately 4,815 square miles. Ecological Landscapes include Central Sand Hills, Southeast Glacial Plains, Southwest Savanna and Western Coulees and Ridges **(WDNR 2012)**.

Element II. Threats and Remediation:

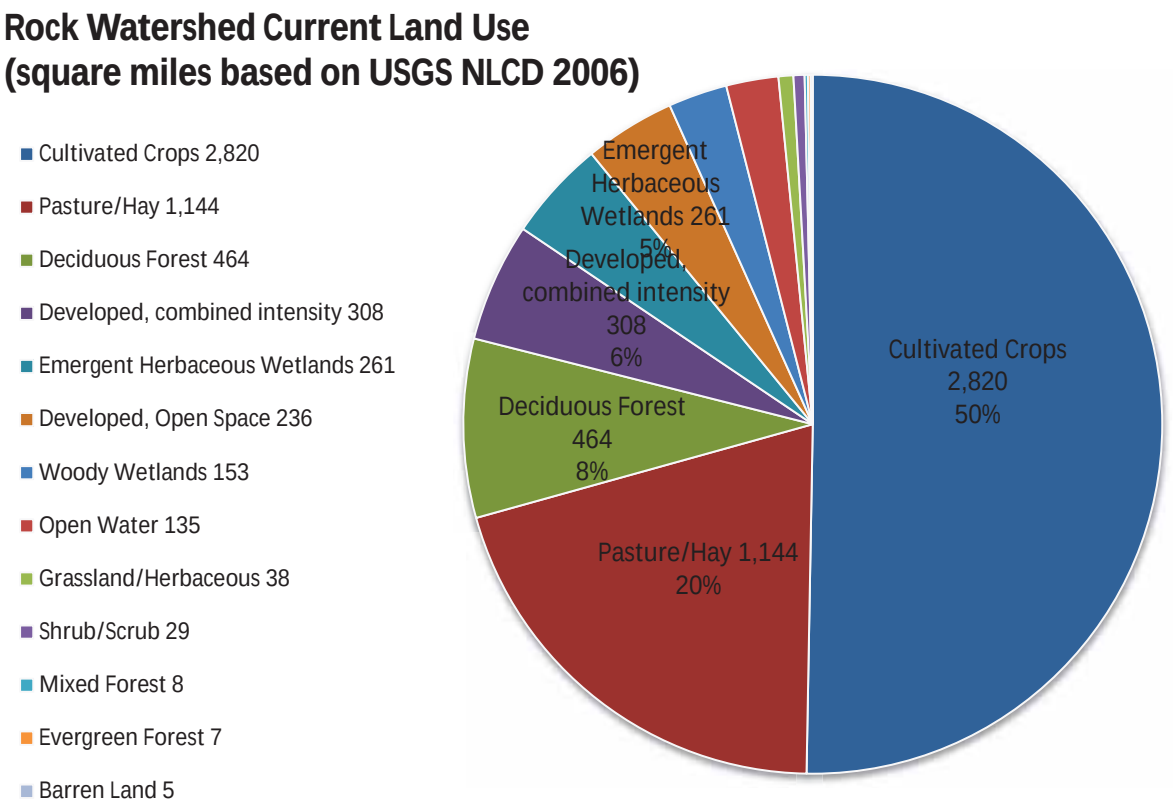
- Agricultural Impacts
- Nutrient and Sediment Loading
- Groundwater Depletion and Surface Water Alteration
- Invasives Species
- Habitat Segmentation and Loss



Element III. Historic Loss:

This watershed has been most impacted by agricultural practices that still dominate the land use. Also located within the western areas of this watershed is the center of historic lead and zinc mining with most being adjacent to streams, drainage ways and their associated wetlands. The economic development of the area was due largely in part to the railroad, which brought with it opportunity to grow commerce and industry leading to subsequent development that heavily impacted wetlands **(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



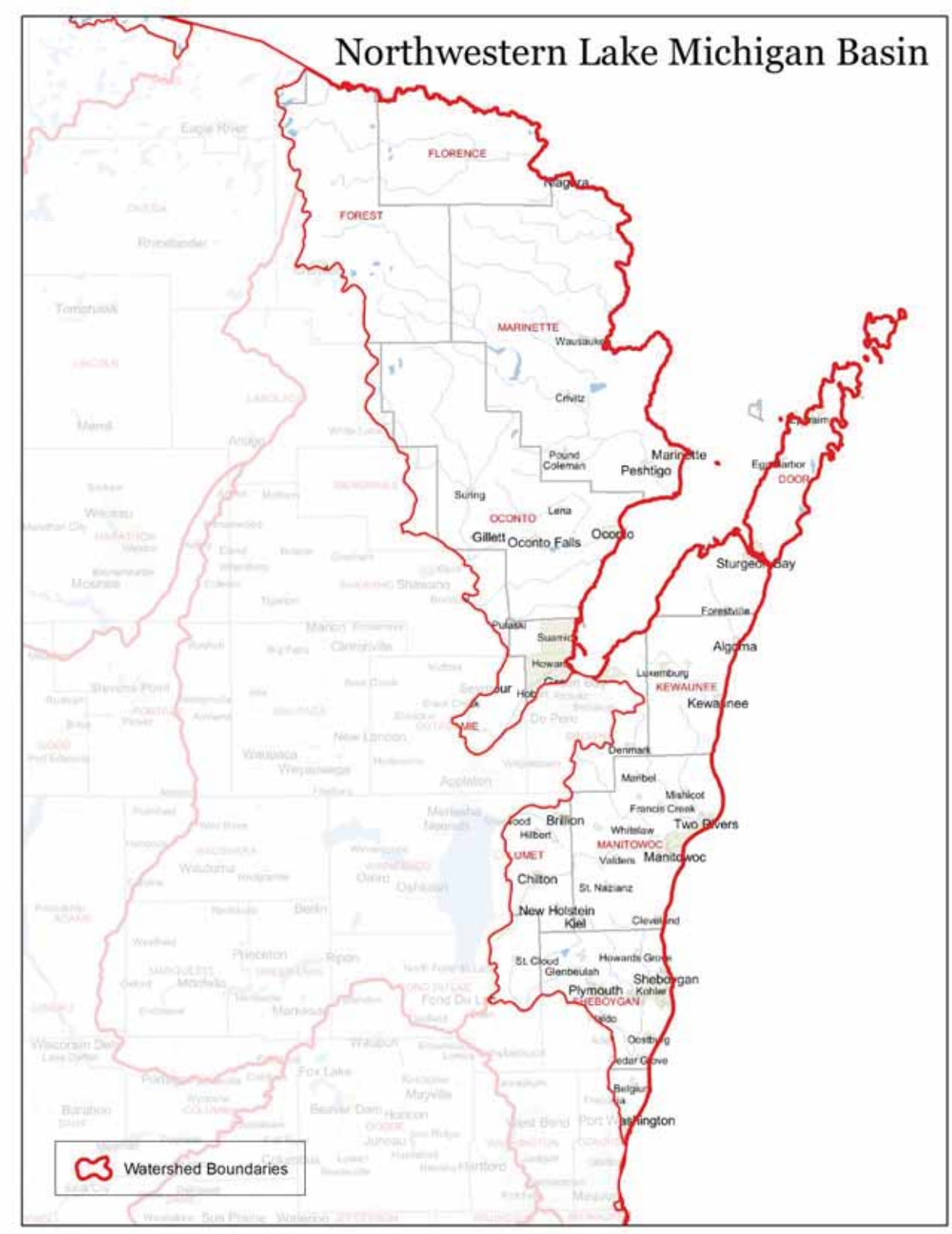
The Rock Watershed consists of three basin areas, the Sugar-Pecatonica, Lower Rock and Upper Rock and all drain to the Rock River. Land use in this watershed, similar to other portions of the state is dominated by agriculture with crops cultivation leading the way as area soils are fertile and productive. This area is also home to Horicon Marsh, which comprises the confluence of East, South and West branches of the Rock River. Despite the rural character of the watershed urbanization is a growing trend in this glaciated portion of the state. The overall watershed has been heavily impacted by sedimentation and nutrient loading stemming from non-point runoff from agricultural sources and also suffers from habitat fragmentation and alteration of hydrology to accommodate farming. These same activities have also lead to significant groundwater contamination, mainly in the portions of the Lower Rock River Basin **(WDNR Basin Website 2013)**.

Element V. Goals and Objectives:

1. Water Quality Protection
2. Wildlife Habitat
3. Storm and Floodwater Storage
4. Fish and Aquatic Life Habitat
5. Groundwater Processes
6. Shore Line Protection
7. Human Use Values: recreation, culture, education, science and natural scenic beauty.

Northwestern Lake Michigan CPF

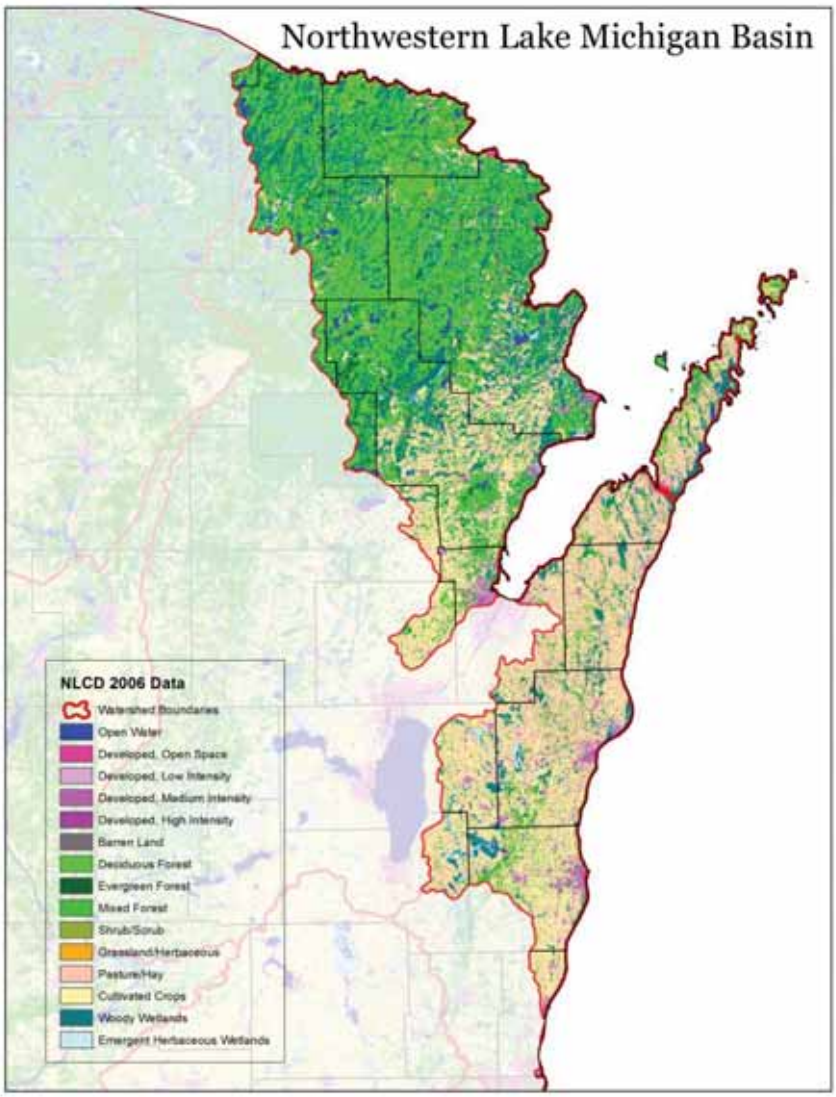
Element I. Service Area:



The Northwestern Lake Michigan watershed (040301), comprised of Vilas, Forest, Florence, Langlade, Menominee, Shawano, Outagamie, Marinette, Oconto, Brown, Calumet, Fond Du Lac, Sheboygan, Ozaukee, Manitowoc, Kewaunee and Door counties is located at the north eastern portion of Wisconsin and drains an area approximately 6,579 square miles. Ecological Landscapes include Central Lake Michigan Coastal, Forest Transition, North Central Forest, Northeast Sands, Northern Lake Michigan Coastal and Southeast Glacial Plains **(WDNR 2012)**.

Element II. Threats and Remediation:

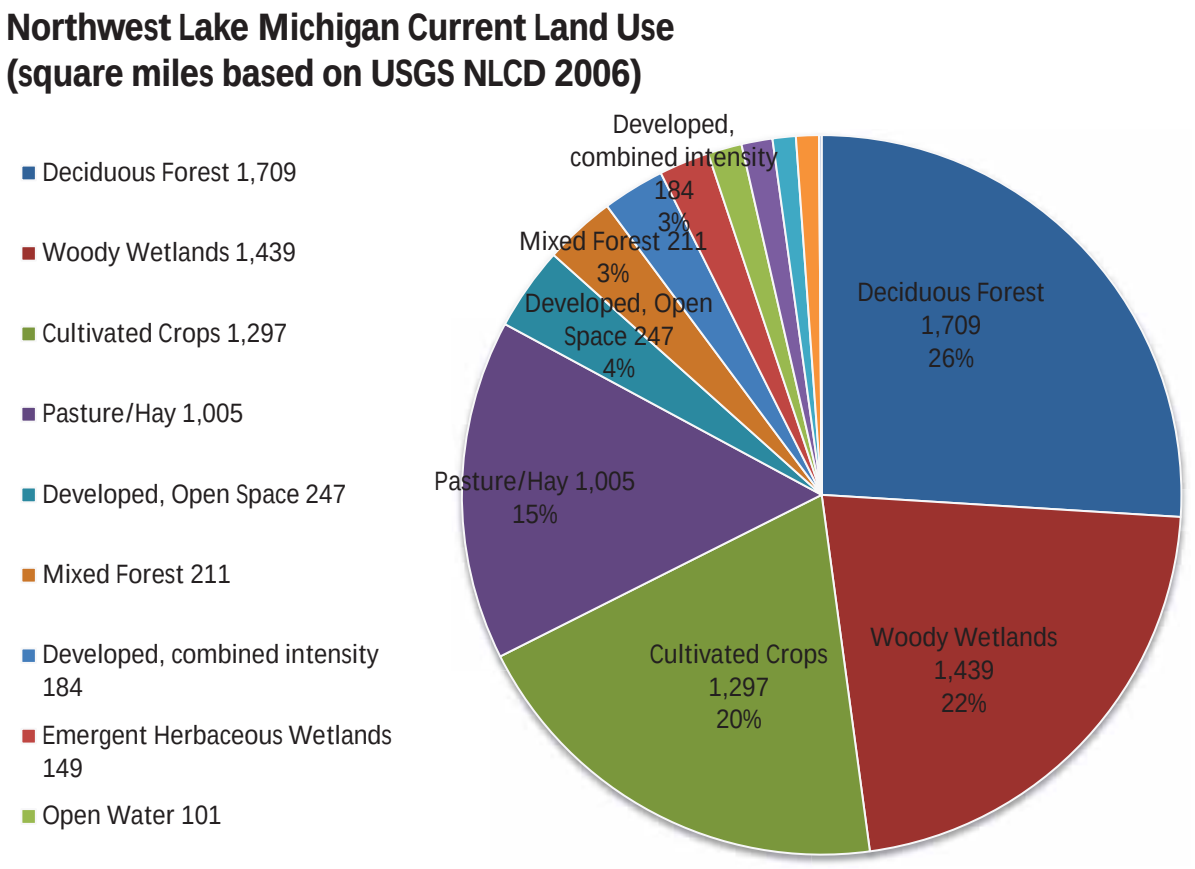
- Habitat Segmentation and Loss
- Groundwater Depletion and Surface Water Alteration
- Agricultural Impacts
- Nutrient and Sediment Loading
- Invasive Species



Element III. Historic Loss:

This watershed's settlement was centered initially on the timber industry as settlers moved into this area rich in its shore line areas that provided natural harbors for transporting goods and people. As saw mills began dotting the landscape so did commercial fishing and shipbuilding, which brought more people to the area leading to typical anthropogenic adverse impacts. Original vegetation in the northern portions of the watershed was heavy with hemlock providing the catalyst for the tanning industry. After forested areas where cleared agriculture moved in as the dominating force altering the wetland landscape followed by the adverse effects of an increasing population **(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



The Northwest Lake Michigan watershed area is composed of 5 smaller basin areas that all ultimately drain into Lake Michigan and includes Green Bay, Twin-Door-Kewaunee, Manitowoc, Lower Fox and Sheboygan. Glaciers sculpted this area, which is dominated by Niagara limestone formation and contains the longest stretch of Lake Michigan shore line compared with all other Primary Service Areas. Areas of interest include the wildlife sensitive bay area and peninsula offering a unique opportunity for shoreline and coastal wetlands. Land use is somewhat spread between forest, agriculture, public lands with dense pockets of urban development. There are also significant areas hosting large percentages of classified coldwater streams in the northern portions fed by networks of groundwater discharges. Tourism,

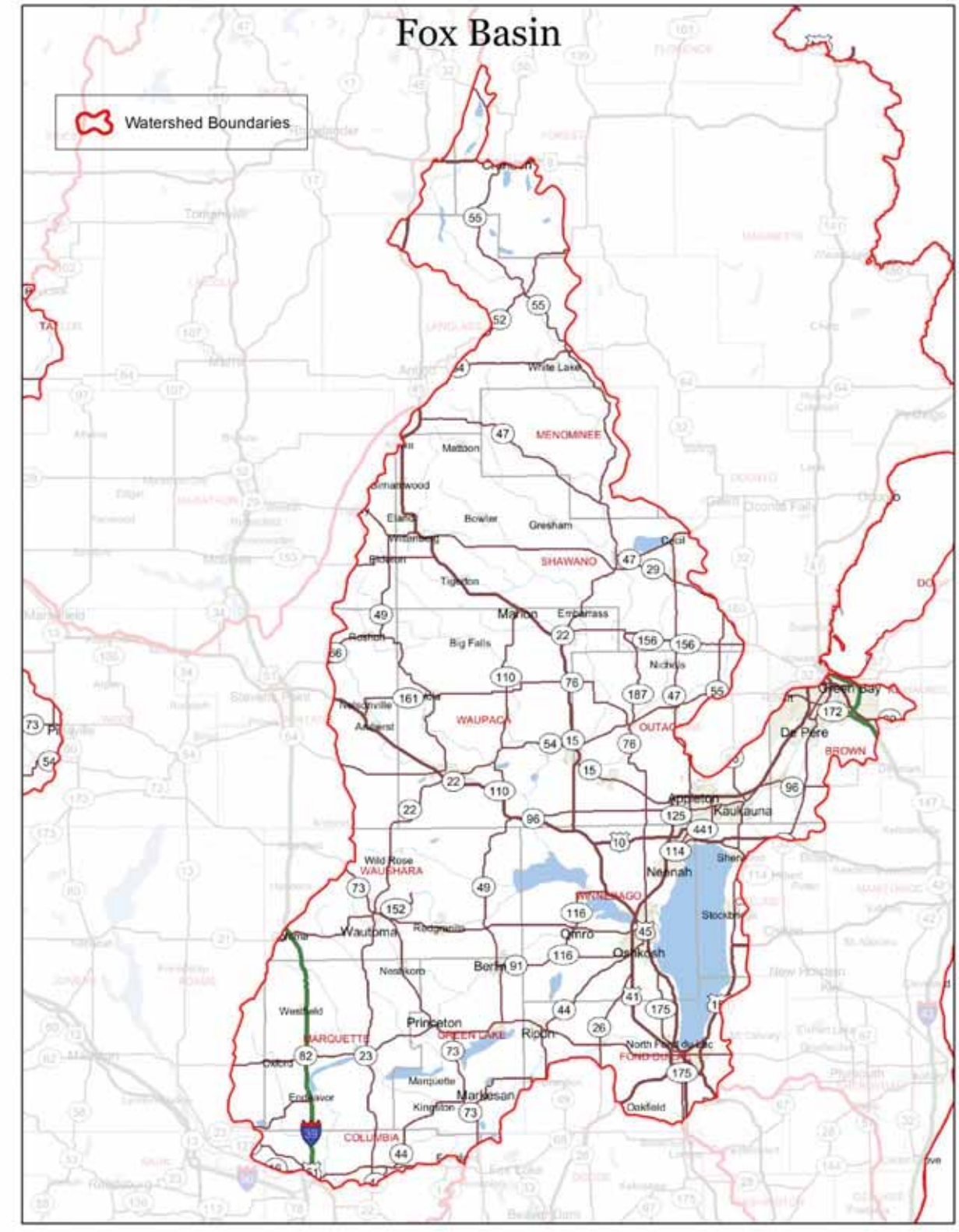
manufacturing and agriculture dominate the overall watershed with increased natural resources pressure stemming from increased development and interest in this watershed **(WDNR Basin Website 2013)**.

Element V. Goals and Objectives:

1. Shore Line Protection
2. Groundwater Processes
3. Wildlife Habitat
4. Water Quality Protection
5. Fish and Aquatic Life Habitat
6. Human Use Values: recreation, culture, education, science and natural scenic beauty
7. Storm and Floodwater Storage

Fox CPF

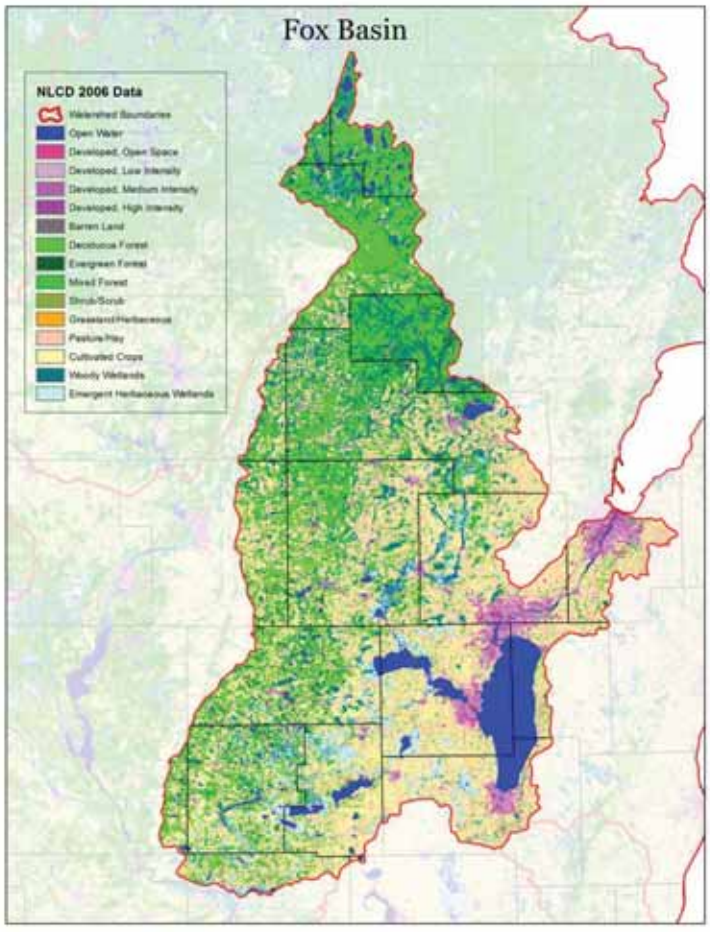
Element I. Service Area:



The Fox watershed (070700), comprised of Forest, Oneida, Langlade, Marathon, Shawano, Oconto, Brown, Portage, Waupaca, Outagamie, Waushara, Adams, Marquette, Green lake, Fond Du Lac and Columbia counties is located in the eastern portion of Wisconsin and drains an area approximately 6,359 square miles. Ecological Landscapes include Central Lake Michigan Coastal, Central Sand Hills, Central Sand Plains, Forest Transition, North Central Forest, Northeast Sands, Northern Lake Michigan Coastal and Southeast Glacial Plains **(WDNR 2012)**.

Element II. Threats and Remediation:

- Nutrient and Sediment Loading
- Habitat Segmentation and Loss
- Agricultural Impacts
- Invasive Species
- Groundwater Depletion and Surface Water Alteration

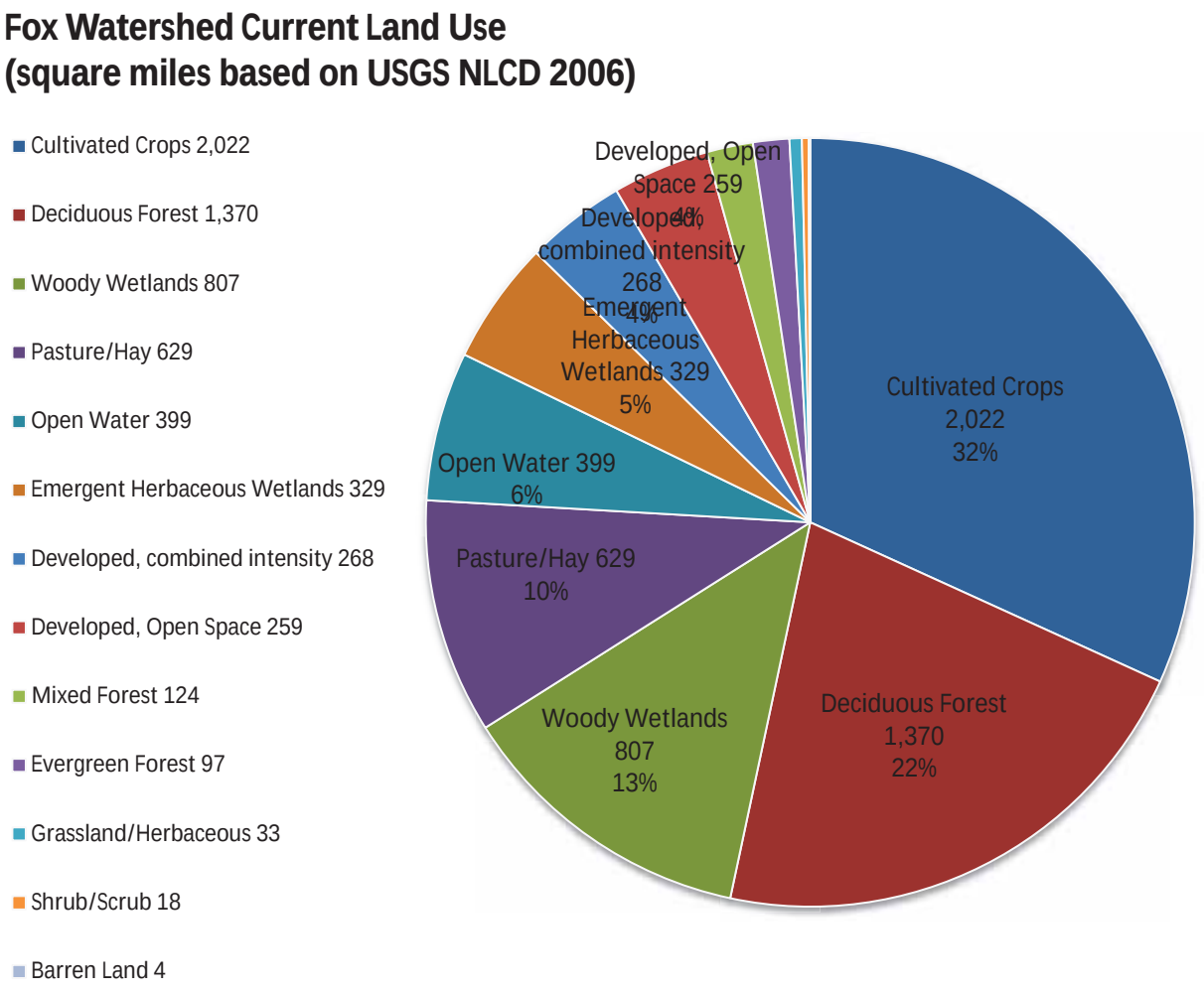


Element III. Historic Loss:

This watershed follows suit with much of the state in that agriculture practices following the peak of the timber industry have historically lead to the majority of wetland losses. Wetland areas have had their

hydrology altered through ditching and tiling and their vegetation cleared to make way for farming. The clearing of forested areas gave way to agriculture, which in turn brought more people to the area. Dams built in support of mills to process harvest grains have also play a role in adversely altering riparian wetlands, but the largest historical impact in this particular watershed remains the timber industry and subsequent agricultural culture **(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



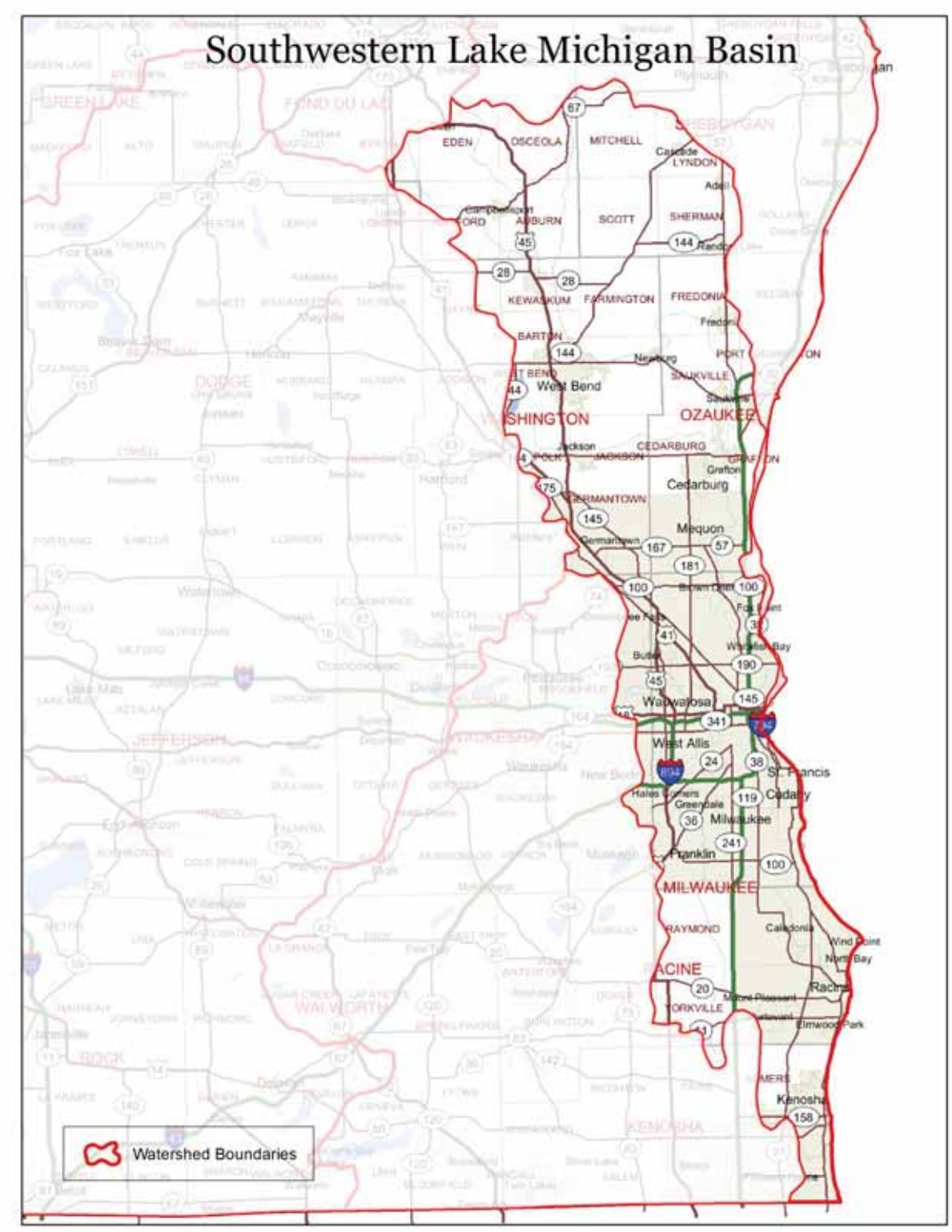
The Fox Watershed can by broken down into 3 main basin areas including the Wolf River, Lower Fox and Upper Fox that all drain in a southern direction into Lake Winnebago, the Fox River and ultimately into the Mississippi River. The watershed is very diverse with a varied and dynamic land use affected by rapid growth of its communities. Agriculture, urban, recreation, tourism and forests compose the major land use activities. A complex geomorphology consisting of two main distinct ecoregions, the Central Sand Ridges and the Southeast Glacial Plains have intricately shaped the character of the natural resources **(WDNR Basin Website 2013)**.

Element V. Goals and Objectives:

1. Water Quality Protection
2. Fish and Aquatic Life Habitat
3. Wildlife Habitat
4. Groundwater Processes
5. Shoreline Protection
6. Storm and Floodwater Storage
7. Human Use Values: recreation, culture, education, science and natural scenic beauty.

Southwestern Lake Michigan CPF

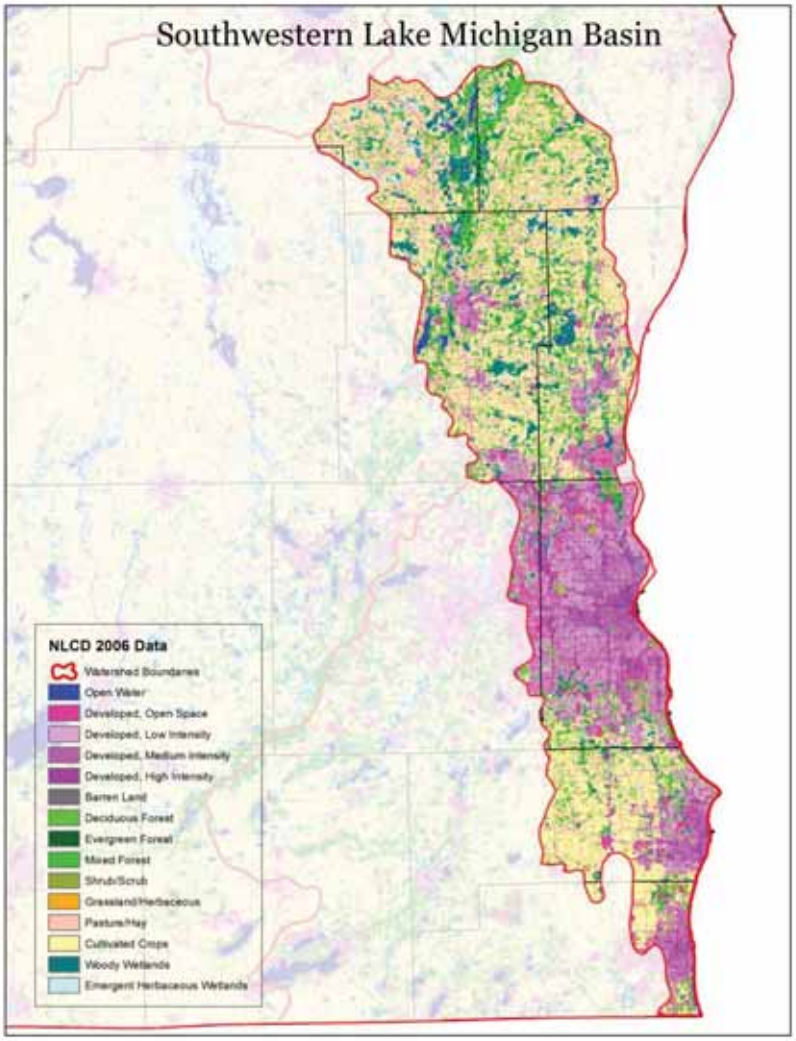
Element I. Service Area:



The Southwestern Lake Michigan watershed (040400), comprised of Fond Du Lac, Sheboygan, Washington, Ozaukee, Waukesha, Milwaukee, Racine and Kenosha counties is located at the south eastern tip of Wisconsin and drains an area approximately 1,182 square miles. Ecological Landscapes include Central Lake Michigan Coastal, Southeast Glacial Plains and Southern Lake Michigan Coastal **(WDNR 2012)**.

Element II. Threats and Remediation:

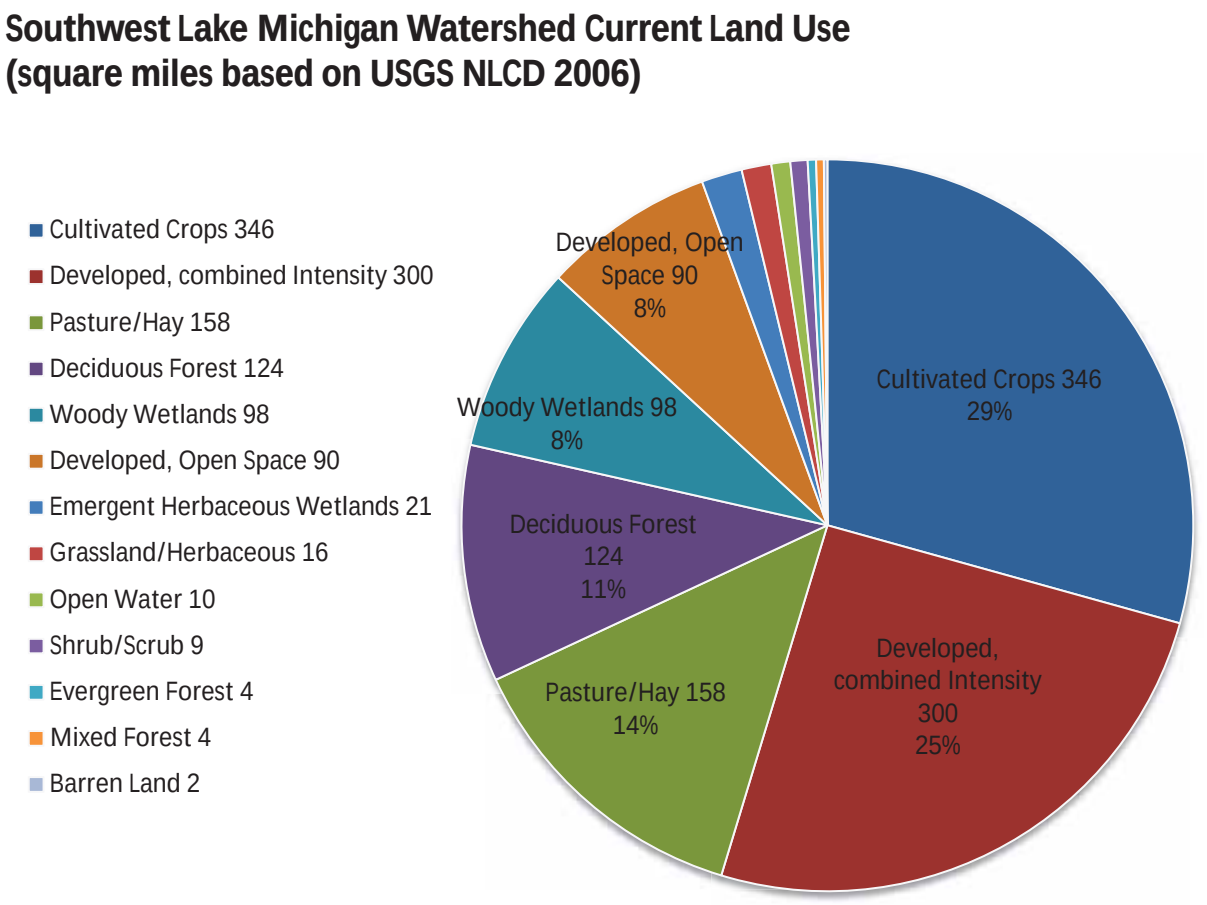
- Habitat Segmentation and Loss
- Nutrient and Sediment Loading
- Agricultural Impacts
- Invasive Species
- Groundwater Depletion and Surface Water Alteration



Historic Loss:

This watershed area follows the pattern of early settlement with the timber industry clearing the lands marking the future construction of roadways and farmland. As lands were cleared agricultural ways took over especially in those flat fertile soil areas along rivers and wetland areas. In the northern portions farming took over, while in the more southern area clearing was followed by settlement and incorporation. Damming of waterways provided the hydropower and mechanical means for grain and saw mills, which adversely impacted wetlands along these fringe areas. This watershed was historically altered by the heaviest impact from early settlement **(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



The Southwest Lake Michigan watershed can be divided into two basin areas, the Milwaukee River and Southeast comprised of the Root and Pike Rivers, which all ultimately drain to Lake Michigan. This watershed contains the highest amount of developed land and greatest densities of urban population. The southern quarter of the Milwaukee River basin contains 90% of the basin population and the overall watershed overall has a population in excess of 1.5 million people **(WDNR Basin Website 2013)**. The water resources in this area are some of the most degraded in the state as decades of urban and rural development have left their mark. Most historical wetland have been drained and filed with streams

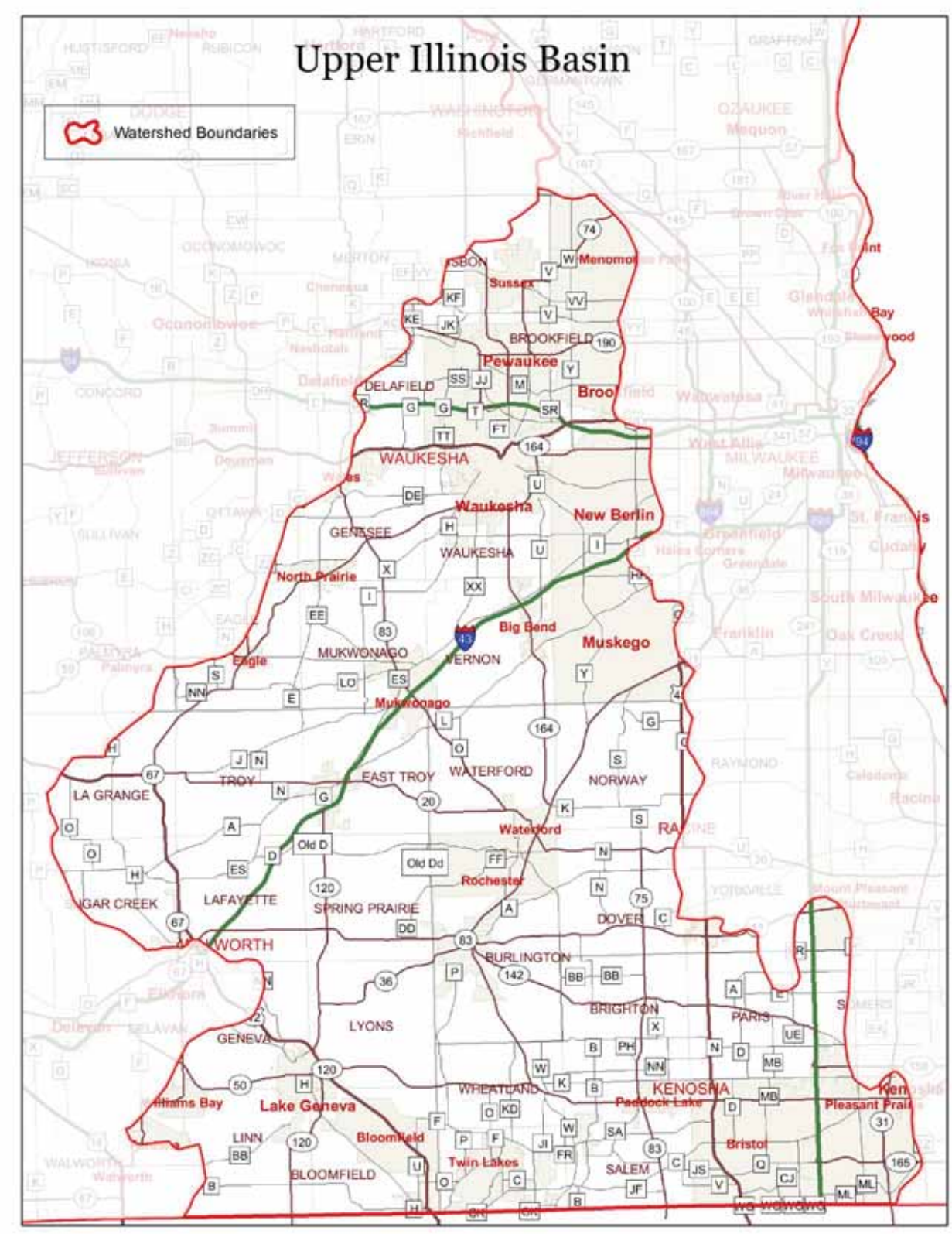
undergoing major channelization or relocations and there are currently no classified coldwater streams located within the Root-Pike areas of this watershed. The Milwaukee River basin does contain a few coldwater communities (~12% of stream miles), located mainly in the North Branch watershed **(WDNR Basin Website 2013)**. This area does contain areas of shoreline and Lake Michigan coastal stretches providing potential opportunities for unique wetland projects.

Element VI. Goals and Objectives:

1. Shore Line Protection
2. Wildlife Habitat
3. Storm and Floodwater Storage
4. Water Quality Protection
5. Fish and Aquatic Life Habitat
6. Groundwater Processes
7. Human Use Values: recreation, culture, education, science and natural scenic beauty.

Upper Illinois CPF

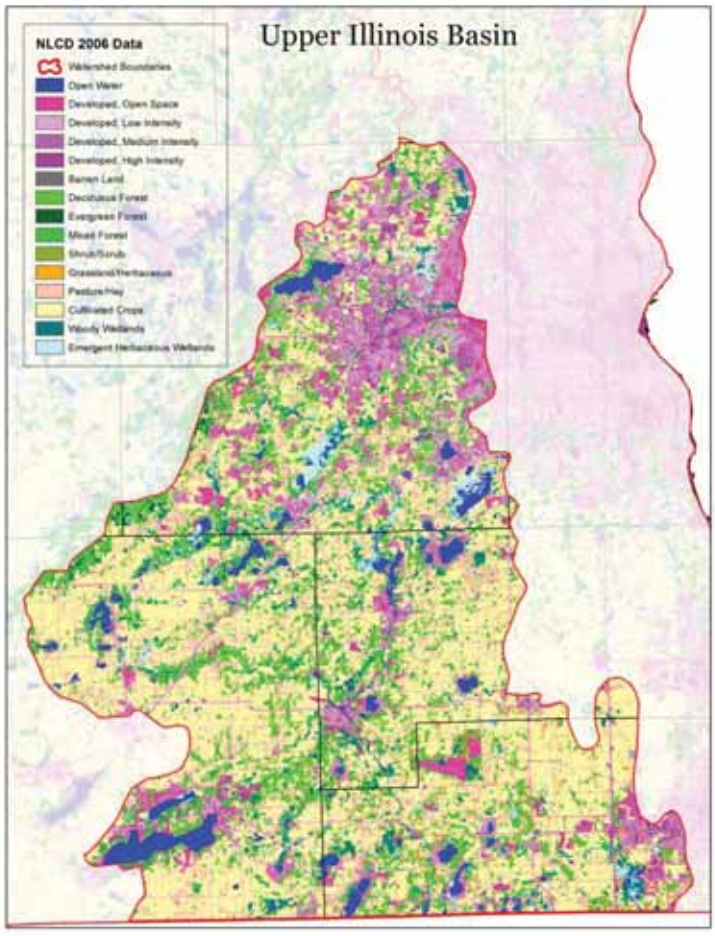
Element I. Service Area:



The Upper Illinois watershed (071200), located in all or part of Waukesha, Washington, Jefferson, Walworth, Racine, Milwaukee and Kenosha counties is located in the south eastern portion of Wisconsin and drains an area approximately 1,088 square miles. Ecological Landscapes include Southeast Glacial Plains and Southern Lake Michigan Coastal **(WDNR 2012)**.

Element II. Threats and Remediation:

- Habitat Segmentation and Loss
- Groundwater Depletion and Surface Water Alteration
- Agricultural Impacts
- Nutrient and Sediment Loading
- Invasive Species

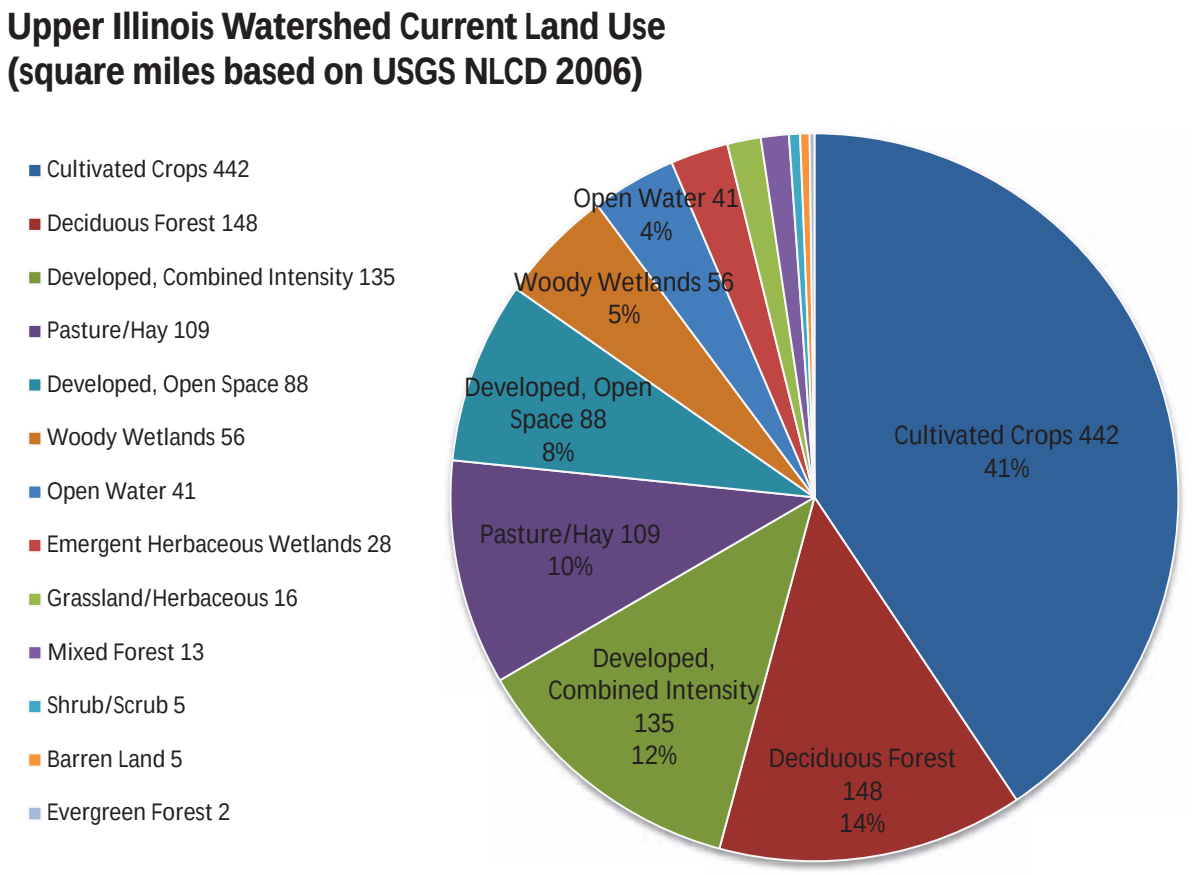


Element III. Historic Loss:

This watershed is similar to other portions of the heavily urbanized southeastern portion of the state in its historic loss of wetlands. As this area was initially settled forest cover was cleared and utilized in the timber industry followed by agriculture and cultivated crops. This area was also heavily developed as the cities grew resulting in wetlands being filled, hydrology altered and habitat significantly segmented

throughout the watershed. This area has also been greatly impacted by early settlement with little of pre-settlement vegetation and wetlands remaining **(WDNR Basin Website 2013)**.

Element IV. Current Conditions:



The Upper Illinois Watershed is home to approximately half a million people and following farmland contains heavily urbanized land use with roughly 20% in a developed state. All areas drain to the Fox River (Upper, Middle and Lower) from start to finish and occupy nearly half the basin area. The overall watershed has been affected by development and increases in impervious area, which has created a lack of infiltration for groundwater recharge and exasperated the flashy nature of area streams. The majority of historic wetlands have been drained or filled and in general the overall health of the watershed is poor with a considerable number of waterways being adversely affected through point and non-point runoff, erosion and toxic discharges such as PCB's (Polychlorinated biphenyls). Historically people traveled great distances to visit the many "spring houses" that dotted the landscape containing artisanal groundwater discharges; however this practice has since been **(WDNR Basin Website 2013)**.

Element V. Goals and Objectives:

1. Wildlife Habitat
2. Storm and Floodwater Storage

3. Groundwater Processes
4. Water Quality Protection
5. Fish and Aquatic life Habitat
6. Shore Line Protection
7. Human Use Values: recreation, culture, education, science and natural scenic beauty

Attachment A. - Wetland Compensatory Mitigation Easement Template

The subsequent template easement document as referenced within the Prospectus is provided herein as a general reference to the type of legal mechanisms that may be employed to secure and protect project sites. Please note that this template document contains provisions relevant to sites being open to the public may need to be altered to meet the requirements of the WWCT.

Document Number | Document Title

State of Wisconsin Department of Natural Resources Box 7921 Madison, WI 53707	**WETLAND COMPENSATORY MITIGATION EASEMENT** Sec. 281.36(8m), Wis. Stats (effective 7-1-2012)

THIS GRANT OF A CONSERVATION EASEMENT is made by and between _____, (hereinafter referred to as the "Grantor"), and the State of Wisconsin Department of Natural Resources, (hereinafter referred to as "Grantee"), as a holder of a Conservation Easement pursuant to the provisions of s. 281.36(8m), Wis. Stats.

Recording Area

Return: Department of Natural Resources
Bureau of Facilities & Lands – LF/6
P.O. Box 7921
Madison, Wisconsin 53707

Parcel Identification Number (PIN):

RECITALS

WHEREAS, the Grantors are the owners in fee title of certain real property located in the Town of _____, _____ County in the State of Wisconsin, more particularly described on the attached Exhibit A, (hereinafter referred to as the "Conservancy Area");

WHEREAS, the Grantors desire and intend that the natural elements and the ecological and aesthetic values of the Conservancy Area be maintained and improved in accordance with the terms and conditions of this Conservation Easement;

WHEREAS, the Grantors and Grantee both desire, intend and have the common purpose of conserving and preserving in perpetuity the Conservancy Area in a relatively natural condition by placing restrictions on the use of the Conservancy Area and by transferring from the Grantors to the Grantee, by the creation of a Conservation Easement on, over and across the Conservancy Area, affirmative rights to ensure the preservation of the natural elements and values of the Conservancy Area;

WHEREAS, the Grantors have received valuable consideration for the granting of this Conservation Easement.

NOW THEREFORE, the Grantors, for valuable consideration received, do hereby give, grant, bargain and convey to the Grantee, its successors and assigns, forever, a Conservation Easement in perpetuity over the Conservancy Area consisting of the following:

I. PURPOSE OF THE EASEMENT

The purpose of this easement is to ensure that a wetland compensatory mitigation site will not be destroyed or substantially degraded by any subsequent owner of or holder of interest in the property on which the compensatory mitigation wetland is located.

II. RIGHTS OF THE GRANTEE

1. The Grantee shall have the right to enforce by proceedings at law or in equity the terms and conditions of this Conservation Easement hereinafter set forth. The right shall include but not be limited to, the right to bring an action in any court of competent jurisdiction to enforce the terms of this Conservation Easement, to require the restoration or enhancement of this property, consistent with the Site Mitigation Plan, titled, "_____" and dated _____, and subsequent amendments thereto, if any, a copy of

which is attached hereto and incorporated herein and marked as Exhibit B, or to enjoin non-compliance by appropriate injunctive relief. The Grantee does not waive or forfeit the right to take action as may be necessary to ensure compliance with terms of this Conservation Easement by any prior failure to act. Nothing herein shall be construed to entitle the Grantee to institute any enforcement action against the Grantors for any changes to the Conservancy Area due to causes beyond the Grantors' control and without the Grantor's fault or negligence (such as changes caused by fire, flood, storm, civil or military authorities undertaking emergency action or unauthorized wrongful acts of third parties).

2. The Grantee, its contractors, agents and invitees, shall have the right to enter the Conservancy Area, in a reasonable manner and at reasonable times, for the purpose of inspecting the Conservancy Area to determine if the Grantors are complying with the terms and conditions of this Conservation Easement and the purposes of this grant, and further to observe, study, record and make scientific studies and educational observations.

3. The Grantee shall have the right to install, operate and maintain water control structures for the purpose of protecting, re-establishing and enhancing wetlands and their functional values. This includes the right to transport construction materials to and from the site of any existing or proposed water control structure.

4. The Grantee shall have the right to establish or re-establish vegetation through seedings or plantings.

5. The Grantee shall have the right to manipulate vegetation, topography and hydrology on the Conservancy Area through diking, pumping, water management, excavating, burning, cutting, pesticide application and other suitable methods for the purpose of protecting and enhancing wetlands and wetland vegetation.

III. COVENANTS OF THE GRANTOR

1. There shall be no commercial or industrial activity undertaken or allowed within the Conservancy Area.

2. There shall be no buildings, dwellings, barns, roads, advertising signs, billboards or other structures not related to conservation of wetland-based recreation or education purposes built or placed in the Conservancy Area.

3. There shall be no dredging, filling, excavating, mining, drilling or removal of any topsoil, sand, gravel, rock, minerals or other materials within the Conservancy Area except in conjunction with authorized management activities.

4. There shall be no dumping of trash, plant materials or compost, ashes, garbage or other unsightly or offensive material, especially including any hazardous or toxic waste within the Conservancy Area.

5. The hydrology of the Conservancy Area will not be altered in any way or by any means including pumping, draining, diking, impounding or diverting surface or ground water into or out of the Conservancy Area, unless consistent with the Site Mitigation Plan.

6. All agricultural uses are prohibited within the Conservancy Area (e.g. plowing, tilling, haying, cultivating, planting or other agricultural activities). This does not include native seed production activities, mowing, planting, or herbicide use conducted for the purpose of enhancing the ecological functions and values of the Conservancy Area consistent with the Site Mitigation Plan. The Grantor

shall not stock animals or allow the grazing of animals on the Conservancy Area without prior written permission of the Grantee.

7. The Grantors are responsible for compliance with all federal, state and local laws governing the control of noxious weeds within the Conservancy Area.

8. There shall be no operation of motorized vehicles or equipment within the Conservancy Area except in conjunction with activities in conformance with Sections II and III herein.

IV. RESERVED RIGHTS

1. This Conservation Easement does not authorize entry upon or use of the Conservancy Area by the general public.

2. The Grantors and their invitees may hunt and fish in the Conservancy Area so long as they comply with all federal, state and local game and fishery regulations.

3. Nothing herein shall be construed as limiting the right of the Grantors to sell, give or otherwise convey the Conservancy Area, or any portion or portions thereof, provided that the conveyance is subject to the terms of this Conservation Easement.

V. GENERAL PROVISIONS

1. This Conservation Easement shall run with and burden the Conservancy Area in perpetuity and shall bind the Grantors and their heirs, successors and assigns. This Conservation Easement is fully valid and enforceable by any assignee of the Grantee, whether assigned in whole or in part. Prior to any assignment being effective, the Grantor must approve the assignment in writing.

2. The Grantors agree to pay any and all real property taxes and assessments levied by competent authority on the Conservancy Area.

3. The Grantors agree that the terms, conditions, covenants and restrictions set forth in this instrument will be inserted in any subsequent conveyance of any interest in said property. The Grantors agree to notify the Grantee of any such conveyance in writing and by certified mail no later than thirty (30) days before the conveyance.

4. The Grantee may assign or transfer this Conservation Easement and the rights contained herein to any Federal or state agency or private conservation organization for management and enforcement.

5. The Grantor, on behalf of itself and its successors, transferees, and assigns, hereby agrees that the United States, acting by and through the Army Corps of Engineers, its successors and assigns, shall be a third party beneficiary (“Third Party Beneficiary”) of all the benefits and rights set out in this Conservation Easement and that the Third Party Beneficiary shall have the right to enforce the restrictions described herein as if it was a party hereto.

6. The terms "Grantors" and "Grantee" as used herein shall be deemed to include, respectively, the Grantors and their heirs, successors, personal representatives, executors and assigns, and the Grantee and its successors and assigns.

7. This Easement may not be modified, amended or terminated except by execution and recording of a written instrument signed by both the Grantor and the Grantee.

8. If any provision or specific application of this Easement is found to be invalid by a court of competent jurisdiction, the remaining provisions or specific applications of this Easement shall remain valid and binding.

9. This Easement shall be governed by and construed under the laws of the State of Wisconsin.

IN WITNESS THEREOF Grantor and Grantee have caused this instrument to be executed on their respective behalf effective this _____ day of _____, 20___.

_____ (SEAL) _____ (SEAL)
Grantor Grantor

STATE OF WISCONSIN)
) ss.
_____ COUNTY)

Personally appeared before me this _____ day of _____, 20___, the above named ___ _____ to me known to be the persons who executed the foregoing instrument and acknowledged the same.

_____
*
Notary Public, State of Wisconsin
My commission (expires) (is) _____

ACCEPTED this _____ day of _____, 20___

State of Wisconsin
Department of Natural Resources
For the Secretary

_____(SEAL)
*

STATE OF WISCONSIN)
) ss
DANE COUNTY)

Personally appeared before me this _____ day of _____, 2011, the above named _____ to me known to be the person who executed the foregoing instrument and acknowledged the same.

_____
*
Notary Public, State of Wisconsin
My commission (expires) (is)_____

CONSENT TO EASEMENT BY LIEN HOLDER

_____
(name of person or institution)

being the owner and holder of a certain_____
(lien, mortgage, land contract, etc.)

which is_____
(insert recording data: doc.#, volume, page, etc.)

against said Premises, does hereby join in and consent to said conveyance free of said lien.

IN WITNESS THEREOF, the hands and seals of any person joining in and consenting to this conveyance on the day and year first written.

_____ (SEAL) _____ (SEAL)

STATE OF)
) ss.
_____ COUNTY)

Personally appeared before me this _____ day of _____, 20____, the above named _____ to me known to be the person(s) who executed the foregoing instrument and acknowledged the same.

_____
*
Notary Public, State of Wisconsin
My commission (expires) (is) _____

This instrument drafted by:
State of Wisconsin
Department of Natural Resources

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B
SITE MITIGATION PLAN