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SHARED SANITARY SEWER SERVICE

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MOUNT PLEASANT/ CALEDONIA

SHARED SANITARY SEWER SERVICE AGREEMENT

This agreement ("Agreement" and/or "Shared Sanitary Sewer Service Agreement"), whereby the Village of Mount Pleasant, Mt. Pleasant Sewer Utility District No 1, the Village of Caledonia and the Village Of Caledonia Sewer Utility Districts agree to share costs related to transmission of sewage, construction of new sanitary sewage conveyance facilities, and to apportion an equitable cost for existing sanitary system infrastructure for the newly constructed Mt. Pleasant facilities, is entered into by and between the Village of Mount Pleasant ("Mount Pleasant", and including the Mt. Pleasant Sewer Utility District No. 1) with offices located at 6126 Durand Avenue, Racine, WI 53406, the Village of Caledonia, and Village of Caledonia Sewer Utility Districts (collectively, "Caledonia") with offices located at 333 4½ Mile Road, Racine, Wisconsin 53402.

WITNESSETH:

WHEREAS, the parties enter into this Agreement pursuant to 66.0301, Wis. Stats, as amended; and

WHEREAS, this Agreement contains provisions which will identify cost sharing formulas between the parties, for the future viability of the Shared Sanitary Sewer Conveyance System (which is hereinafter defined); and

WHEREAS, Mount Pleasant desires to offset the initial cost of the STH "20" Sanitary Sewer Interceptor from West Road to I94 and the KR Parallel Sanitary Sewer Force Main within the Village of Mount Pleasant and to recover an equitable

sum for the past installation of that part of the Shared Sanitary Sewer Conveyance System from West Road to the Village of Sturtevant connection point and further to equitably share future operating costs of the entire Shared Sanitary Sewer Conveyance System with Caledonia; and

WHEREAS, Caledonia has received a comprehensive study of the economic factors associated with the installation of a sanitary sewer system ("Earth Tech Study") which indicates that it is beneficial and in the best interest of its residents, in order to provide cost-effective sanitary sewer service to a substantial number of its residents, to utilize part of the sanitary sewer infrastructure of Mount Pleasant which is hereinafter defined and referred to in this Agreement as the Shared Sanitary Sewer Conveyance System; and

WHEREAS, Mount Pleasant and Caledonia seek to establish this Agreement under the provisions of 66.0301, Wis. Stats, as amended, for the purposes of establishing the conditions and procedures pursuant to which Caledonia may utilize the existing sewer infrastructure of Mount Pleasant; and

WHEREAS, Mount Pleasant and Caledonia are signatories to the Racine Area Intergovernmental Sanitation Sewer Service, Revenue Sharing Cooperation and Settlement Agreement; and

WHEREAS, this Agreement is consistent with the shared goals of maximizing infrastructure and to promote the orderly and cost-efficient development of both Mt. Pleasant and Caledonia;

NOW THEREFORE, in consideration of the mutual provisions of this Agreement and other good and valuable consideration, the receipt and sufficiency of

which the parties to this Agreement hereby each acknowledge, the parties hereby agree as follows:

1. RELATIONSHIP OF THIS AGREEMENT TO OTHER AGREEMENTS INCLUDING, BUT NOT LIMITED TO, THE RACINE AREA INTERGOVERNMENTAL SANITARY SEWER SERVICE, REVENUE SHARING, CO-OPERATION AND SETTLEMENT AGREEMENT

1.01 Relationship of This Agreement with Other Agreements. From and after the date on which this Agreement takes effect, this Agreement must be read together and construed in accordance with all provisions contained in any previous agreement between Caledonia and Mt. Pleasant relating to public sanitary sewer service. Likewise this Agreement does not supersede and must be read together with the Racine Area Intergovernmental Sanitary Sewer Service, Revenue Sharing, Co-operation and Settlement Agreement ("Racine Sewer Agreement") executed by the Town Of Caledonia (now Village), The Town of Mt. Pleasant (now Village), Mt. Pleasant Sewer Utility District No 1 and Sewer Utility District No 1 of the Town of Caledonia Sanitary Sewer Utility (Cal-1) (now known as Cal-West) and the 8-16-77 Agreement between the Village of Mt. Pleasant and the Village of Sturtevant, as amended. Further all parties agree and acknowledge that all parties that utilize the Shared Sanitary Sewer Conveyance System as party to this Agreement must be signatory to the Racine Sewer Agreement. In the event a sanitary sewer project is undertaken by the City of Racine Sewer Utility in the Village of Mount Pleasant under and pursuant to the provisions of the above-described Racine Sewer Agreement (also further described in Section 2.14 of this Agreement), and in the event the payment of the costs of such a project are determined by and under the

Racine Sewer Agreement, then the said costs of the project shall be paid by the participating municipalities as determined by the Racine Sewer Agreement, and the provisions of this present Agreement shall not apply with respect to such allocation and/or payment of the said project costs.

2. DEFINITIONS

2.01 Caledonia Connection Point. The point(s) of the Mt. Pleasant Interceptor System at which Caledonia will connect its sanitary sewer conveyance system.

2.02 Caledonia Conveyance System. The sanitary sewer system transporting and/or conveying the sanitary waste water from the Caledonia Service Area to the Caledonia Connection Point on the Shared Sanitary Sewer Conveyance System.

2.03 Caledonia Service Area. The area within the Village of Caledonia to be served by the Shared Sanitary Sewer Conveyance System as determined by the Village of Caledonia.

2.04 Major Project. Any repair, replacement, extension and/or any other project pertaining to the Shared Sanitary Sewer Conveyance System which has a cost of Twenty Thousand Dollars (\$20,000.00) or more. (A "Major Project", however, shall not include a Mandatory Project as defined in below Section 2.05.)

There are two categories of Major Projects:

- a) Major Capacity Project: A Major Project that is, at least in part, intentionally planned, designed, and constructed to increase the capacity of the affected segment(s) of the Shared Sanitary Sewer

Conveyance System (as opposed to any such increase in capacity being a coincidental and/or not a significant part of the project).

- b) Major Non-Capacity Project: A Major Project that is planned, designed, and constructed to benefit the affected segment(s) of the Shared Sanitary Sewer Conveyance System, but only coincidentally and/or insignificantly increases the capacity of the affected segment(s) of the Shared Sanitary Sewer Conveyance System (as opposed to being, at least in part, intentionally planned, designed, and constructed to increase the capacity of the said affected segment(s) of the Shared Sanitary Sewer Conveyance System).

2.05 Mandatory Project. A sanitary sewer project undertaken by a party to this Agreement under the provisions of Section 5.06 of this Agreement, for the express purpose of increasing that party's capacity in the Shared Sanitary Sewer Conveyance System.

2.06 Master Meter Shared Sanitary Sewer Conveyance System Location. The sanitary metering facility monitoring the quantity of all wastewater entering the Shared Sanitary Sewer Conveyance System from Caledonia.

2.07 Maximum Capacity. The maximum flow of sanitary sewerage, expressed in millions of gallons per day ("mgd"), that Caledonia may under the terms of this Agreement flow into a particular segment of the Shared Sanitary Sewer Conveyance System. This Maximum Capacity will change over time, by mutual written agreement of the parties, as the flow capacities in the Shared Sanitary Sewer Conveyance System increase over time as a result of Major Projects and/or

Mandatory Projects. As of the date of the execution of this Agreement, the Maximum Capacity for Caledonia in the Shared Sanitary Sewer Conveyance System shall be the following capacities for the segments indicated:

- a) 16.4 mgd for segments A, B, and G of the Shared Sanitary Sewer Conveyance System (as described in Section 3.01 of this Agreement);
and
- b) 1.1 mgd for all other segments of the Shared Sanitary Sewer Conveyance System (as described in Section 3.01 of this Agreement).

2.08 Maximum Capacity Formula. The fraction that has as its numerator Caledonia's Maximum Capacity, as described in above Section 2.07, for each segment of the Shared Sanitary Sewer Conveyance System, and has as its denominator the total design capacity (expressed in mgd) of each such segment of the Shared Sanitary Sewer Conveyance System.

2.09 Minor Project. Any repair, replacement, extension, and/or any other project pertaining to the Shared Sanitary Sewer Conveyance System which has a cost of less than Twenty Thousand Dollars (\$20,000.00). Minor Projects are also included within the definition of "Operation/Maintenance" described in Section 2.12 of this Agreement.

2.10 Mount Pleasant Capacities. Any references contained in this Agreement to Mt. Pleasant's "capacity", "flow", "actual flow", "peak flow", "ultimate peak flow", and/or any other similar references pertaining to Mt. Pleasant's sanitary sewer capacities and/or flows shall include the said capacities/flows attributable not only to Mt. Pleasant, but also the capacities/flows attributable to all other

municipalities (except for Caledonia) that flow sewerage into the Shared Sanitary Sewer Conveyance System as of the date of the execution of this Agreement. (At the time of the execution of this Agreement, sanitary sewerage also flows into the Shared Sanitary Sewer Conveyance System from the Village of Sturtevant and the Town of Somers.)

2.11 Mt. Pleasant Interceptor System. The Interceptor System between the Sturtevant connection point and the terminus at I-94.

2.12 Mt. Pleasant System. All sanitary sewer conveyance facilities (existing or future) owned by the Village of Mt. Pleasant, excluding the Shared Sanitary Sewer Conveyance System.

2.13 Operation and Maintenance. Those routine activities necessary to maintain an efficient, cost effective and safe sanitary sewer conveyance system including, but not limited to, Minor Projects. (Operation and Maintenance does not include Major Projects.)

2.14 Racine Area Intergovernmental Sanitary Sewer Service, Revenue Sharing, Cooperation and Settlement Agreement. The "Racine Area Intergovernmental Sanitary Sewer Service, Revenue Sharing, Cooperation and Settlement Agreement", dated April 25, 2002. This agreement shall be referred to herein as the "Racine Sewer Agreement".

2.15 Shared Sanitary Sewer Conveyance System ("SSSCS"). That part of the sanitary sewer infrastructure located in Mount Pleasant which is used to transport wastewater from the Caledonia Conveyance System, beginning at the

Caledonia Connection Point, to the Racine Wastewater Facility. Expressly excluded from this definition is the Mt. Pleasant System described in above Section 2.12.

2.16 System Capacity. The hydraulic capacity of the mains, interceptors, lift stations, storage basins and other appurtenances of the Shared Sanitary Sewer Conveyance System.

3. SEGMENT IDENTIFICATION OF SHARED SANITARY SEWER CONVEYANCE SYSTEM

3.01 Segments. Attached hereto as Exhibit 1 is a map demonstrating the Mt. Pleasant Sanitary Sewer System that will be utilized by Caledonia pursuant to this Agreement. For purposes of future cost sharing for future expansion of the Shared Sanitary Sewer Conveyance System, the system has been divided into the following segments:

- A "STH 20" - I-94 to CTH "V"
- B CTH "V" to West Road
- C West Road to 90th Street
- D North Pike Interceptor
- E South Pike Interceptor
- F CTH "KR" Lift Station
- G CTH "KR" Force Main
- H CTH "KR" Interceptor
- I East/Bryn Mawr Interceptor to the Racine Wastewater Facility

The segments described above shall be reconfigured and redefined in the future, from time to time, when the nature and configuration of the Shared Sanitary

Sewer Conveyance System is altered and/or modified and such a reconfiguration/redefinition of the segments accordingly becomes appropriate to more accurately calculate cost sharing between the parties to this Agreement.

4. CALEDONIA'S USE OF THE SHARED SANITARY SEWER CONVEYANCE SYSTEM

4.01 Connection by Caledonia. Upon the effective date of the execution of this Agreement Caledonia will be allowed to connect its Caledonia Conveyance System serving the Caledonia Service Area with the current Mt. Pleasant Interceptor System. It is anticipated that Caledonia will connect to the Mt. Pleasant Interceptor System at a location, to be known as the "Caledonia Connection Point", near the East I94 Frontage Road and STH 20 at the present terminus of the Mt. Pleasant Sanitary Sewer System. Upon Caledonia's connection the Interceptor System will be known as the Shared Sanitary Sewer Conveyance System ("SSSCS"), from the Caledonia Connection Point to the Racine Wastewater Facility. Prior to connection Caledonia shall construct, own and maintain a sanitary metering facility to monitor the quantity of all wastewater entering the Shared Sanitary Sewer Conveyance System. The parties understand that the City of Racine shall test and monitor water quality pursuant to federal and state law. The equipment and location of the metering facility shall be jointly determined by Caledonia and Mt. Pleasant. The metering facility shall include a SCADA system with associated telemetry equipment available to Mt. Pleasant, Racine Wastewater and Caledonia. This telemetry equipment and SCADA system shall be designed to communicate with a control center of Mt. Pleasant and/or Racine Water and Wastewater Utilities. Caledonia

shall at all times keep the SCADA system and related telemetry equipment properly calibrated and in complete working order. Quality and quantity measurements shall be conducted as necessary to comply with the Racine Area Sewer Agreement. From the Caledonia Connection Point, Caledonia's sanitary sewage will flow through the interceptors of the Shared Sanitary Sewer Conveyance System to the end point at the Racine Wastewater Treatment Facility. Although the Conveyance System shall be entitled "Shared Sanitary Sewer Conveyance System", the parties agree and acknowledge that neither Caledonia nor any of Caledonia's utilities will have any ownership interest, either legally or equitably, in the Shared Sanitary Sewer Conveyance System. The Shared Sanitary Sewer Conveyance System at all times will be legally and equitably owned by Mt. Pleasant and its utility, Mt. Pleasant Sewer Utility District No 1 and where applicable jointly with the Village of Sturtevant.

4.02 Preservation of Sturtevant Capacity. The parties acknowledge and agree that the Village of Mt. Pleasant and the Village of Sturtevant have previously entered into an Agreement on the 16th day of August 1977, and have thereafter amended that Agreement on the 29th day of December 1982. That Agreement and Amendment thereto conferred certain ownership rights upon both Villages (Mt. Pleasant 82% and Sturtevant 18%) of the Interceptor System from the Sturtevant connection point to the Racine Wastewater Treatment Plant. Nothing in this Agreement shall be construed to impair, inhibit, amend or alter Sturtevant's ownership interest in the Mt. Pleasant/Sturtevant shared line or Sturtevant's capacity in that line.

4.03 Caledonia's Responsibility for Conveying Sanitary Waste to the Caledonia Connection Point in the Shared Sanitary Sewer Conveyance System (Caledonia Conveyance System). Caledonia shall be solely responsible for designing, constructing and maintaining the transport system (the "Caledonia Conveyance System") of its sanitary waste from the Caledonia Service Area to the Caledonia Connection Point in the Shared Sanitary Sewer Conveyance System. Neither Mt. Pleasant nor its utility shall have any ownership interest in the Caledonia Conveyance System, even with respect to any portion of that system that may be located within the Village of Mt. Pleasant. The expenses incurred by Caledonia for the design, installation and/or maintenance of the Caledonia Conveyance System shall not act as any offset, or in any manner affect, Caledonia's payments to the Village of Mt. Pleasant as defined in this Agreement.

5. COST SHARING FOR CALEDONIA'S USE OF THE MT. PLEASANT INTERCEPTOR SYSTEM

5.01 Payment for Mt. Pleasant Interceptor System. The parties acknowledge and agree that Mt. Pleasant has independently constructed interceptor extensions between I-94 and the Sturtevant connection (the "Mt. Pleasant Interceptor System"). The majority of these extensions were designed and constructed under the premise that lands outside the Mt. Pleasant Village boundaries would ultimately be served by those interceptor extensions. The Mt. Pleasant Interceptor System was financed solely by the Village of Mt. Pleasant. Mt. Pleasant also installed, at its sole cost, a new 30" Force Main along County Highway "KR". The parties agree and acknowledge that the conveyance capacity and

infrastructure of the Mt. Pleasant Interceptor System and the "KR" Force Main belong entirely to the Village of Mt. Pleasant and its Utility as the owners of that facility. Caledonia acknowledges that Mt. Pleasant has paid significant sums of money to install the Mt. Pleasant Interceptor System and that Caledonia should reimburse Mt. Pleasant for a portion of the cost of these improvements. Caledonia agrees to pay to the Village of Mt. Pleasant Five Million Dollars (\$5,000,000.00) plus interest for use of up to 16.4 mgd of capacity in the Mt. Pleasant Interceptor System from I-94 to West Road, and in the CTH "KR" Force Main, and 1.1 mgd in the balance of the Mt. Pleasant Interceptor System as follows:

1. No payment is required until connection is made to the Mt. Pleasant Interceptor System. The schedule for the connection is entirely based upon Caledonia's need for sewer service.
2. Annual interest at a rate of 5% per annum begins accruing on the unpaid balance of five million dollars (\$5,000,000.00) nine (9) months after the execution of the sewer service agreement by both parties.
3. Upon connection to the Mt. Pleasant Interceptor System and prior to discharging wastewater Caledonia shall pay one million two hundred fifty thousand dollars (\$1,250,000.00) of the total cost plus accrued interest on the entire balance.
4. Payment for the balance shall be required as follows:
 - a. One million two hundred fifty thousand dollars (\$1,250,000.00) plus accrued interest on the entire balance no later than 36 months following connection.
 - b. One million two hundred fifty thousand dollars (\$1,250,000.00) plus accrued interest on the entire balance no later than 72 months following connection.
 - c. One million two hundred fifty thousand dollars (\$1,250,000.00) plus accrued interest on the entire balance no later than 108 months following connection.

5. Prepayment of the outstanding balance, including accrued interest may be made at any time without penalty.

In addition to the above-described payment of \$5,000,000.00 to Mount Pleasant, Caledonia will also be required to make additional payments in the future to Mount Pleasant, all as further described in this Agreement. No such additional payments shall accrue and/or be payable by Caledonia, however, until such time as Caledonia actually connects to the Shared Sanitary Sewer Conveyance System at the Caledonia Connection Point. (Notwithstanding the foregoing provision, however, the 5% interest shall accrue on the \$5,000,000.00 payable by Caledonia as described above.)

5.02 Cost Sharing for Future Major Projects Necessary for the Shared Sanitary Sewer Conveyance System. Caledonia and Mt. Pleasant agree and acknowledge that the existing Shared Sanitary Sewer Conveyance System (other than segments A, B, and G described in Section 3.01 of this Agreement) was not designed or built to service the ultimate wastewater needs of Caledonia. The parties agree that the existing Shared Sanitary Sewer Conveyance System is not sufficient to service even the Village of Mt. Pleasant's capacity demands for ultimate development. The parties also agree that although numerous engineering and land use documents have been prepared on behalf of both municipalities concerning future development those studies are merely predictions of land use and sanitary sewer capacity needs. Both Caledonia and Mt. Pleasant may actually develop in a significantly different manner and/or in a different time frame. The past studies, while illustrative, do not bind or encumber any party. As such the parties agree and acknowledge that the Shared Sanitary Sewer Conveyance System will need to be

improved and also have its capacity increased, all through Major Projects and/or Mandatory Projects, as the conveyance demands increase upon the shared facilities. Such future Major Projects may include, but are not limited to, new gravity flow interceptors, new additional force mains, new lift and pumping stations and/or storage facilities. The parties agree that Major Non-Capacity Projects for the Shared Sanitary Sewer Conveyance System will be paid for by the parties according to the Maximum Capacity Formula defined in Section 2.08 of this Agreement, on a segmental basis. Caledonia's Maximum Capacity per segment will be compared with the total design capacity for each segment to determine the proportionate cost payable by Caledonia. For example, if Caledonia's Maximum Capacity is 1.1 mgd and the Major Non-Capacity Project segment has a total design capacity of 4.4 mgd, then Caledonia's proportionate cost will be 25% of the Major Project ($1.1/4.4 \times 100$).

In the event that the capacity of the affected segment(s) of the Shared Sanitary Sewer Conveyance System is coincidentally increased by the Major Non-Capacity Project (despite not being a Major Capacity Project), then Caledonia's "Maximum Capacity", as defined in Section 2.07 of this Agreement, shall accordingly be increased with respect to the affected segment(s), in a proportion equal to the proportion used for the allocation of the cost of the Major Non-Capacity Project (or as may be otherwise agreed through the mutual written agreement of the parties). With respect to a Major Capacity Project (where the project is intentionally planned, designed, and constructed to increase the capacity of the affected segment(s) of the Shared Sanitary Sewer Conveyance System), the Maximum Capacity Formula shall not be used for the Major Capacity Project to allocate the project cost, but rather

Caledonia and Mount Pleasant shall each determine their own ultimate peak flow that each party would want available to it in the segment(s) affected by the Major Capacity Project, and the cost of the Major Capacity Project shall then be paid by the parties on a pro rata basis, based on the relationship that each party's own ultimate peak flow bears to the total of the ultimate peak flows of both parties. (This methodology and calculation is the same as the methodology and calculation being used for Mandatory Projects in Section 5.06 of this Agreement.) The ultimate peak flow designated by Caledonia, however, for an affected segment(s) in a Major Capacity Project shall not be less than its then-existing Maximum Capacity for such affected segment(s). Once the Major Capacity Project is completed and the affected segments of the Shared Sanitary Sewer Conveyance System have increased capacities (based on the ultimate peak flows used for design purposes in the Major Capacity Project), Caledonia's "Maximum Capacity" for the affected segments, as defined in Section 2.07 of this Agreement, shall be amended and adjusted accordingly. All Major Projects shall be let out for public bids and awarded to the lowest responsible bidder in accordance with the applicable laws of the State of Wisconsin. Caledonia shall timely make its payment(s) to Mount Pleasant for each Major Project, with at least Thirty (30) Days advance written notice given by Mount Pleasant to Caledonia of such payment amount(s). The amount(s) payable by Caledonia to Mount Pleasant for a particular Major Project shall be initially based on the bid amount(s) for the project, plus an engineering/legal/administrative contingency of Fifteen Percent (15%) of the said bid amount, but ultimately on the final actual cost of the project. A final "true-up" payment shall be made between the

parties upon the final completion of the project for the purpose of making any final adjustment in the monies payable by Caledonia for the project.

5.03 Transmission Cost Sharing. The parties agree and acknowledge that Mt. Pleasant will be responsible to ensure the viability and the workability of the entire Shared Sanitary Sewer System Conveyance System in conjunction with Sturtevant, where applicable. Mt. Pleasant acknowledges that Caledonia is not responsible for cost sharing for the trunk lines that are part of the Mt. Pleasant System, but not part of the shared system. Caledonia has no obligation or responsibility for any transmission costs, capital projects or major repairs to trunk lines or any part of the Mt. Pleasant System that is not part of the Shared Sanitary Sewer Conveyance System. Caledonia further acknowledges there is a cost associated with the ongoing operation and maintenance of the Shared Sanitary Sewer Conveyance System. For transmission costs, Caledonia agrees and acknowledges that it will pay, on a quarterly basis, its proportionate share of operation and maintenance of the shared facilities determined by the Mt. Pleasant Sewer Utility District No 1. Caledonia's quarterly share will be determined based upon actual usage as measured at the master meter location using the current transmission unit cost. Said current transmission unit cost shall be determined annually based upon the previous year's actual costs. Minor Projects, as defined in Section 2.09 of this Agreement, shall be part of transmission costs. Payment shall be due from Caledonia within Thirty (30) Days after the mailing of the invoice. Transmission costs (O&M) shall not include Major Projects and/or Mandatory Projects (Sections 5.04, and 5.06 respectively).

5.04 Wide Scope of Major Projects. Major Projects are defined in Section 2.04 of this Agreement as repairs, replacements, extensions, and/or any other projects pertaining to the Shared Sanitary Sewer Conveyance System having a cost of Twenty Thousand Dollars (\$20,000.00) or more per project, and which are comprised of Major Capacity Projects and Major Non-Capacity Projects. As with transmission costs (including Minor Projects by definition), Caledonia has no obligation or responsibility for any costs, repair projects, etc. to trunk lines that are not part of the Shared Sanitary Sewer Conveyance System. Major Projects are acknowledged by the parties as necessary and generally foreseeable costs associated with (i) the ongoing operation and maintenance of the Shared Sanitary Sewer Conveyance System, and (ii) improvements needed for the Shared Sanitary Sewer Conveyance System, which may also increase capacity of the Shared Sanitary Sewer Conveyance System. Additionally, the parties agree and acknowledge that Major Projects may also result from unforeseen circumstances, equipment breakdowns and other "acts of God" and may call for immediate action to correct a problem or address an insufficiency in the system. Major Projects also can result from the need to have the Shared Sanitary Sewer Conveyance System comply with an administrative or regulatory rule, decree or order from any governmental agency including, the federal government, the State of Wisconsin and/or the County of Racine, as well as their respective administrative or regulatory bodies. The parties shall be responsible and pay for Major Projects in the manner defined and described in Section 5.02 of this Agreement.

5.05 Default in Making Timely Payment for use of the Mt. Pleasant Interceptor System, Major Projects, and Transmission Cost Sharing. Sec. 5.01 of this Agreement sets forth Caledonia's obligation to make principal and interest payments for use of the Mt. Pleasant Interceptor System. Sections 5.02 and 5.04 of this Agreement define Major Projects and the parties' respective obligations to pay for said projects. Sec. 5.03 relates to Transmission Cost Sharing and the parties' respective obligations to pay for operation and maintenance of the Shared Sanitary Sewer Conveyance System. The parties agree and acknowledge that timely payment of financial obligations is vital to the stability and financial viability of the Shared Sanitary Sewer Conveyance System. Accordingly, in the event that the Village of Caledonia is delinquent in making payment under Sec. 5.01, 5.02, 5.03 and/or 5.04 of this Agreement, certain penalties and additional interest shall be applicable to the delinquent payment. Mt. Pleasant shall invoice Caledonia for payment pursuant to Sec. 5.02, 5.03 and 5.04 of this Agreement to the Village of Caledonia. Mt. Pleasant is under no obligation to invoice Caledonia for payment pursuant to Sec. 5.01 of this Agreement since the payment obligations are triggered by Caledonia's decision to connect to the Mt. Pleasant Interceptor System. The payment dates are defined accordingly. In the event Caledonia is delinquent (failing to make payment when due) as to any payment defined in Sections 5.01, 5.02, 5.03 and 5.04 of this Agreement, a "penalty" will be added to the delinquent payment as follows:

- a) A penalty in the amount of Fifteen Percent (15%) shall be added to the amount of the delinquent payment; and

- b) In the event the said delinquent payment (plus the 15% penalty) is not paid by Caledonia within Ninety (90) Days of its original due date, then (i) the penalty on the delinquent payment amount shall be Thirty Percent (30%) of the original amount of the delinquent payment (as opposed to 15%), and (ii) interest shall accrue on the delinquent payment amount, plus the 30% penalty on the delinquent payment amount, at the rate of Fifteen Percent (15%) per annum until the said delinquent payment and penalty is paid in full.

In the event that Mt. Pleasant fails to timely make a payment due and owing from Mt. Pleasant under this Agreement, then the above-described penalty provisions shall also apply to the delinquent Mount Pleasant payment, with the said delinquent payment applied to the debt originally intended to be paid and any penalty amount paid to Caledonia.

In the event any collection efforts are undertaken by either party to this Agreement with respect to a failure of the other party to make a payment required under this Agreement, the party prosecuting such collection efforts, if successful upon the underlying collection action, may also recover from the delinquent party all costs incurred with respect to such prosecution efforts, including, but not limited to, actual reasonable attorney's fees.

5.06 Mandatory Projects. Both parties understand, agree and acknowledge that as their respective communities continue to grow and extend sanitary sewer services there will be a corresponding need to increase the capacity of all or parts of the Shared Sanitary Sewer Conveyance System. It is the intent and understanding

of the parties that mutually-desired increases in capacity to the Shared Sanitary Sewer Conveyance System will normally be accomplished through Major Capacity Projects as described in above Section 5.02 of this Agreement. The parties further understand, agree and acknowledge that the parties' needs to expand the system's capacities may not occur simultaneously, however, and there may be occasions where one party to this Agreement may need to unilaterally increase its capacity in the Shared Sanitary Sewer Conveyance System without a corresponding desire on the part of the other party to the Agreement. It is the stated intent of this Agreement to accordingly allow either party to significantly expand the capacity of the Shared Sanitary Sewer Conveyance System as set forth below. Any party signatory hereto can make a request to expand the shared system's capacity under the provisions of this Section 5.06. Said requesting party shall prepare its written request and deliver the same to (i) the Mt. Pleasant/Caledonia Technical Sewer Advisory Committee (hereinafter described in Section 5.07 of this Agreement) and (ii) all other parties to this Agreement. Said request shall clearly delineate the requesting party's intent to increase the system's capacity. The request shall also clearly state the amended projected peak flows in mgd of the requesting party for intervals of 5 years, 10 years and the ultimate peak flow. The ultimate peak flow shall be utilized as the requesting parties' capacity request for any capacity expansion project. The request shall also state the requesting party's position as to the timing of the expansion. The requesting party shall solely bear all costs relating to or arising from planning or engineering studies related to its determination to request increased capacity. Following a request made to increase capacity of the Shared Sanitary Sewer

Conveyance System as set forth above, any costs incurred by the other party in evaluating the impact upon the shared system will be paid by the requesting party/ies in the event such other party decides not to increase its own capacity. All such costs shall be paid within Thirty (30) Days of mailing the invoice to the requesting party. In the event the other party decides to increase capacity, then in that event, the other party shall pay its own costs pertaining to its above-described studies and all costs pertaining to its decision to participate and also increase its capacity within the Shared Sanitary Sewer Conveyance System.

Following receipt of the notice from the requesting party, the non-requesting party shall have 240 days to study its respective need for capacity within the shared system. On or before the 240th day following receipt of the requesting party's notice, the non-requesting party shall provide notice to the requesting party as to the extent of additional capacity in mgd for intervals of 5 years, 10 years and the ultimate peak flow, if any, the said non-requesting party also desires. The non-requesting party's notice to the requesting party shall be in writing and substantially similar in form as the requesting party's notice. The requesting party and the non-requesting party shall then bear all costs related to the construction and engineering of the project (the "Mandatory Project") undertaken to increase the capacity of the Shared Sanitary Sewer Conveyance System on a pro rata basis, based on the relationship that each party's own ultimate peak flow bears to the total of the ultimate peak flows of both parties. (By way of an example, if Caledonia's ultimate peak flow for the Mandatory Project is 20 mgd, and Mt. Pleasant's ultimate peak flow (including other municipal flows, per Section 2.10 of this Agreement) is 60 mgd, then Caledonia's

proportionate cost will be 25% of the Mandatory Project (20/80 x 100). The Mandatory Project shall be (i) let out for public bids in accordance with the applicable laws of the State of Wisconsin, and (ii) approved by the party(ies) who will be paying for the cost of such Mandatory Project. (In the event both Caledonia and Mt. Pleasant are paying for the costs of the Mandatory Project, the approval of each municipality shall not be unreasonably withheld.) Upon such approval, the Mt. Pleasant Sewer Utility shall enter into all Agreements/Contracts, etc. for the design and construction of the Mandatory Project. The participation by Caledonia in any Mandatory Project shall not confer any rights of ownership to Caledonia as the system will continue to be owned by the Village of Mt. Pleasant and, where applicable, the Village of Sturtevant. Caledonia understands and acknowledges that its ultimate peak flow will be used to determine the capacity and size of the Mandatory Project. Caledonia may not exceed its ultimate peak flow. Once the Mandatory Project is completed and the affected segments of the Shared Sanitary Sewer Conveyance System have increased capacities (based on the ultimate peak flows used for design purposes in the Mandatory Project), Caledonia's "Maximum Capacity" for the affected segments, as defined in Section 2.07 of this Agreement, shall be amended and adjusted accordingly.

In the event the non-requesting party requests no further capacity and does not participate financially in the costs to design and construct the Mandatory Project, the non-requesting party shall not be entitled to any increase in capacity or flow related to that improvement. In the event the non-requesting party states its

intention to request no additional capacity, the requesting party shall pay all costs related to the Mandatory Project.

In the event both parties request additional capacity, expressed in terms of ultimate peak flow in mgd, each municipality (party) shall pay its proportionate share of the total project cost including, but not limited to, experts and consultants, as described above. In the event Mt. Pleasant desires to increase the capacity over and above the capacity needed to service the requested necessary peak flows of all requesting parties, Mt. Pleasant shall solely bear such costs. Mt. Pleasant shall be solely entitled to the extra capacity accordingly.

5.07 Technical Sewer Advisory Committee. There shall be established a Technical Sewer Advisory Committee between the signators to this Agreement. The three (3) Commissioners comprising the Village of Mount Pleasant Sewer Utility District No. 1 Commission shall represent Mount Pleasant on the Technical Sewer Advisory Committee, and Caledonia shall appoint two (2) additional members of the Technical Sewer Advisory Committee to represent Caledonia on such committee. The Committee members shall serve at the pleasure of their respective boards for no set or defined periods.

The Sewer Technical Advisory Committee shall elect a chairperson on an annual basis. The Chairperson shall utilize the procedures set forth in Robert's Rules of Order, as amended, to set the meeting's agendas, notify Committee members of meetings and run the meetings.

The Committee shall also annually elect a secretary to assemble written documentation and keep and preserve minutes of each meeting.

The Committee shall meet on a calendar-quarterly basis or, at the option of the Committee, more frequently. The Committee shall also meet if requested by a party signatory to this Agreement within Thirty (30) Days of a written request for such a meeting of the Committee.

In the event a signatory party requests additional capacity pursuant to Section 5.06 of this Agreement, the Committee shall call and hold a special meeting within Thirty (30) Days of the request.

The Committee shall work in concert with staff and/or consultants to make recommendations in a report to the parties to this Agreement. All reports and conclusions, etc. prepared by the Committee shall be non-binding. The Committee shall be a forum to discuss issues, including, but not limited to, capacity issues concerning the Shared Sanitary Sewer Conveyance System.

5.08 Annual Adjustment of the \$20,000.00 Amount Used for Minor Projects and Major Projects. The \$20,000.00 amount used in this Agreement to define Minor Projects and Major Projects shall be adjusted annually, as of February 1 of each year, by the percentage change in the annual average (20-city prices) Construction Cost Index published by the Engineering News Record. (This is the same adjustment mechanism used in Section 10(c) of the May 24, 2004 "Intergovernmental Retail Water Service Agreement Between the City of Racine and the Village of Mount Pleasant" for connection charges.) In the event the foregoing data ceases to be available in the future, then the parties to this Agreement shall substitute a mutually agreeable alternate index for making the above-described annual adjustments.

6. NEW PARTIES JOINING THIS AGREEMENT

6.01 New Parties Must Be Signatory To Racine Sewer Agreement. It is anticipated that as development trends continue, new municipal parties may request the right to discharge sanitary waste into the Shared Sanitary Sewer Conveyance System and become signatory to this Agreement. In the event any municipal entity requests the right to utilize the Shared Sanitary Sewer Conveyance System, Mt. Pleasant shall first determine if that entity is signatory to the Racine Sewer Agreement and has "capacity" within the Racine Sanitary Waste Water Sewage Treatment facility. Any party seeking to become signatory to this Agreement must have the legal right to discharge sanitary waste water into the Racine Facility.

6.02 New Parties - Same Terms and Conditions. Under no circumstances shall Mt. Pleasant and/or its' Utility allow a third party to connect to and/or use the Shared Sanitary Sewer Conveyance System under terms and conditions more favorable than the terms and conditions that govern this Agreement between the Villages of Mt. Pleasant and Caledonia, as well as their respective utilities. This provision, however, shall not be applicable to Sec. 5.01 of this Agreement. Additionally, this present Section 6.02 shall not apply to the existing arrangements that Mt. Pleasant has entered into with the Town of Somers and the Village of Sturtevant, provided that the service area of each such community being served by Mt. Pleasant is not significantly expanded or increased. Mt. Pleasant shall have the legal right to set an appropriate payment for use of the Mount Pleasant Interceptor System (as was done in Section 5.01 of this Agreement with Caledonia) based upon

factors related to the extent of usage, the location of the connection and the size of the new municipal entity.

6.03 Necessary Amendments to This Agreement. When and if, and prior to, a third party(ies) is allowed to connect to and/or use the Shared Sanitary Sewer Conveyance System, the parties to this Agreement shall take steps to amend and modify the terms and provisions of this Agreement, as may be appropriate, for the purpose of ensuring the continued joint and cooperative relationships and arrangements established through this Agreement, and in full keeping with the original intent and the original concepts memorialized in this Agreement. (By way of just one example, but without creating any limitation because of enumeration, the Technical Sewer Advisory Committee established under Section 5.07 of this Agreement should be reconfigured when a third party connects to and/or uses the Shared Sanitary Sewer Conveyance System in the future, so that representatives of such third party can participate on the Committee, but with Mt. Pleasant still having a majority vote on the Committee.) Any third party municipality shall not be allowed to flow its sanitary sewerage, whether directly and/or indirectly through a party to this Agreement, into the Shared Sanitary Sewer Conveyance System unless and until it becomes a party to this Agreement. (The foregoing limitation shall not apply, however, to the existing arrangements that Mt. Pleasant has entered into with the Town of Somers and the Village of Sturtevant for the flow of their sanitary sewerage into the Shared Sanitary Sewer Conveyance System, provided that the Town of Somers and/or the Village of Sturtevant do not allow other third parties to flow sanitary sewerage through their respective communities and into the Shared

Sanitary Sewer Conveyance System.) Similarly, Caledonia shall not accept sanitary sewerage from any other municipality (and/or sanitary sewerage generated within any other municipality) into the Caledonia Conveyance System unless and until such other municipality (i) is a signatory to this Agreement (appropriately amended for the inclusion of such other municipality) and also (ii) is a signatory to the "Racine Area Intergovernmental Sanitary Sewer Service, Revenue Sharing, Cooperation and Settlement Agreement" described in Section 2.14 of this Agreement.

7. DETERMINATION OF OPERATION AND MAINTENANCE (O&M) COSTS, MAJOR REPAIRS AND CAPITAL IMPROVEMENT PROJECTS

7.01 Operation and Maintenance. The Mt. Pleasant Sewer Utility District No 1 shall meet periodically to determine issues relating to Operation and Maintenance budgets, costs, schedules and necessary repairs/maintenance with respect to the Shared Sanitary Sewer Conveyance System.

Mt. Pleasant shall provide notice to Caledonia and its Utility which shall include, without limitations, the time and place of any meeting and appropriate information relating to anticipated need for maintenance and minor repairs, operation budgets and costs and proposed cost allocation. All Operation and Maintenance costs shall be included in the annual transmission costs pursuant to paragraph 5.03 of this Agreement.

7.02 Major Projects. Mt. Pleasant Sewer Utility District No 1 shall also at the periodic meetings referenced above consider issues relating to Major Projects with regard to the Shared Sanitary Sewer Conveyance System. Mt. Pleasant shall notify Caledonia of any and all said meetings and invite Caledonia's participation and input as to the long range and immediate planning for Major Projects. The Mt. Pleasant

Sewer Utility District No. 1 shall make the determination as to the necessity and timing of any Major Project, as well as any Minor Project.

7.03 Disputes Regarding the Necessity, Timing, Cost and/or Allocation of Costs/Arbitration. If Caledonia objects to any finding or determination of the Mt. Pleasant Sewer Utility District No 1 or the Village Board of Mt. Pleasant relating to the necessity, timing, cost and/or cost allocation between the parties relating to Operation and Maintenance (which includes Minor Projects), and/or Major Projects, it shall notify the Mt. Pleasant Administrator and the Manager of the Utility in writing of the basis for its objections within Sixty (60) Days of any decision of the Utility or Village Board. The disputed issues shall be evaluated by staff and/or consultants of each respective party and meetings scheduled to address the issues within 60 days of Caledonia's written notice. If, and to the extent staff (and consultants) reach consensus, a written document shall be prepared and signed by both parties and the issue/s shall be deemed resolved. If the issues are not resolved by staff and/or consultants the Administrators of the respective Villages shall meet as necessary within One Hundred Twenty (120) Days of Caledonia's written notice to resolve any controversies. In the event the controversy is resolved a written document shall be prepared accordingly and signed by both Administrators.

In the event the Administrators are unable to reach an accord within 120 days of Caledonia's written notice, the Administrators shall attempt to select a mutually agreeable arbitrator within One Hundred Forty (140) Days of Caledonia's written notice. In the event both sides cannot agree to the selection of a sole arbitrator, each side shall select an arbitrator and those arbitrators shall select a neutral or

third arbitrator. An arbitration proceeding pursuant to Ch. 788 Wis. Stats. shall be scheduled and heard within Two Hundred Ten (210) Days of Caledonia's written notice. Each side shall pay for its own arbitrator and shall split equally the cost of any third arbitrator. However, the prevailing party shall be entitled to invoice the other party its reasonable arbitration expenses including, without limitation, actual reasonable attorneys fees, consultant fees, exhibit fees and the fees of the arbitrators. The losing party shall pay the arbitrators award, if any, and the arbitration costs described above within Thirty (30) Days. Both parties acknowledge and agree that they are waiving any right to contest issues in State Circuit Court and/or Federal Court related to the necessity, timing, cost and/or cost allocation in any way related to operation and maintenance, and/or Major Projects to the Shared Sanitary Sewer Conveyance System. Both sides further agree that the award of the arbitration panel is final and binding on both parties (whether a sole panel or three person panel). Both parties agree, acknowledge and understand that any dispute and/or arbitration request shall not abate Caledonia's delinquency and default penalties and interest for payments due pursuant to Section 5.05 of this Agreement.

8. PROJECTED PEAK FLOWS FOR USE IN THE FUTURE SHARED SANITARY SEWER CONVEYANCE SYSTEM

8.01 Responsibility for Projected Peak Flows. Caledonia acknowledges and agrees that every Three (3) Years it will provide peak flow projections (the "Peak Flow Report") from its Caledonia Service Area that will be used to size future improvements to the Shared Sanitary Sewer Conveyance System. Caledonia may supplement its Peak Flow Report as deemed appropriate by the Village of

Caledonia. The Peak Flow Report shall provide projected peak flows for intervals of 5 years, 10 years and the "ultimate" flow. Caledonia acknowledges and agrees that Mt. Pleasant will not recommend, set or establish Caledonia's peak flows for purposes of this Agreement. Caledonia acknowledges and agrees that its "ultimate" projected peak flow for purposes of this Agreement will be utilized as a standard for designing and constructing necessary Major Capacity Projects and Mandatory Projects relating to the Shared Sanitary Sewer Conveyance System. Caledonia further agrees that it will take all necessary precautions to ensure that its actual flows in the Shared Sanitary Sewer Conveyance System will not exceed its Maximum Capacity described in above Section 2.07 of this Agreement. Caledonia also agrees that when its actual peak flows reach 85% of its Maximum Capacity for a given segment of the Shared Sanitary Sewer Conveyance System, it will install no further sanitary sewer mains within any part of the their Village boundaries that discharge into the Shared Sanitary Sewer Conveyance System (the "Caledonia Service Area"). All subsequent sanitary sewer extensions shall be evaluated by Caledonia and Mt. Pleasant jointly on a case by case basis. Caledonia further agrees that when its actual peak flows reach 90% of its Maximum Capacity for a given segment of the Shared Sanitary Sewer Conveyance System, they will issue no further sewer permits to connect to the Caledonia Conveyance System within the Caledonia Service Area, until either a request is submitted for additional capacity pursuant to Section 5.06 of this Agreement or a plan/program is implemented by Caledonia and accepted in writing by Mt. Pleasant to reduce actual peak flows

below 90% of Caledonia's said Maximum Capacity. Mt. Pleasant shall carefully consider the request and will not unreasonably withhold its consent.

8.02 Capacity Within the Racine Wastewater Treatment Facility. Both Caledonia and Mt. Pleasant are signatory to the Racine Sewer Agreement as set forth above. Both Caledonia and Mt. Pleasant have purchased or reserved "capacity" within the Racine Wastewater Treatment Facility. Nothing in this Agreement modifies, amends or changes the parties' respective capacities within the Racine Wastewater Treatment Facility.

Neither party is donating, purchasing, borrowing, leasing and/or assigning its capacity within the Racine Wastewater Treatment Facility by executing this Agreement. Caledonia further acknowledges that Mt. Pleasant has no knowledge of or control over Caledonia's alternative methods of transporting sanitary sewage or wastewater to the Racine Wastewater Facility and that accordingly Mt. Pleasant has no knowledge of or control over Caledonia's capacity issues with the Racine Wastewater Treatment Facility. Each party is responsible to monitor its capacity and comply with any directives from the Racine Wastewater Utility related thereto.

9. PROCEDURES FOR ENSURING ACTUAL FLOWS DO NOT EXCEED PROJECTED ULTIMATE PEAK FLOW FOR THE EXISTING SHARED SANITARY SEWER CONVEYANCE SYSTEM

9.01 Projected Peak Flow Report. Caledonia has provided its projected peak flows for the time period from 2000 to 2015. Caledonia shall provide its projected peak flows every 3 years in a report which shall be appended to this Agreement. In the event the projected ultimate flow within Caledonia's Peak Flow

Report shall trigger any Major Project and/or Mandatory Project, the parties shall proceed in compliance with the appropriate provisions of this Agreement.

9.02 Caledonia Actual Flows at 85% of Maximum Capacity within the Existing Shared Sanitary Sewer Conveyance System. When Caledonia shall actually utilize 85% of its current Maximum Capacity, as defined in Section 2.07 of this Agreement, in a particular segment of the Shared Sanitary Sewer Conveyance System, it shall promptly be notified, in writing, by the Village of Mt. Pleasant Sewer Utility. Within Ninety (90) Days of being so notified, Caledonia shall prepare a written report to the Village of Mt. Pleasant Sewer Utility to determine when Caledonia will reach its Maximum Capacity and what steps Caledonia will immediately implement to eliminate any such possibility of exceeding its Maximum Capacity, including requesting additional capacity. In the event Caledonia and the Village of Mt. Pleasant agree upon a plan to eliminate the possibility of Caledonia exceeding its Maximum Capacity in the existing Shared Sanitary Sewer Conveyance System (e.g. substantial reduction of excess infiltration and inflow, the construction of an appropriately sized equalization basin in Caledonia or the negotiated purchase or lease of additional capacity from the Village of Mt. Pleasant) and Caledonia satisfactorily implements such plan, Caledonia may continue to utilize the Shared Sanitary Sewer Conveyance System pursuant to this Agreement. In the event the Village of Mt. Pleasant does not agree to and/or with the plan submitted by Caledonia, Mt. Pleasant will serve a notice of disapproval upon the Village of Caledonia within Sixty (60) Days following Caledonia's submittal of its Plan. Upon Caledonia's receipt of the notice of disapproval, Caledonia shall notify its planning

staff, engineering department, sanitary, sewer and water utilities and Planning Commission. Following receipt of notice of disapproval, the limitations and restrictions placed on Caledonia in Section 8.01 of this Agreement (pertaining to limits on further sewer extensions and connections to the Caledonia Conveyance System) shall also apply.

9.03 Caledonia's Actual Flows at 90% of Maximum Capacity in the Existing Shared Sanitary Sewer Conveyance System. When Caledonia shall actually utilize 90% of its Maximum Capacity in a segment of the existing Shared Sanitary Sewer Conveyance System under this Agreement, it shall promptly be notified, in writing, by the Village of Mt. Pleasant Sewer Utility. Within Forty-five (45) Days of being so notified, Caledonia shall prepare a written report to the Village of Mt. Pleasant Sewer Utility delineating its steps to absolutely ensure that Caledonia will not exceed its Maximum Capacity. Caledonia's report must demonstrate what steps it will immediately implement to eliminate any such possibility of exceeding its Maximum Capacity, including requesting additional capacity. In the event Caledonia and the Village of Mt. Pleasant agree with the implementation of Caledonia's plan to ensure that Caledonia does not exceed its Maximum Capacity in the Shared Sanitary Sewer Conveyance System, Caledonia may continue to utilize the Shared Sanitary Sewer Conveyance System pursuant to this Agreement. In the event Mt. Pleasant does not agree with Caledonia's plan, they shall send written notice of disapproval upon the Village of Caledonia within 45 days following Caledonia's plan submittal. Upon Caledonia's receipt of the notice of disapproval, Caledonia shall notify its planning staff, engineering department, sanitary, sewer and water utilities and Planning

Commission. Following receipt of notice of disapproval, Caledonia and/or its utilities shall not allow any further connections (including, but not limited to, sewer lateral connections), to the Caledonia Conveyance System within the Caledonia Service Area without the express written consent of the Village of Mt. Pleasant.

10. ENFORCEMENT

10.01 Enforcement by Circuit Court. Caledonia and Mt. Pleasant agree and acknowledge that Mt. Pleasant must be able to enforce and restrict Caledonia from exceeding its Maximum Capacity in the existing and the future Shared Sanitary Sewer Conveyance System. Both Caledonia and the Village of Mt. Pleasant agree that in the event Caledonia and Mt. Pleasant have not agreed to a plan pursuant to paragraphs 8 and 9 above, there will be a legal and equitable “emergency” and the threat of immediate and irreparable harm allowing the Village of Mt. Pleasant to petition the Circuit Court of Racine County for injunctive relief preventing Caledonia from exceeding its flow limitations set forth in this Agreement. Both parties agree, understand and acknowledge that Caledonia, by executing this Agreement, expressly waives any right to insist that Mt. Pleasant file any bond, letter of credit or financial undertaking with respect to commencing suit for such injunctive relief against Caledonia to prohibit and restrain Caledonia from violating flow restrictions within this Agreement. Both parties agree, acknowledge and understand that the preservation of the status quo means that Caledonia must abide by and be governed by the flow requirements within this Agreement.

10.02 Concomitant Enforcement by Caledonia. In the event that Caledonia’s actual sanitary sewerage flow into the Shared Sanitary Sewer Conveyance System

is within the parameters specified in this Agreement, and in the event Mt. Pleasant and/or its Utility has and/or is about to flow sanitary sewerage into the Shared Sanitary Sewer Conveyance System in excess of the said System's design capacity, then the very same, detailed enforcement rights and right to obtain injunctive relief given to Mt. Pleasant in above Section 10.01 of this Agreement are hereby given and granted to Caledonia.

11. LAWS, RULES AND REGULATIONS

11.01 Laws, Rules and Regulations. The parties enter into this Agreement to share costs related to the Shared Sanitary Sewer Conveyance System. The parties confirm and acknowledge they will conform with all applicable Federal and State laws, rules and regulations as they now exist and as they may be amended from time to time. Neither party will knowingly violate any State, Federal or local law or ordinance. If any users are violating any Federal, State or local law or ordinance the party in whose jurisdiction the violation is taking place within shall take immediate measures to terminate the violation and/or issue citations to the violator.

12. NEW MUNICIPAL ENTITIES OR UTILITY ENTITIES

12.01 New Municipal Entities or Utility Entities. In the event that any of the Village entities or Utility entities party to this Agreement create new or different entities for the purpose of providing or administering sanitary sewer service within the Village limits of Caledonia and/or the Village of Mt. Pleasant, and such entities will utilize the Shared Sanitary Sewer Conveyance System, they shall make the necessary internal arrangements to subject such a new or different entity to this Agreement. Any such new or different entity, to the extent that they are

geographically included in the scope of this Agreement, shall thereafter automatically be included within the "Village Entities" or the "Utility Entities" as defined by this Agreement and shall be subject to this Agreement. Specifically, for example only, if the Village of Caledonia creates a new Sewer Utility District that encompasses in part or whole the Caledonia Service Area (defined in Section 2.05 of this Agreement), such new sewer district shall be included in the "Village Entity" and "Utility Entity" and shall be subject to this Agreement. Each new entity shall make the necessary internal arrangement to subject such new or different entity to this Agreement. Any party to this Agreement which creates a new or different entity or transfers any functions within the contemplation of this paragraph shall promptly give written notice of such creation or transfer to the other parties to this Agreement and shall explain the necessary procedures to be taken to ensure that the new entity is, in fact, subject to this Agreement.

13. NO CHALLENGES TO THIS AGREEMENT

13.01 No Challenges to This Agreement. The parties hereby waive any right to commence or maintain any civil action in State or Federal Court or any other administrative proceeding to contest or challenge the adoption or the validity of this Agreement. This paragraph shall not be construed to prevent a Party to this Agreement from commencing a declaratory judgment action regarding the interpretation and/or enforcement of this Agreement. More specifically each of the parties hereto waives any right to complain or commence an administrative action with the State of Wisconsin Public Service Commission (the "PSC") and hereby agrees not to complain to the PSC pursuant to Sec. 66.0821(5) of the Wisconsin

Statutes, as amended, that this Agreement or any provision of this Agreement is unreasonable or unjustly discriminatory.

14. NO THIRD-PARTY BENEFICIARY

14.01 No Third-Party Beneficiary. This Agreement is intended to be solely between and for the benefit of the parties. Nothing in this Agreement shall be interpreted as giving to any person or entity not a Party to this Agreement any legal or equitable rights whatsoever.

15. ADMINISTRATION OF THIS AGREEMENT

15.01 Administration of This Agreement. This Agreement shall be administered on behalf of the Villages by their respective Boards of Trustees or their designees. The respective Utilities shall appoint their manager or designee to administer this Agreement.

16. ENFORCEMENT

16.01 Remedies. This Agreement is intended to provide each Party with the right and standing to challenge in court any act or omission of any other Party which violates this Agreement. This Agreement is intended to provide each Party with the right and standing to seek any available legal or equitable remedy to enforce this Agreement and to seek damages for the breach of this Agreement for all issues and/or disputes not related to or arising from the necessity, timing, cost and/or cost allocation for Operation and Maintenance, Minor Projects, and Major Projects on the Shared Sanitary Sewer Conveyance Systems (cost-related issues).

16.02 Notice of Breach/Dispute Resolution. If a Party to this Agreement believes that any other Party is in breach of this Agreement (for reasons other than

cost-related issues described and dealt with in Section 7.03 of this Agreement), the aggrieved Party shall promptly serve written notice of said breach upon the other Party. Representatives of the Parties shall meet promptly thereafter and shall endeavor in good faith to resolve any dispute amicably. If the initial meeting fails to resolve the dispute, the Administrators of the respective Villages shall meet within Thirty (30) Days after service of the written notice. Failure or refusal of a Party to meet promptly and attempt in good faith to resolve any dispute shall be deemed a waiver by such Party of any right to recover any litigation expenses or reasonable actual attorney fees other than statutory costs; provided, however, that good faith shall not require an amendment of this Agreement. This subparagraph is intended by the Parties to this Agreement to waive their respective statutory right to any further notice under §893.80(1) (a), Wis. Stats., to the extent such subsection is applicable.

16.03 Limitation on Commencement of Civil Action. No civil action regarding a breach of this Agreement may be commenced until after Thirty (30) Days from the effective date of written notice required under above Section 16.02, except that a Party to this Agreement may commence an action seeking specific performance or injunctive relief in less than Thirty (30) Days if, in that party's good faith judgment, such immediate action is necessary to protect the public health, safety or welfare.

16.04 Recovery of Attorneys' Fees and Litigation Expenses. Except as otherwise provided in this Agreement, the prevailing Party in any court action concerning an alleged breach of this Agreement or the interpretation of this

Agreement shall be entitled to recover from the other party its reasonable litigation expenses, including reasonable actual attorneys' fees.

16.05 Inapplicability as to Determination of Operation and Maintenance Costs and/or Major Projects. This paragraph 16 shall not be applicable to the determination of Operation and Maintenance costs, Minor Projects, and Major Projects, as the parties have chosen arbitration as the sole means of resolving those disputes.

17. COMPLETE AGREEMENT

17.01 Complete Agreement. This Agreement represents the entire integrated agreement between the Parties and supersedes all past agreements and all negotiations, representations, promises or agreements, either written or oral, made during the course of negotiations leading up to this Agreement

18. TERM

18.01 Term. The term of this Agreement is indefinite and permanent. No breach or violation of any of the terms of this Agreement by any party shall operate to void or terminate or provide grounds for termination of this Agreement, it being the intent of the Parties that the provisions of this Agreement shall be subject to specific performance, that injunctive relief shall be provided to cure any breaches prospectively, and that damages shall be awarded to redress any harm occasioned by a breach; provided, however, that if a Party cannot or will not conform to the requirements of this Agreement, as evidenced by a pattern of repeated and significant violations, and if such violations pose a serious threat to the public health,

safety or welfare, this restriction on termination of this Agreement shall be deemed to be terminated.

19. AMENDMENT

19.01 Amendment. This Agreement may be amended by mutual agreement approved by the governing bodies of the Parties to this Agreement and signed by appropriate and duly authorized officers of the Parties. Except as is specifically provided to the contrary in this Agreement, any Party to this Agreement may withhold its consent to any amendment for any reason.

20. GOOD FAITH

20.01 Good Faith. The Parties to this Agreement hereby acknowledge that this Agreement imposes on them a duty of good faith and fair dealing.

21. SEVERABILITY

21.01 Severability. The provisions of this Agreement, and the individual parts of each such provision, shall be severable. In the event that any provision of this Agreement, or any part thereof, is held by a court of competent jurisdiction to be invalid or ineffective, the balance of this Agreement shall survive. In such event, the Parties shall promptly meet to discuss how they might satisfy the intent of this Agreement by alternative means. The Parties shall use their best efforts to find, design and implement a means of successfully accomplishing the intent of this Agreement. If necessary, the Parties shall negotiate appropriate amendments of this Agreement to maintain, as closely as possible, the original terms, intent and balance of benefits and burdens of this Agreement.

22. INVALID OR INEFFECTIVE ORDINANCE OR DECISION

22.01 Invalid or Ineffective Ordinance or Decision. In the event that any ordinance which either Village is required to enact and/or enforce by this Agreement is adjudged by any court of competent jurisdiction to be invalid or ineffective, in whole or in part, the Parties shall promptly meet to discuss how the parties might satisfy the intent of this Agreement by alternative means, including, without limitation, enacting another ordinance designed to satisfy the court's objections. The parties shall use their best efforts to find, design and implement a means of successfully accomplishing the intent of this Agreement. If necessary, the Parties shall negotiate appropriate amendments of this Agreement to maintain, as closely as possible, the original terms, intent and balance of benefits and burdens of this Agreement.

23. SUCCESSORS

23.01 Successors. This Agreement shall benefit and be binding upon the successors of the Village Entities and Utility Entities.

24. IMPLEMENTATION

24.01 Implementation. The Village Entities and the Utility Entities shall each take such actions as may be necessary or desirable to implement and effectuate the provisions and intent of this Agreement, including, but not limited to, the passage of an ordinance or resolutions validating this Agreement.

25. REFERENCES

25.01 References. Any references in this Agreement to any particular agency, organization or official shall be interpreted as applying to any successor

agency, organization or official or to any other agency, organization or official to which contemplated functions are transferred by statute or ordinance. Any references in this Agreement to any particular statute or ordinance shall be interpreted as applying to such statute or ordinance as amended from time to time.

26. PARAGRAPH TITLES

26.01 Paragraph Titles. Paragraph titles in this Agreement are provided for convenience only and shall not be used in interpreting this Agreement.

27. INTERPRETATION

27.01 Interpretation. This Agreement shall be interpreted as though jointly drafted by the Parties.

28. NOTICES

28.01 Notices. All notices required by or relating to this Agreement shall be in writing. Each notice shall specifically refer to this Agreement by name (a reference to the "Shared Sanitary Sewer Conveyance System" is sufficient) and shall refer specifically to the number of the Paragraph(s) or Section(s) to which the notice relates. Any such notice shall be delivered in person during normal business hours to the person(s) authorized by this Agreement to receive notice for a Party to this Agreement, or to the person apparently in charge of the such person's office during normal business hours, or shall be mailed to such person(s) by certified mail, return receipt requested, or shall be transmitted by facsimile to such person(s) during normal business hours (and whenever a notice is transmitted by facsimile it shall also be mailed by first class mail on the same day). Each notice shall be effective upon delivery in person during normal business hours (or at the beginning of the

next normal business day if after normal business hours), or three days after mailing, or upon confirmed transmission by facsimile during normal business hours (or at the beginning of the next normal business day if after normal business hours), or upon actual receipt without regard to the method of delivery whichever occurs first.

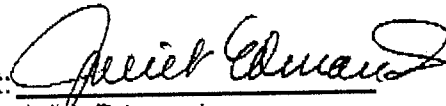
29. LIMITATIONS ON LIABILITY

29.01 Limitations on Liability. Caledonia and its utilities agree that neither the Village of Mt. Pleasant nor the Mt. Pleasant Sewer Utility District No. 1 shall be liable to Caledonia and/or its utilities and residents for any claims, losses or damages, including, but not limited to, consequential damages, resulting from any break or malfunction in an interceptor or any other failure of physical facilities to perform, or from any loss of power, any act of God, any act of sabotage, terrorism or war, any strike, or any other cause beyond the reasonable control of Mt. Pleasant and/or its utility. Caledonia and its Utility further covenant and agree not to sue Mt. Pleasant and/or Mt. Pleasant Sewer Utility District 1 for any breaks, in an interceptor or failure of interceptor related facilities (except for breaks or other failures caused by the willful misconduct of Mt. Pleasant or its agents or employees. Likewise Mt. Pleasant agrees that neither Caledonia nor its utilities will be liable to Mt. Pleasant for any claims, losses or damages, including but not limited to consequential damages resulting from any break or malfunction in an interceptor and/or main within the Caledonia Conveyance System that flows into the Shared Sanitary Sewer Conveyance System except for breaks or failures caused by the willful misconduct of Caledonia or its agents or employees.

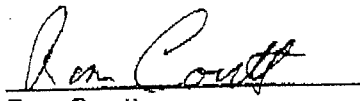
Dated this 12th day of November, 2008.

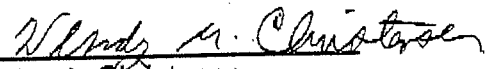
VILLAGE OF MT. PLEASANT:

By: 
Carolyn A. Milke
Village President

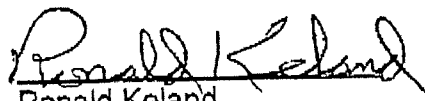
Attest: 
Juliet Edmands
Village Clerk

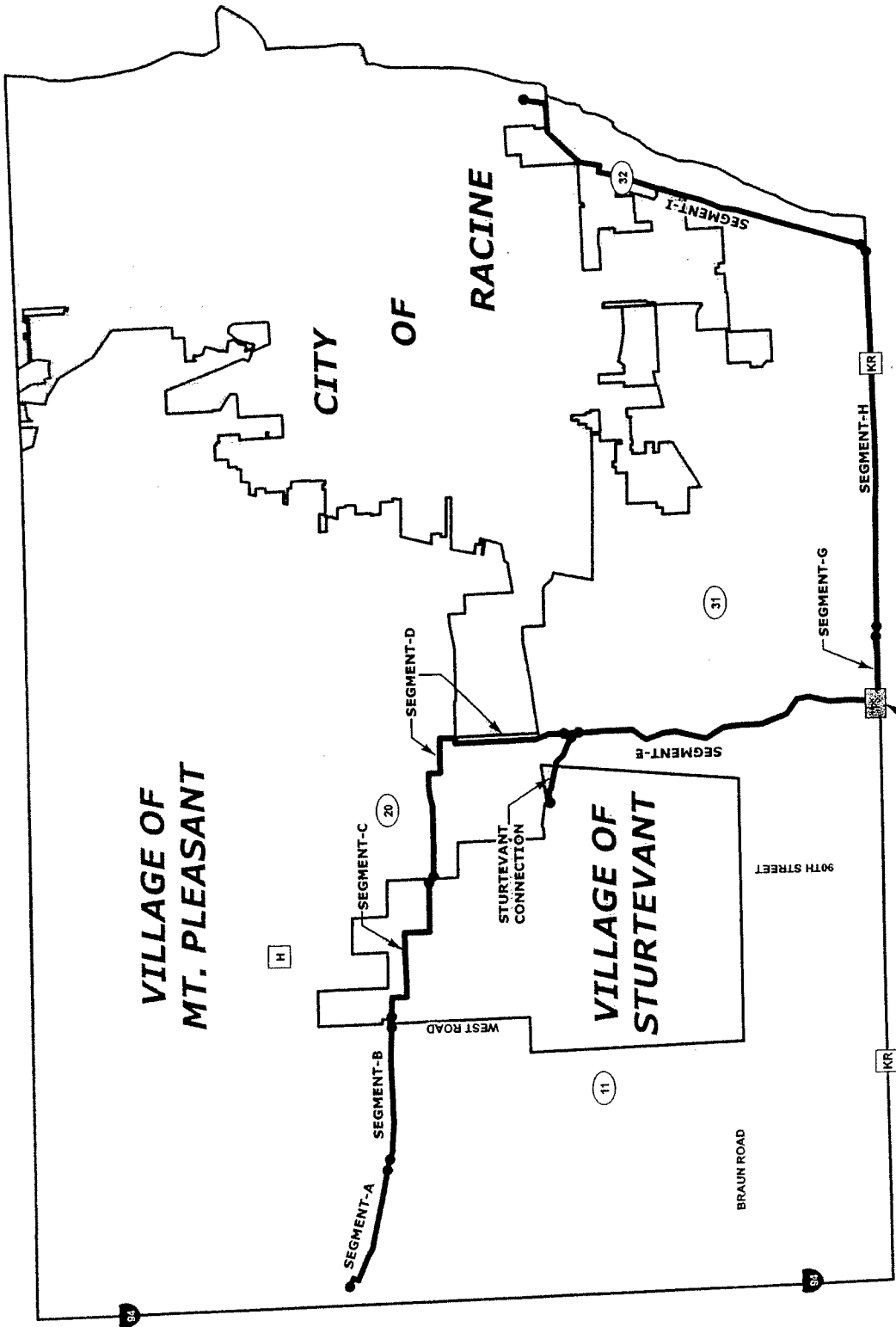
VILLAGE OF CALEDONIA:

By: 
Ron Coult
Village President

Attest: 
Wendy Christensen
Village Clerk

VILLAGE OF CALEDONIA
SEWER UTILITY DISTRICTS:

By: 
Ronald Keland
President



CRISPPELL-SNYDER, INC.
 PROFESSIONAL CONSULTANTS
 1 inch = 4,000 feet



**Exhibit 1 - Shared Sanitary Sewer Conveyance System
 Village of Mt. Pleasant/ Village of Caledonia**

Legend
 Shared Sanitary Sewer Conveyance System
 Corporate Limits