

## SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) entered into as of August 2, 2017, is by and between the Great Lakes – St. Lawrence River Basin Water Resources Council (the “Compact Council”) and the Great Lakes and St. Lawrence Cities Initiative (the “Cities Initiative”) (each a “Party” and collectively the “Parties”).

### WITNESSETH

WHEREAS, the Compact Council is an interstate agency established under the Great Lakes – St. Lawrence River Basin Water Resources Compact (the “Compact”) to enable the States who are parties to the Compact to collectively manage the waters and water dependent natural resources of the Great Lakes Basin (the “Basin”);

WHEREAS, the Cities Initiative is a binational coalition of 131 United States and Canadian mayors and local officials working to advance the protection and restoration of the Great Lakes and St. Lawrence River;

WHEREAS, the Compact prohibits new or increased diversions from the Basin except where approved by the Compact Council in accordance with the requirements specified in the Compact for such approval;

WHEREAS, the City of Waukesha, Wisconsin, a community within a straddling county, applied to the State of Wisconsin for approval of a diversion to meet its water supply needs;

WHEREAS, as the Originating Party, Wisconsin forwarded the application to the Compact Council;

WHEREAS, following extensive proceedings before the State of Wisconsin, the Great Lakes – St. Lawrence River Water Resources Regional Body (the “Regional Body”) and the

Compact Council, on June 21, 2016, the Compact Council issued a Final Decision approving with conditions a diversion from Lake Michigan to the City of Waukesha (the “Final Decision”);

WHEREAS, pursuant to Section 7.3.1 of the Compact, Cities Initiative requested an administrative hearing regarding the Final Decision;

WHEREAS, the Compact Council conducted a hearing (the “Hearing”) and by vote on April 20, 2017 (the “Compact Council Vote”) and opinion dated May 4, 2017 (the “Opinion” and collectively with the Compact Council Vote, the “Hearing Decision”), determined not to vacate or modify the Final Decision;

WHEREAS, the Compact Council and Regional Body are planning to engage in a public process to review and as appropriate update their procedures for reviewing proposals for diversions that may be submitted in the future (the “Procedures Update Review”);

WHEREAS, the Cities Initiative has concluded that its and the public’s interest can best be satisfied through its participation in the Procedures Update Review rather than pursuit of an appeal of the Final Decision or Hearing Decision.

NOW THEREFORE, the Parties, for good and valuable consideration, the receipt and adequacy of which is acknowledged, and intending to be legally bound, do hereby agree and covenant as follows:

1. Regarding the Final Decision as defined above, the Cities Initiative shall not appeal or otherwise challenge, nor encourage any other person to appeal or otherwise challenge, the Final Decision, the Hearing, the Hearing Decision or any aspect of the Compact Council or Regional Body process resulting in the Regional Body Declaration of Finding, the Final Decision or the Hearing Decision.

2. Contingent on no appeal of any of the actions described in paragraph 1 being filed by any person or entity, the Compact Council agrees to implement the Procedures Update Review in coordination with the Regional Body in a manner that will afford the Cities Initiative and other stakeholders, as well as Tribal and First Nation governments, opportunity for input.

a. The Compact Council in coordination with the Regional Body will solicit input and/or recommendations, as more fully described below, from the standing Advisory Committee, Resource Group and Observers to the Compact Council and the Regional Body (collectively the “Stakeholders”). As a member of the Advisory Committee, the Cities Initiative will be among the stakeholders from whom the Compact Council and the Regional Body will solicit input.

b. The following are the areas on which the Compact Council and the Regional Body intend to seek input and/or recommendations:

- The procedures in the Interim Guidance, which following review may be revised;
- Organization of the Regional Review process, including the number and location of Compact Council and Regional Body public meetings or hearings, use of mechanisms to electronically broadcast hearings, status of any public meetings or hearings by individual states or provinces in the pre-decisional process and treatment by the Compact Council and Regional Body of the information generated in such meetings or hearings;
- Procedure for members of the Compact Council or the Regional Body to pose questions to the Originating Party or the Applicant;
- Content of public notices and use of a publicly-accessible website to post information relating to an application for a diversion, or a public hearing or meeting relating to the application;
- Scope and content of the record created upon which the Regional Body and Compact Council make their determinations;
- Process for members of the Compact Council and the Regional Body to propose amendments to the Declaration of Finding and the Final Decision;  
and

- Post-Decision Process in the event a request for hearing is submitted.

3. The Compact Council and the Regional Body, in their discretion, may at any time add or remove issues from the list of issues set forth in paragraph 2b of this Agreement. The Parties agree that substantive issues relating to the Compact or the Great Lakes-St. Lawrence River Basin Sustainable Water Resources Agreement, including but not limited to the Exceptions to the Prohibition on Diversions and the Standard of Decision, will not be subject to review during this process.

4. The Parties agree to work collaboratively to develop additional details of the Procedures Update Review process for consideration by the Compact Council and the Regional Body. Nothing in this Agreement waives or diminishes the authority of the Compact Council and the Regional Body to direct the Procedures Update Review process.

5. Based upon the Stakeholders' as well as Tribes' and First Nations' input or recommendations and input or recommendations from State and Provincial staff, the Compact Council and the Regional Body, in their respective discretion, may develop, or choose not to develop, guidances, rules, regulations or other procedural documents embodying the results of some or all of the review process. Before adopting such documents, the Compact Council and/or Regional Body will provide notice and opportunity for public comment if and to the extent legally required or as otherwise deemed advisable by them. Nothing in this Agreement compels the Compact Council or the Regional Body to adopt or implement any of the Stakeholders' recommendations or to promulgate any draft or final guidances, rules, regulations or other advisory or binding documents.

6. The Compact Council intends to implement the review process in accordance with the tentative schedule attached hereto as Exhibit "A," with the goal of adopting (or choosing not to

adopt) final recommendations, guidances, rules and regulations, if any, by December, 2018.

This schedule may be modified at any time by the Compact Council in its discretion.

7. The Cities Initiative agrees that notwithstanding any alleged or actual breach of this Agreement by the Compact Council, the Cities Initiative shall not seek or obtain as a remedy the right to appeal or challenge any decision, finding or process referenced in paragraph 1 above.

8. This Agreement is for the exclusive benefit of the Parties and the Regional Body and there are no third-party beneficiaries to this Agreement other than the Regional Body.

9. This Agreement may be executed in counterparts, each of which shall be deemed an original but together shall constitute one and the same instrument. Delivery of the executed signature page to Counsel by facsimile or by scanning and electronic mail shall be deemed an effective and binding delivery of this Agreement.

10. No modification of this Agreement shall be effective unless in writing and executed by all the Parties.

11. This Agreement contains the entire Agreement between the Parties. There are no understandings or agreements, verbal or otherwise, in relation hereto, except those expressly and specifically set forth herein. The Parties have not relied upon any statement, promise, disclosure, report, information, or any other representation or warranty except for those as may be specifically and expressly set forth in this Agreement.

12. The Parties hereto, and the undersigned individuals and/or representatives executing this Agreement on their behalf, represent and warrant that they have the authority to enter into this Agreement and be legally bound hereby.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date written above.

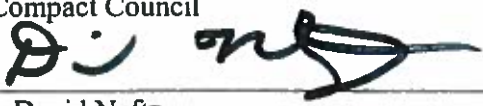
The Cities Initiative



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By: John Dickert  
Its: President and CEO

The Compact Council



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By: David Naftzger,  
Its: Executive Director

### Exhibit "A"

The Great Lakes-St. Lawrence River Water Resources Regional Body (the "Regional Body") and the Great Lakes-St. Lawrence River Water Resource Council (the "Compact Council") will engage in a public process to review and as appropriate update their procedures, including their interim procedure and interim guidance, for regionally reviewing proposals that may be submitted to divert water from the Great Lakes-St. Lawrence River Basin. This process will be managed by Great Lakes and St. Lawrence River State and Provincial staff, with a supporting stakeholder process providing regular opportunities for the Regional Body and Compact Council's standing Advisory Committee, Resource Group and Observers to provide input and feedback. The Compact Council and the Regional Body intend to seek input and or recommendations in the following areas, but retain their authorities to modify this list at any time:

- The procedures in the Interim Guidance, which following review may be revised;
- Organization of the Regional Review process, including the number and location of Compact Council and Regional Body public meetings or hearings, use of mechanisms to electronically broadcast hearings, status of any public meetings or hearings by individual states or provinces in the pre-decisional process and treatment by the Compact Council and Regional Body of the information generated in such meetings or hearings;
- Procedure for members of the Compact Council or the Regional Body to pose questions to the Originating Party or the Applicant;
- Content of public notices and use of a publicly-accessible website to post information relating to an application for a diversion, or a public hearing or meeting relating to the application;
- Scope and content of the record created upon which the Regional Body and Compact Council make their determinations;
- Process for members of the Compact Council and the Regional Body to propose amendments to the Declaration of Finding and the Final Decision; and
- Post-Decision Process in the event a request for hearing is submitted.

The tentative schedule provides for the initial recommendations from the Stakeholders and State and Provincial staff ("Staff") on updating Regional Body and Compact Council procedures to be submitted to the Regional Body and Compact Council by their regular June, 2018 meeting.

Consideration of final recommendations will tentatively take place at the regular meetings of the Regional Body and Compact Council in December, 2018.

The initial review process schedule, subject to change in Compact Council’s discretion, is as follows:

Days		Event			
1	8/2/2017	Agreement			
45	Sept 2017	Review kickoff – work plan			
120	Dec 2017	Status report to Regional Body and Compact Council			
210	March 2018	<b>Regional meeting of Stakeholders and Staff - location TBD</b>			
300	June 2018	Draft Recommendations submitted to Regional Body and Compact Council			
330	Sept 2018	<b>Regional meeting of Stakeholders and Staff - location TBD - if Compact Council and Regional Body have tentatively agreed to commence a public process for adoption of rules, regulations or guidances, review drafts and propose schedule for public input</b>			
360	October 2018	In their discretion, Compact Council and Regional Body publish any proposed rules, regulations or guidances for public comment or input as appropriate			
420	December 2018	<b>Compact Council and Regional Body evaluate public comments or input and, in their discretion, adopt or decline to adopt final recommendations, rules, regulations or guidances (if any)</b>			