

Appendix K

Agreement with Lannon Stone, Inc.

Letter of Agreement between

Town of Lisbon
and
Lannon Stone Products, Inc.

December 20, 2021

RE: Town of Lisbon Quarry Fund

We, the Town Board of the TOWN OF LISBON (hereinafter "Lisbon") and LANNON STONE PRODUCTS, INC. (hereinafter "LSP"), hereby agree as follows:

- (1) A municipal water service fund, known as the "Lisbon Quarry Fund" (the "Fund") will be created from quarterly contributions made by LSP to Lisbon on each January 15, April 15, July 15, and October 15 during the term of this Letter Agreement until the Termination Date (as defined below).
- (2) The quarterly Fund contributions will be calculated using a tonnage report to be provided by LSP detailing the total tons of material sold at the Sussex and West quarries (as depicted on Exhibit A attached hereto) during the applicable quarter. LSP's initial contributions to the Fund will be at a rate of not less than 16.5 cents per ton of material sold in the preceding quarter. It is estimated that an average year is around 3 million tons of material sold.
- (3) Lisbon, at its sole cost and expense, will be entitled from time to time to audit and verify the tonnage report to assure that the quarterly contributions made by LSP to Lisbon are in keeping with the provisions of this Letter Agreement. Upon Lisbon's request to audit (which request must be made within one (1) year following Lisbon's receipt of the applicable tonnage report), LSP shall make available to Lisbon at LSP's offices all applicable information reasonably necessary to confirm the amount of the quarterly contributions for the applicable period. Any and all information obtained pursuant to an audit as described hereunder shall be held in confidence by Lisbon. Lisbon hereby agrees not to disclose said information to any third party, except that Lisbon shall have the right to disclose such information to its legal and/or accounting advisors (who shall be subject to the same confidential obligations) as reasonably necessary.
- (4) Concurrently with this Letter Agreement, LSP will enter into a similar agreement with the Village of Sussex ("Sussex"). The Sussex agreement will be capped at a total contribution amount from LSP of \$1,400,000.00 (the "Sussex Cap Amount").
- (5) Upon LSP paying the Sussex Cap Amount, LSP's contributions to the Fund shall increase to a rate of not less than 20 cents per ton of material sold at the Sussex and West quarries in the preceding quarter. LSP shall provide written notice to Lisbon of the Sussex Cap Amount payment within thirty (30) days thereof.
- (6) Beginning on the January 1st following the Effective Date (as defined below) and continuing on each January 1st thereafter during the term of this Letter Agreement, LSP's contributions shall be increased by the percentage increase, if any, in LSP's sale price for the material. By way of example only, if LSP's sale price increases 4% over the prior 12 months as of the anniversary of the Effective Date, then LSP's price per ton of material

sold shall also increase by 4% (i.e., 16.5 cents x 4% = 0.66) for a revised total price per ton of material sold equal to 17.16 cents.

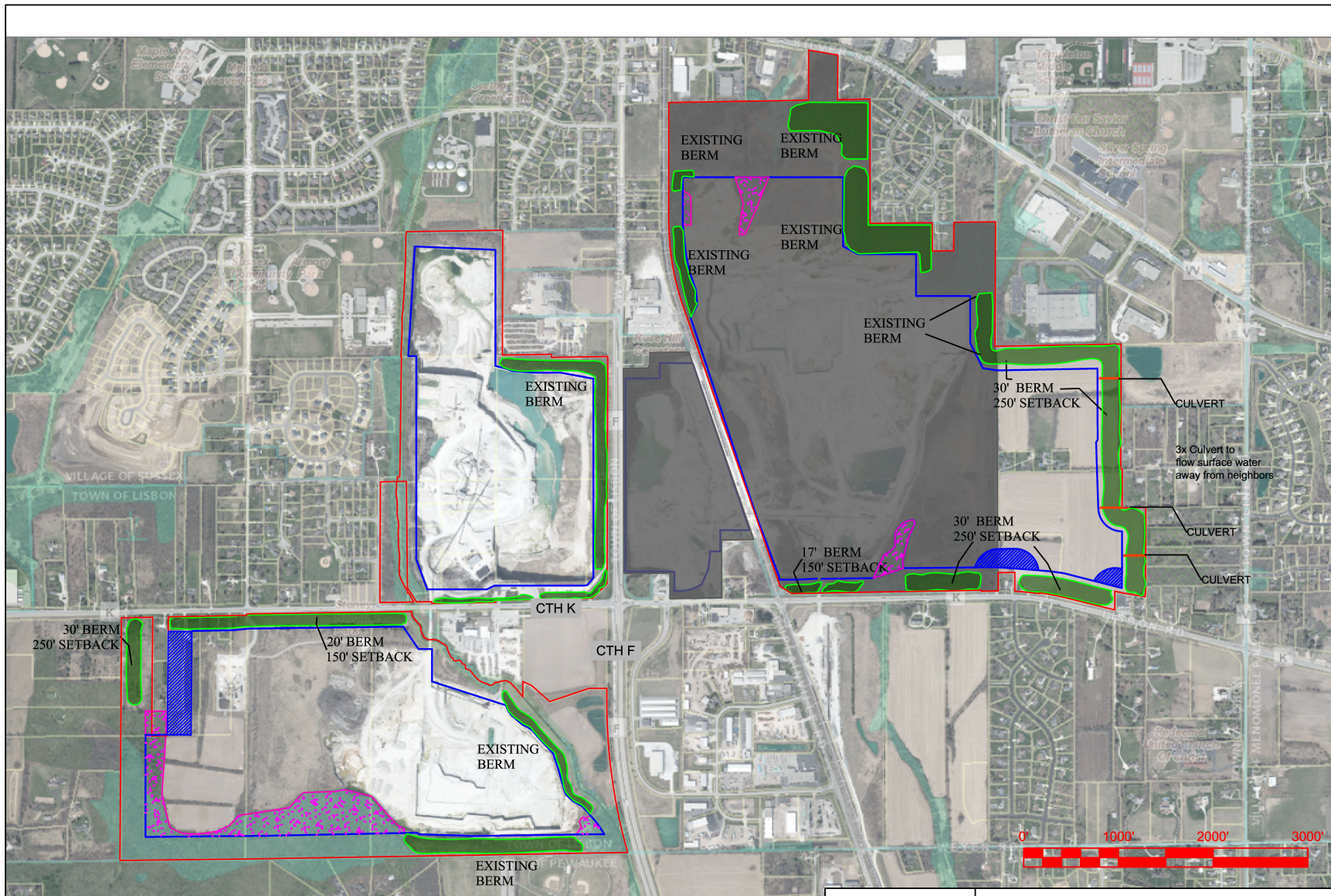
- (7) LSP's obligation to make contributions to the Fund from the total tons of material sold at the Sussex and West quarries shall terminate on the date in which not less than 66,452,162 tons of material have been sold at the Sussex and West quarries as of the date of this Letter Agreement (the "Sussex and West Quarries Termination Date").
- (8) LSP or its affiliates currently own the property highlighted in blue on the Site Plan (attached hereto as Exhibit A) contained in Tax Keys LSBT0285982003, LSBT0285982, LSBT0280997, LSBT0280998 and SUXV0286999002 (collectively, the "Additional Land"). If (a) LSP acquires title to the properties immediately adjacent to Additional Land, and (b) such acquisition results in a realignment of the quarry setbacks for the Additional Land, then notwithstanding the Sussex and West Quarries Termination Date, LSP shall continue to make contributions to the Fund at a rate of 20 cents per ton of material sold equal to the tonnage in the blue areas adjacent to the acquired lands until such tonnage has been exhausted (the "Termination Date").
- (9) The Fund shall be held and managed by Lisbon.
- (10) The monies in the Fund shall be used to offset or subsidize Lisbon's expenses directly related to the expansion of Town of Lisbon municipal water service in the numbered areas set forth on the Site Plan. Expansion of the municipal water service shall commence in the following order of priority: 1st = Area 1, 2nd = Area 3, and 3rd = Area 6. After expansion is completed in Area 6, Lisbon shall determine the next areas for expansion at its discretion.
- (11) Having determined that the property owners in the Town of Lisbon will be better served and protected by the expansion of municipal water service in lieu of well guarantees and in consideration for the monies contributed to the Fund by LSP, Lisbon shall release LSP from any well guarantee obligations immediately upon municipal water service being made available to private properties in the areas described herein.
- (12) LSP shall provide Lisbon with reasonable easements over LSP owned or controlled lands as may be required to provide municipal water to the numbered areas set forth on Exhibit A; provided, however, such easements shall not interfere or materially disrupt with mineral extraction on said lands.
- (13) This Letter Agreement shall be effective on the date Sussex and Lisbon receive State approval of the 66.0307 agreement (the "Effective Date").
- (14) No changes to this Letter Agreement can be made without the written approval of Lisbon and LSP, but such changes do not require an amendment of the 66.0307 agreement.

LANNON STONE PRODUCTS, INC.

By: 
Hans Dawson
its Authorized Representative

TOWN OF LISBON, WI

By: 
Joseph Osterman
Town Chairman



LEGEND







-  Sightline Berm
-  Existing Environmental Protection
-  Blasting Limit
-  Property Line
-  Additional Neighbor Setbacks
-  Village of Sussex



EXHIBIT A



SITE PLAN EAST & WEST QUARRIES
Lisbon, Waukesha County, Wisconsin

NOV 1, 2021

DRAWN BY:

PMG

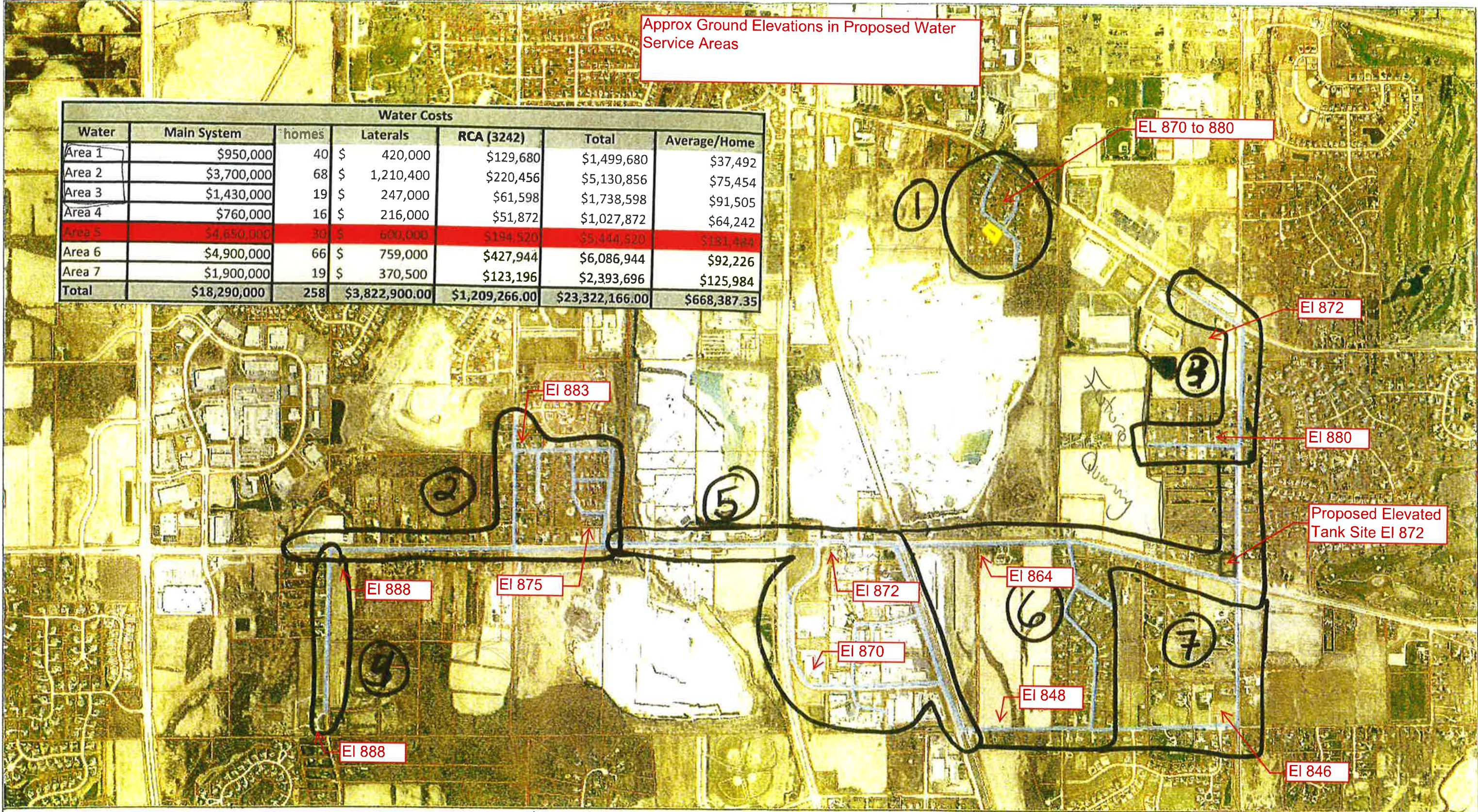
LISBON, 2021

EXHIBIT

A

Approx Ground Elevations in Proposed Water Service Areas

Water Costs						
Water	Main System	homes	Laterals	RCA (3242)	Total	Average/Home
Area 1	\$950,000	40	\$ 420,000	\$129,680	\$1,499,680	\$37,492
Area 2	\$3,700,000	68	\$ 1,210,400	\$220,456	\$5,130,856	\$75,454
Area 3	\$1,430,000	19	\$ 247,000	\$61,598	\$1,738,598	\$91,505
Area 4	\$760,000	16	\$ 216,000	\$51,872	\$1,027,872	\$64,242
Area 5	\$4,650,000	30	\$ 600,000	\$194,520	\$5,444,520	\$181,484
Area 6	\$4,900,000	66	\$ 759,000	\$427,944	\$6,086,944	\$92,226
Area 7	\$1,900,000	19	\$ 370,500	\$123,196	\$2,393,696	\$125,984
Total	\$18,290,000	258	\$3,822,900.00	\$1,209,266.00	\$23,322,166.00	\$668,387.35



Village of Sussex

Water System Expansion
Quarry District

4/30/21

DISCLAIMER:

This map is not a survey of the actual boundary of any property this map depicts.

The Village of Sussex does not guarantee the accuracy of the material contained here in and is not responsible for any misuse or misrepresentation of this information or its derivatives.



SCALE: 1 = 1333'



Village of Sussex
N64 W23760 Main Street
Sussex, WI 53089
262-246-5200

Print Date: 4/23/2021