

Appendix I: Scandinavia Township & Otter Tail Power Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made and entered into this 6th day of March, 2018, by and between Otter Tail Power Company, a Minnesota corporation (“Otter Tail”), and Scandinavia Township, a political subdivision of the State of South Dakota, (“Township”).

RECITALS

WHEREAS, upon receiving regulatory approvals, Otter Tail intends to develop, own, and operate a simple-cycle natural gas-fired electric generation combustion turbine and related components, known as the Astoria Station Project (“Project”); and

WHEREAS, the Project site is approximately 1.5 miles northwest of Astoria in the Township and Deuel County, South Dakota; and

WHEREAS, the Project site is most readily accessible from South Dakota State Highway 28, then north on 482nd Avenue for approximately one-half mile; and

WHEREAS, this segment of 482nd Avenue is not presently constructed to standards capable of handling the loads to be encountered during the Project’s construction; and

WHEREAS, Otter Tail is willing to directly contract with a professional engineering firm necessary to design improvements to 482nd Avenue and to wholly fund such design improvements, in exchange for Township (in Township’s name and at Otter Tail’s expense) obtaining all permits necessary for such improvements; and

WHEREAS, the Township agrees to work with Otter Tail on this coordinated approach;

NOW, THEREFORE, in consideration of the mutual covenants, representations, and warranties set forth in this MOU and made a part hereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

- 1. Coordination.** Otter Tail will directly contract with a professional engineering firm for the design, permitting, construction, and inspection of improvements to 482nd Avenue from South Dakota State Highway 28, north on 482nd Avenue for approximately one-half mile, to the Project site driveway south of 193rd Street. Otter Tail will submit the design of the road to Township staff and will update Township staff on progress of the professional engineering firm’s work. Township will use its best efforts to provide timely feedback on matters to be undertaken by the professional engineering firm, including feedback on the proposed design, permitting requirements, construction plans, and inspection parameters. Otter Tail and Township understand the need for on-going communication and coordination to reduce duplication of work, and timeliness of Project deadlines.

2. **Permitting.** Township (in Township's name and at Otter Tail's expense) will request and obtain all permits required for improvements to this segment of Township roadway. Township will use its best efforts to timely interface with permitting authorities to avoid adversely impacting the Project schedule.

3. **Preliminary Design & Permitting, Detailed Design, and Construction Timelines.**

Preliminary design and permitting: The effective date of this MOU through December 2018.

Detailed design: January 2019 through July 2019.

Construction: August 2019 through July 2021.

4. **Cost.** Otter Tail agrees to wholly fund all costs associated with the design improvements to 482nd Avenue, including all costs associated with a professional engineering firm for the design, permitting, construction, and inspection of improvements. Otter Tail further agrees to reimburse Township for obtaining, in Township's name, all permits necessary for such improvements.

5. **Authority.** Otter Tail and Township each hereby certify that (i) it has full power and authority to enter into this MOU and to enter into and carry out the transactions contemplated by this MOU; and (ii) by proper action it has duly authorized the execution and delivery of this MOU.

6. **Haul Road Agreement.** Otter Tail and Township agree to separately enter into a standard haul road agreement for subsequent use of Township roadways, including the segment of 482nd Avenue identified herein.

7. **Legal Effect of MOU.** Otter Tail and Township agree that this MOU constitutes only an expression of intent and shall have no legal or binding effect on the parties.

8. **Term.** The term of this MOU will commence on the execution date hereof and shall terminate on the earliest to occur of: (a) thirty days following written notice of termination by either party hereto; (b) the parties' execution of a substitute agreement; (c) the parties' mutual agreement to terminate; or (d) August 1, 2021.

9. **Relationship of Parties.** By executing this MOU, the parties shall not be deemed to be in a relationship of partners or joint venturers, nor shall either party be an agent, representative, trustee, or fiduciary of the other. Neither party shall have any authority to bind the other to any agreement. This MOU is not assignable or transferable by either party without the other party's written consent.

10. Amendments. The parties reserve the right to amend this MOU. Any amendment of this MOU must be in writing and signed by both parties.

IN WITNESS WHEREOF, each party has caused this MOU to be duly executed by their authorized representatives on the day and year first above written.

OTTER TAIL POWER COMPANY



By: Kirk Phinney

SCANDINAVIA TOWNSHIP



By: Jesse Christianson
Twp Clerk