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# Missouri Landowner Protocol

for Right-of-Way Acquisition for the

## GRAIN BELT EXPRESS

CLEAN LINE

June 2016

CLEAN LINE

ENERGY PARTNERS



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## **Introduction**

The Grain Belt Express Clean Line (“Grain Belt Express Project” or “Project”) has established the Landowner Protocol (“Protocol”) as part of Grain Belt Express Clean Line LLC’s (“Grain Belt Express” or “Company”) approach to Right-of-Way (“ROW”) acquisition for the Project, in order to recognize and respect the interest of the landowners. The Landowner Protocol is a comprehensive policy of how Grain Belt Express interacts, communicates, and negotiates with affected landowners. The Landowner Protocol includes: the establishment of a Code of Conduct, the Company’s approach to landowner and easement agreement negotiations, the Company’s compensation package, updating of land values with regional market studies, the Missouri Agricultural Impact Mitigation Protocol (“MO Ag Protocol”), the tracking of obligations to landowners, the availability of arbitration to landowners, and the establishment of a decommissioning fund.

### **1. Code of Conduct**

Grain Belt Express has implemented a Code of Conduct for its employees and ROW acquisition agents, with the goal of acquiring voluntary transmission line easements by respectfully talking to and understanding the concerns and priorities of landowners. The Code of Conduct governs all communications and interactions with property owners and occupants of affected property. Grain Belt Express requires all employees, agents and representatives to follow the Code of Conduct, which among other Company principles, requires that (1) all communications with property owners and occupants be factually correct and made in good faith (2) all communications and interactions with property owners and occupants be respectful and reflect fair dealing and (3) all communications and interactions with property owners and occupants respect the privacy of property owners and other persons. Landowners are provided with contact information for both ROW agents, as well as contact information for the corporate office of Clean Line Energy Partners LLC (“Clean Line”), the parent company of Grain Belt Express, in order to ensure that a landowner can directly contact the Vice President of Land for Clean Line or any other employee working within the Land Department of Clean Line (the “Land Team”) to report any possible violations of the Code of Conduct. Reported violations of the Code of Conduct are taken seriously and are investigated by the Vice President of Land and the Clean Line management team.

### **2. Approach to Landowner and Easement Agreement Negotiations**

Grain Belt Express is committed to conducting easement negotiations in a fair manner that is respectful of property rights. The Company desires to establish and maintain long-lasting relationships with landowners. Grain Belt Express strives to implement the following key elements as part of its approach to easement negotiations:

- Communicating the overall need for the Project to landowners;
- Seeking to actively involve landowners in the routing process during the open-house and public meetings, as well as during one-on-one meetings between land agents and landowners;
- Providing clear information to landowners on the routing criteria used by Grain Belt Express;
- Providing a review and approval process for landowner-requested micro-siting changes on their property;
- Demonstrating respect for private property rights and existing land uses;

- Offering a fair and comprehensive compensation package for transmission line easements, which is described in more detail below;
- Utilizing the same methodology for determining compensation for all landowners in order to ensure that all landowners receive fair and consistent compensation, regardless of who they are or when they sign an easement agreement;
- Listening to landowner concerns and establishing a process for negotiating easement provisions where possible to address these concerns; and
- Documenting agreements with landowners to ensure that negotiated provisions and obligations are met during construction, maintenance and operation.

The goal of these policies is to obtain voluntary transmission line easements. Because of its approach to compensation, which provides options for ongoing annual payments, the Company recognizes that it is entering into a long-term business relationship with landowners and the intent is to start that relationship off based on a solid foundation of respect and fairness. Grain Belt Express’s approach to landowner negotiations will not change regardless of when these negotiations take place.

**3. Compensation**

There are three primary components to the compensation being offered to landowners by Grain Belt Express:

1. **Easement Payment.** Grain Belt Express will pay landowners for the total acreage comprising the easement area. The easement payment is meant to reflect at a minimum the fair market value of such easement area. The per-acre estimated fair market value of the landowner’s property is determined by multiplying the average per acre value of recent sales for similar land types in the county by 110%. (110% is used to ensure a fair estimate.) The easement area of some of the easements to be acquired may be very small in size. Therefore, for such parcels Grain Belt Express will provide landowners with a minimum payment of \$2,000 per parcel, regardless of the size of the easement area on their land.
2. **Structure Payment.** Grain Belt Express will pay landowners for each transmission line structure on the landowner’s property. The landowner has the right to elect to receive a one-time payment or annual payments. Annual payments will be escalated at 2% per year and will be paid for as long as a structure is located on the easement area. Structure payments are based on the type of structure, as follows:

Type of Structure	One-Time Payment	Annual Payment
Monopole or Lattice Mast Structure	\$ 6,000	\$ 500
Lattice Structure	\$ 18,000	\$ 1,500

3. **Agricultural Impact Payment.** Grain Belt Express will pay landowners for any agricultural-related impact (“Agricultural Impact Payment”) resulting from the construction, maintenance or operation of the Project, regardless of when they occur and without any cap on the amount of such damages. For example, if the landowner experiences a loss in crop yields that is attributed to the operation of the Project, then Grain Belt Express will pay the value of such loss in yield for so long as such losses occur. In other words, the intent is that the landowner be made whole for any damages or losses that occur as a result of the Project for so long as

the Project is in operation. Grain Belt Express will pay landowners an advanced Agricultural Impact Payment prior to construction, based on the estimated anticipated damages, with a true-up payment, if needed, paid after construction. Landowners may, at their option, choose to negotiate ongoing recurring Agricultural Impact Payments based on anticipated losses, or a one-time up front Agricultural Impact Payment based on anticipated losses. Due to the uniqueness of each parcel of land, the timing and type of Agricultural Impact Payment are meant to be negotiated with each landowner on a case-by-case basis in order to satisfy the unique characteristics of each parcel of land as well as the specific concerns of each such landowner. With regard to losses of marketable timber, Grain Belt Express will pay the landowner for the value of such marketable timber, as determined by a certified forester, and the timber removed shall still belong to the landowner and may be sold or used by the landowner.

Grain Belt Express is only seeking an easement, which will allow Grain Belt Express to use a portion of landowners' property necessary for the placement and operation of a transmission line. The property will still belong to landowners and can be utilized for activities such as farming, recreation, and other activities that do not interfere with the operation of the transmission line. After construction of the facilities, the landowner will retain the ability to continue agricultural production on the entirety of the easement area except for the relatively small footprint of the structures, which typically occupy less than 1% of the total easement area.

#### **4. Update to Land Values**

Prior to re-commencing easement negotiations, Grain Belt Express will hire a regional appraisal firm with agricultural expertise to perform county-wide market data studies to determine the average per-acre value in each county for specific land types (i.e. crop, pasture, timber, etc.), taking into consideration the size of the comparable sales parcels, as well as any agricultural data that is available on soil type or productivity in connection with such sales, such as state available ratings or scales of soil productivity. The appraisal firm will provide comparable fee sales by land use and land productivity in each county for the previous two years (or more if insufficient comparable sales are available for the previous two years). These comparable sales will be averaged to develop an average fair market value for each land use type. Such average values will then be increased by 10% to create the proposed per acre offer for each land use type in each county. In the event that any land values have decreased since Grain Belt Express' previous market analysis, Grain Belt Express will honor the higher per acre offer offered previously to landowners. Every 12 months, Grain Belt Express will analyze and update market data analysis as appropriate in order to determine if there are changes to the average fair market value for each land type in each county.

#### **5. Agricultural Mitigation Policies**

Grain Belt Express has established several agricultural mitigation policies to avoid, minimize and mitigate any impacts to agricultural land or activities, which are described in the Missouri Agricultural Impact Mitigation Protocol ("MO Ag Protocol"). To support this effort, the Company has agreed to hire an agricultural inspector (the "Agricultural Inspector") to monitor construction activities and verify compliance with the MO Ag Protocol. Best practices, construction standards and policies detailed in the MO Ag Protocol include:

- landowner/tenant coordination, and advance notice of access to private property;

- provision of Clean Line contact information for reporting inferior agricultural impact mitigation work;
- standards for support structure and above ground facilities type and placement;
- mechanisms to address impacts to important agricultural improvements, including drainage tiles, and irrigation systems;
- implementation of soil protection measures; including, decompaction, fertilization, stabilization, repair of damaged soil conservation practices, and erosion prevention;
- removal of construction debris upon completion of construction;
- repair or compensate landowner to repair any damage to private property;
- topsoil segregation, and soil and rock removal from support structure holes/foundations;
- landowner coordination on clearing of trees and brush, and compensation for trees of commercial value;
- development of Organic Farm Site Plans to mitigate any negative impacts to organic farms;
- indemnification of landowners and tenants from third party claims, losses and expenses;
- gate installation and maintenance procedures;
- remediation of diminished communication circuits due to transmission structures; and
- compensation for any lost revenue from agricultural or conservation program unenrollment.

## 6. Tracking of Landowner Obligations

Grain Belt Express utilizes geoAMPS software programs to capture and report procedures in place for tracking obligations negotiated by landowners in easement agreements and other legal agreements, as well as any obligations captured by agents or other employees in activity notes or landowner questionnaires ("Landowner Obligations"). Additionally, the primary construction contractor will designate one or more full time employees to act as a liaison among landowners, contractors and subcontractors and Clean Line to assist in tracking and addressing Landowner Obligations or other landowner concerns (the "Land Liaison Managers"). Prior to entering a landowner's property for surveys or construction, Grain Belt Express will gather all Landowner Obligations and notify all surveyors, the Land Liaison Managers, and any other field personnel of such Landowner Obligations. During surveys and construction, a member of the Land Team will work with landowners and the Land Liaison Managers and contractors to address any issues or concerns raised by landowners.

The Agricultural Inspector shall monitor construction activities to ensure that such construction activities are performed in compliance with the MO Ag Protocol and any Landowner Obligations. The Agricultural Inspector will have a professional background in agriculture, soil and water conservation, and general farm operations or practices and will receive specific training on the implementation of the MO Ag Protocol. The Agricultural Inspector will be directly available to landowners during construction to address their concerns and to ensure that Grain Belt Express is meeting any Landowner Obligations or the obligations set forth in the MO Ag Protocol. The Land Team will provide the list of Landowner Obligations to the Agricultural Inspector and to the Land Liaison Manager. Landowners will be able to report any violations of these obligations directly to the Agricultural Inspector and if the Agricultural Inspector determines that such a violation exists, the Agricultural Inspector shall have the authority to stop the construction activities that are in violation of the Landowner Obligations or in violation of the MO Ag Protocol. After construction, the Land Team will work with landowners, crop adjusters, the Land Liaison Manager and the Agricultural Inspector to provide for the evaluation and final settlement of any Agricultural Impact Payment in accordance with the provisions negotiated by landowners in their easement agreements. After construction is completed, the Land Team will ensure that every landowner is contacted personally

to confirm that all Landowner Obligations and obligations under the MO Ag Protocol were met during construction, to discuss any concerns, and to confirm that all payments were settled. Grain Belt Express will continue to be in contact with landowners throughout the operation of the Project with regard to ongoing damages, if any, and for those landowners who have elected annual structure payments.

## **7. Binding Arbitration**

If Grain Belt Express and a landowner have reached agreement on the form of easement but are unable to reach agreement on the appropriate compensation, then at the landowner's request, Grain Belt Express will submit the issue of landowner compensation to binding arbitration. Arbitration will be administered by the American Arbitration Association (the "AAA") in accordance with its Commercial Arbitration Rules. Any arbitration will take place in Missouri, and will be conducted under Missouri law. Arbitrators shall be appointed as provided in the AAA Commercial Arbitration Rules, but shall be selected from a pool of qualified arbitrators who are familiar with land use and land values in Missouri.

## **8. Decommissioning Fund**

Transmission lines and their ROWs are rarely if ever retired from service. Over time, they may be upgraded or improved to continue delivering electricity to load. In the circumstance in which the Project is retired from service, Grain Belt Express will promptly wind-up the activities of the Project, which will include the following actions, which will be at the sole cost and expense of Grain Belt Express:

- dismantling, demolishing and removing all equipment, facilities and structures;
- terminating all transmission line easements and filing a release of such easements in the real property records of the county in which the property is located;
- securing, maintaining and disposing of debris with respect to the Project facilities; and
- performing any activities necessary to comply with applicable laws, contractual obligations, and that are otherwise prudent to retire the Project facilities and restore any landowner property.

Commencing no earlier than the 20<sup>th</sup> anniversary of the completion of the Project, Grain Belt Express will establish and maintain a depository account (the "Decommissioning Fund") in an amount reasonably necessary to comply with the above-listed wind-up activities; provided that if on the 20<sup>th</sup> anniversary of the date of Project completion, the remaining useful life of the Project facilities is reasonably estimated to be in excess of ten years, Grain Belt Express may delay the establishment of the Decommissioning Fund until a date that is reasonably estimated by an independent engineer to be ten years prior to the expiration of the useful life of the Project facilities. The Decommissioning Fund may be collateralized with a letter of credit or cash, or any combination thereof.