

Project Implementation Agreement

This Project Implementation Agreement (“Agreement”) is entered into as of May 21, 2020 (the “Effective Date”), by and between the Urban Forest Carbon Registry, doing business as City Forest Credits, a Washington nonprofit corporation (“Registry”) and TreeFolks, a Texas non-profit corporation (the “Parties”).

TreeFolks is the “Project Operator” of the Travis County Floodplain Reforestation Program (Registry project number 008) (“Project”). The Project is located in and along the boundary of the city of Austin, TX and Travis County, TX. There are multiple owners of property being credited under this Project. The owners are identified in the Project Design Document and are referred to collectively herein for ease of reference as “Property Owner”.

Recitals

A. The Registry is a nonprofit organization that establishes standards in protocols for the:

(i) development and implementation of projects that seek to sequester greenhouse gas (“GHG”) emissions and provide other benefits, such as storm water reductions, air quality benefits, and energy savings (“co-benefits”) from tree planting and tree preservation on land in metropolitan areas (“City Forest Carbon Projects”),

(ii) calculation of GHG emission sequestration and co-benefits by City Forest Carbon Projects and

(iii) verification of GHG emission sequestration and co-benefits produced by City Forest Carbon Projects. The Registry also issues carbon credits known as City Forest Carbon+ Credits™ (“Carbon+ Credits” or “Credits”), per the Registry’s protocols. In addition, the Registry tracks the issuance, transfer, and retirement of Carbon+ Credits over time in a secure database.

B. The Registry has developed a Tree Planting Protocol. This Tree Planting Protocol, Version 6 dated August 11, 2018 (the “Protocol”) is incorporated herein, and all terms used in the Protocol have the same meaning here.

C. Project Operator is a Central Texas-based non-profit organization whose mission is to empower Central Texas to build stronger communities through planting and caring for trees.

D. Project Operator has applied to the Registry to conduct a tree planting project under the Registry’s Tree Planting Protocol.

E. This Agreement sets forth certain rights, obligations and restrictions relating to the Project, [insert Project Operator], and the Registry to ensure that the Project Operator remains in compliance with the Protocol and this Agreement for the Project Duration (defined as twenty-five (25) years following the Effective Date), and any extensions thereof.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants, terms, conditions, and restrictions contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Obligations.** Project Operator shall fulfill all Project Operator obligations for the Project and comply with all responsibilities and requirements in this Agreement and the Protocol. The Registry shall fulfill all of its obligations and comply with all responsibilities and requirements in both this Agreement and the Protocol.

2. **Issuance of City Forest Carbon+ Credits.** The Registry shall issue Carbon+ Credits to Project Operator per the process set forth in the Protocol, and subject to the provisions of this Agreement.

When it issues Credits to Project Operator, the Registry's Credit Tracking System will mark those Credits as "Issued and Held." This will denote that the Credits have been issued to and in the name of Project Operator but not released to Project Operator. When Project Operator has paid fees due under Section 7, the Registry's Credit Tracking System will release these Issued and Held Credits to Project Operator and mark them as "Issued and Released" in its Credit Registry.

Project Operator shall have the right to control, transfer, or retire Carbon+ Credits only after those Credits are marked by the Registry as "Issued and Released" to Project Operator. "To retire" a Credit or "retiring" a Credit means to transfer that Credit to a designated status for retirement in the Registry's Credit Tracking System via written request to the Registry. Retirement status signifies that the Owner and Transferor of the Credit has counted or used that Credit for its greenhouse gas accounting and holds no more rights, ownership or otherwise, to that Credit.

Project Operator shall report any transfer or retirement of Credits to the Registry so that the Registry's Credit Tracking System reflects the current ownership and status of the Credits.

3. **Obligations of Project Operator on a Reversal in this Planting Project.** Without limiting the applicability or generality of anything else in the Agreement, Project Operator understands and agrees to its obligations under Section 7 of the Protocol on reversals.

4. **Verification.** The Registry shall obtain within two (2) months of receipt of a completed Request for Third-Party Verification and Credits ("Request for Credits"), a Verification Report from a Third-Party verifier regarding the Project Operator's Request for Credits.

5. **Project Operator's Right to Transfer or Assign Rights and Obligations.** This Agreement shall be binding upon the Parties' transferees and assigns. Project Operator may transfer, assign, delegate, or contract out ("Transfer") rights or obligations under this Agreement and the Protocol, provided Project Operator and Transferee agree to comply with each the following (a) through (d):

(a) The Transferee receiving or assuming rights or obligations agrees to assume and be bound by this Agreement and the Protocol without modification or amendment, unless the Registry, in its sole discretion, agrees in writing to a modification or amendment.

(b) Any Transfer of Rights or Obligations of this Agreement in violation of this Section 4 shall be void.

(c) Project Operator, Transferee, and Registry shall all execute a written agreement setting forth the terms of the Transfer ("Transfer Agreement").

(d) Any future transfers by a Transferee shall comply with this Section 5.

The sale, transfer, or retirement of Carbon+ Credits after such credits have been Issued and Released to Project Operator shall not be construed as a Transfer under this Section 5.

6. Data, Monitoring, and Access Rights of the Registry. The Registry shall have the right to request any and all data and documentation related to the Project. If physical access to the Property is requested by the Registry, Project Operator shall grant such access during its next regular visit to the Property, or its next allowable visit under any terms of Project Operator's agreement with the Property Owner, provided that those visits are at least fifteen (15) days from the Registry's request for access.

7. Project Operator Holds No Rights to, Ownership of or Control over the Reversal Buffer Pool of Credits. The Registry holds all rights to, ownership of and control over the Reversal Buffer Pool of Credits (sometimes referred to verbally as the Insurance Pool or Back-Up Pool). Notwithstanding any other terms in this Agreement or the Protocol, nothing in this Agreement or the Protocol shall give Project Operator any right to, ownership of or control over the Registry's Reversal Buffer Pool of Credits.

8. Registry Fees.

The Registry is a non-profit organization and is committed to making its services available affordably. But, it charges fees to ensure that it can continue to advance its mission and provide carbon opportunities to Project Operator and other urban forest organizations.

(a) Application Fee. All Parties acknowledge that Project Operator has paid or agrees to pay to the Registry an "Application Fee" of \$1,000.00 for the Project. This application fee may be used for multiple plantings that are aggregated under one project, provided there is some nexus among the various plantings, such as being conducted in a similar time period or location.

(b) Fees for Issuance of Credits or Project Funding. Project Operator also agrees to pay an "Issuance Fee" to the Registry of **the greater of** 1) \$2 for every Carbon+ Credit from this Project sold by Project Operator or 2) 5% of the gross sales price of any Carbon+ Credits from this Project sold by the Project Operator, or 3) 5% of any fixed sum funding or grant-like funding of a project. This fee shall be due and payable with fourteen (14) business days of the Project Operator receipt of any payment for the sale, transfer, or retirement of Credits or receipt of any funding for the project. The Registry will, pursuant to Section 2, mark Credits as "Issued and Held" until it receives payment of fees under this section. Within fourteen (14) business days of receipt of payment under this section, the Registry will mark the Credits as "Issued and Released."

(c) Fee Payment if Project is funded before implementation or if Credits are Pre-Sold. If Project Operator pre-sells the Credits before the Credits are issued, or if a project is funded before implementation or at the beginning of implementation, and if Project Operator receives any proceeds from that funding of that pre-sale of the Credits, the Registry's fee under Section 7(b) above is due and payable by Project Operator within thirty (30) business days of its receipt of any proceeds from that funding or that pre-

sale of Credits. When this subsection 7(c) applies and the Registry has received payment of the fee, then the Registry will mark credits as “Issued and Released” within fourteen (14) business days of receiving the Verification Report for those credits. The Registry and the Project Operator will also reconcile projected credit issuance that may form the basis for a pre-sale price with actual credits “Issued and Released”, and will adjust the Registry’s fees to reflect that reconciliation.

(d) The Registry may withhold Credits until any amounts due are paid. The Registry may also stop work on the Project if Project Operator does not pay any fees due.

(e) Performance Guarantee Credits. Project Operator understands that if the buyer or funder of this project elects to receive ACR or Verra credits for each City Forest Carbon+ Credit under the Performance Guarantee program in Section 2 of the Protocol, then the Registry will add an additional amount to its fees to cover the cost of the Performance Guarantee credits, not to exceed \$2 per Performance Guarantee credit.

9. Representations and Warranties of Project Operator. As of the Effective Date, and continuing for the Term of this Agreement, including any extensions thereof, Project Operator represents and warrants that:

(a) All reports, statements, certificates and other data provided by Project Operator to the Registry in connection with the Protocol, this Agreement, the Property and the Project are true, correct and complete;

(b) Project Operator owns in fee, holds easement rights to the properties in this Project, or has a written and recorded agreement with the property owner that Project Operator has the rights to develop, receive, and sell or transfer any Credits issued for preservation of trees and forest soils on these properties;

(c) The signatories of this Agreement have the authority to execute this Agreement on behalf of Project Operator, and this Agreement and the Protocol are binding on and enforceable against Project Operator;

(d) Project Operator has authority and regulatory and other consents, approvals and authorizations necessary for it to legally: (i) enter into and perform the obligations, duties and responsibilities of this Agreement and (ii) engage in all activity, including, without limitation, the creation and transfer of Carbon+ Credits, relating to this Agreement and the Protocol.

10. Representations and Warranties of Registry. As of the Effective Date, and continuing for the Term of this Agreement, including any extensions thereof, Registry represents and warrants that:

(a) Registry will obtain a Third-Party Verification report as set forth in Section 4 of this Agreement.

(b) Registry shall maintain a project registry at its website. That project registry shall display Project Operator’s Project and the status of its credits for public viewing.

(c) Registry shall maintain the Planting Protocol referenced in sub-section B of the Recitals as the Protocol applicable to the Project. Registry shall consider in good faith any revisions to that Protocol after signing this Agreement, if Project Operator proposes revisions.

11. **Term of this Agreement.** The Agreement shall be effective as of the date hereof (the "Effective Date") and shall continue in full force and effect through the Project Duration as defined in the Protocol and applied to this Project. The Parties may extend this Agreement per the Protocol beyond this initial Project Duration.

Some or all provisions of this Agreement may be terminated under Section 12.

12. **Termination of Certain Provisions of this Agreement.** The parties may terminate Sections 1 through 10 of the Agreement if any one of the "Termination Events" in sub-sections (a) through (b) of this Section 12 occur. Termination of Sections 1 through 10 under this section shall be referred to as "Termination." Termination Events are:

(a) The Registry determines in its reasonable discretion that Project Operator has failed to comply with Protocol requirements. If the Registry so determines, it will provide written notice to Project Operator, upon delivery of which Project Operator shall have sixty (60) days to satisfy the Registry that Project Operator has cured any non-compliance and is in compliance with all Protocol requirements. If Project Operator does satisfy the Registry that it is in compliance with the Protocol, Termination will not occur.

(b) Project Operator provides the Registry with sixty (60) days' notice of Project Operator's intent to terminate under this Section 12 ("Termination Notice") and retires the same number of Carbon+ Credits that have been "Issued and Released" to Project Operator for this Project.

Termination under this Section 12 does not cure, obviate, or eliminate any breach, nor does it constitute any acceptance, acquiescence, or waiver of any breach. Remedies survive termination, subject to dispute resolution under Section 14.

13. **Adjustment of Land in Project Area Permissible.** Project Operator may adjust or remove up to 10% of the land in the Project Area, provided the Registry agrees in writing and provided that removal of that land will not constitute a reversal under Section 7 of the Protocol.

14. **Dispute Resolution.** Any dispute regarding any aspect of this Agreement or the Project, including any remedy, shall be submitted to mediation in Seattle, WA by an agreed upon mediator. If mediation is unsuccessful, then any dispute shall be submitted to arbitration in Seattle, WA before an experienced arbitrator selected by mutual agreement. The decision of the arbitrator shall be the exclusive remedy for any dispute, conclusive and binding upon the Parties. Should any Party to this Agreement pursue any dispute by any method other than said arbitration, the responding Party shall be entitled to recover from the initiating Party all damages, costs, expenses and attorney fees incurred as a result of such action or proceeding.

15. **Notices.** All notices, instructions, requests, or other communications required or permitted under this Agreement or the Protocol ("Notice") shall be in writing and sent by (i) certified or registered mail, return receipt requested, postage prepaid, (ii) overnight delivery service or (iii) personal delivery to the parties identified below.



16. **Entire Agreement.** This Agreement, including any exhibits attached hereto, and the Protocol, represent the entire agreement of the Parties with respect to the Protocol, this Agreement, the Property and the Project. This Agreement and the Protocol supersede any conflicting terms in any prior or contemporaneous oral or written agreements and all other communications.

17. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Washington without reference to any conflict of laws principles that would require the application of the laws of any other jurisdiction.

18. **Counterparts.** This Agreement may be executed in one or more counterparts, and all of the counterparts shall constitute but one and the same agreement.

19. **Modification and Amendment.** This Agreement may not be amended, supplemented, or modified unless such amendment, supplement, or modification is in writing and signed by both the Registry and the Project Operator.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

TreeFolks		Urban Forest Carbon Registry, dba City Forest Credits	
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Signature:		Signature:	
Date:	May 21, 2020	Date:	May 22, 2020