



DATE: December 6, 2021

MEMO TO: Jessica Vealitzek, Chair
Operations Committee

Julie Simpson, Chair
Finance Committee

FROM: Jim Anderson
Director Natural Resources

RECOMMENDATION: Recommend approval of a Resolution approving (i) a Project Implementation Agreement with City Forest Credits (CFC) for the verification and administration of Carbon Credits from the District's Reforestation Program and (ii) a Purchase Agreement with Regen Network for Regen's purchase of verified carbon credits from the District's reforestation planting efforts.

STRATEGIC DIRECTIONS SUPPORTED: Conservation; Leadership; Organizational Sustainability

FINANCIAL DATA: Through these agreements, the District will generate verified carbon credits (up to 6,154 credits) that then can be offered for sale. The Purchase Agreement is for ten (10) percent of the credits (615) at \$34 per credit, which generates \$17,330.32, after the reduction of fees paid to City Forest Credits and credits that are retained by City Forest Credits. Currently, the first payment will be to the District's Capital Improvement Plan Districtwide Reforestation line item (11102000-403200-60008). District staff is exploring whether, for future Purchase Agreements, the proceeds of sales of carbon credits can be directed to the Preservation Foundation Endowment Fund.

BACKGROUND: As part of its recently approved Road Map to 2025, the District is committed to seeking Nature-Based Solutions for Climate Resiliency. District staff has been working with various organizations including Delta Institute and the Morton Arboretum's Chicago Regional Tree Initiative to identify opportunities to seek accreditation of "Ecological Credits".

Working with the Chicago Regional Tree Initiative, District staff has identified City Forest Credits as an organization that can obtain verification of, register, and market, credits for carbon sequestration provided by 2,940 District trees that were planted in 2019-2021 (the "Trees"). Carbon sequestration is the long-term removal, capture or sequestration of carbon dioxide from the atmosphere to slow or reverse atmospheric carbon dioxide pollution, with the intent of mitigating or reversing global warming. City Forest Credits has determined, through their protocol, that the Trees may be verified for 6,154 carbon credits. Each carbon credit represents one metric ton of CO₂ (e) and estimated quantified ecosystem co-benefits, including rainfall interception, air quality effects, and heating and cooling effects.

Under the proposed Project Implementation Agreement with City Forest Credits, the revenue generated from the sale of verified carbon credits would be payable to the District in increments of 10%, 40%, 30% and 20% in years 1, 3, 5, and 25, respectively, of the Project Implementation Agreement term. The attached Exhibit A documents the expected credits, revenue and fees.

Staff also recommends entering into a Purchase Agreement with Regen Network, under which the District would sell to Regen the first ten (10) percent of the verified carbon credits from the Trees. According to their website, Regen is a blockchain technology company that tracks, verifies, and rewards positive changes to ecological systems, including changes to agricultural methods, by gathering and verifying ecological data that provides proof of land health. This data is then used by businesses and other entities to pay farmers and others for verified ecological results, thereby incentivizing ecological outcomes through direct financial rewards. Regen's stated goals include sequestering carbon, building soils, cleaning waterways, growing habitat and healthy food, and "reinventing the economics of agriculture". Under the purchase agreement, Regen would pay the District (and other carbon credit sellers) \$34 per carbon credit.

It is anticipated that in the future, on a 3-year cycle with other planting and reforestation projects, the District could enter into additional agreements with carbon credit registries and purchase agreements with carbon credit purchasers for the verification and sale of carbon credits, generating further revenue.

REVIEW BY OTHERS: Chief Operations Officer, Director of Finance, Corporate Counsel

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

**BOARD OF COMMISSIONERS
LAKE COUNTY FOREST PRESERVE DISTRICT
REGULAR DECEMBER MEETING
DECEMBER 14, 2021**

MISTER PRESIDENT AND MEMBERS OF THE BOARD OF COMMISSIONERS:

Your **OPERATIONS COMMITTEE** and **FINANCE COMMITTEE** present herewith "A Resolution Approving a Project Implementation Agreement for the Verification and Administration of Carbon Credits and a Purchase Agreement for the Sale of Verified Carbon Credits" and request its approval.

OPERATIONS COMMITTEE:

Date: December 6, 2021 Roll Call Vote: Ayes: 5 Nays: 0
 Voice Vote Majority Ayes; Nays: _____

FINANCE COMMITTEE:

Date: _____ Roll Call Vote: Ayes: ____ Nays: _____
 Voice Vote Majority Ayes; Nays: _____

**LAKE COUNTY FOREST PRESERVE DISTRICT
LAKE COUNTY, ILLINOIS**

**A RESOLUTION APPROVING A PROJECT IMPLEMENTATION AGREEMENT
FOR THE VERIFICATION AND ADMINISTRATION OF CARBON CREDITS AND A
PURCHASE AGREEMENT FOR THE SALE OF VERIFIED CARBON CREDITS**

WHEREAS, the Lake County Forest Preserve District (the “District”) engages in native planting and reforestation projects within District property (the “Projects”); and

WHEREAS, the Projects provide carbon sequestration, which is the long-term removal, capture, or sequestration of carbon dioxide from the atmosphere, the benefits of which include the slowing or reversal of atmospheric carbon dioxide pollution and the potential for mitigating or reversing global warming; and

WHEREAS, City Forest Credits is a nonprofit organization that establishes protocols for the (i) development and implementation of projects (such as the Projects) seeking to sequester greenhouse gas (“GHG”) emissions and provide other ecological benefits from tree planting and tree preservation in metropolitan areas, (ii) calculation of GHG emission sequestration and co-benefits produced by such projects, and (iii) verification and registration of GHG emission sequestration benefits and co-benefits produced by such projects (“Carbon Credits”); and

WHEREAS, City Forest Credits also markets verified Carbon Credits for sale to entities that desire to purchase Carbon Credits to reduce their carbon footprints; and

WHEREAS, it is in the District’s best interest to enter into a project implementation agreement with City Forest Credits, under which City Forest Credits would verify and register Carbon Credits arising from the Projects (a “Project Implementation Agreement”); and

WHEREAS, Regen Network is a blockchain technology company that tracks, verifies, and rewards positive changes to ecological systems, including changes to agricultural methods, by gathering and verifying ecological data that provides proof of land health, which data is then used by businesses and other entities to pay farmers and others for verified ecological results, thereby incentivizing ecological outcomes through direct financial rewards; and

WHEREAS, Regen Network’s stated goals include sequestering carbon, building soils, cleaning waterways, growing habitat and healthy food, and “reinventing the economics of agriculture”; and

WHEREAS, it is in the District’s best interest to enter into a purchase agreement with Regen Network, under which the District would sell to Regen the first ten (10) percent of the verified Carbon Credits from the Projects for a price of \$34 per carbon credit (the “Purchase Agreement”);

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Lake County Forest Preserve District, Lake County, Illinois **THAT**:

Section 1. Recitals. The recitals set forth above are incorporated as a part of this Resolution by this reference.

Section 2. Negotiation of Agreements. The Executive Director (or his designee) is hereby authorized and directed to negotiate the Project Implementation Agreement with City Forest Credits and the Purchase Agreement with Regen Network, based on the forms attached hereto and consistent with this Resolution.

Section 3: Execution of Agreements. After completion of such negotiations, the Executive Director of the District is hereby authorized and directed to approve and execute the Project Implementation Agreement with City Forest Credits and the Purchase Agreement with Regen Network Contract in final forms that have been approved by the District's Corporate Counsel.

Section 4. Effective Date. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED this _____ day of _____, 2021

AYES:

NAYS:

APPROVED this _____ day of _____, 2021

Angelo D. Kyle, President
Lake County Forest Preserve District

ATTEST:

Julie Gragnani, Secretary
Lake County Forest Preserve District

Exhibit No. _____

EXHIBIT A

**2019-2021 TREE PLANTING PROJECT
SUMMARY OF REVENUE AND EXPENSES**

Lake County Forest Preserve District - 2019 to 2021 Tree Planting Project

Summary of Revenue and Expenses

| | Launch | After Planting | After Year 3 | After Year 5 | At Year 25 | Total | |
|---------------------------------|---------------|----------------|--------------|--------------|--------------|---------------|------|
| Revenue | | | | | | | |
| After Planting (10% of Credits) | | 20,922.58 | | | | \$ 20,922.58 | 8097 |
| After Year 3 (40% of Credits) | | | 73,844.70 | | | \$ 73,844.70 | 1619 |
| After Year 5 (30% of Credits) | | | | 55,383.60 | | \$ 55,383.60 | 324 |
| Remaining Credits at Year 25 | | | | | 36,922.20 | \$ 36,922.20 | 6154 |
| Project Gross Revenue | \$ - | \$ 20,922.58 | \$ 73,844.70 | \$ 55,383.60 | \$ 36,922.20 | \$ 187,073.08 | |
| Expenses | | | | | | | |
| CFC Application Fee | 1,500.00 | | | | | \$ 1,500.00 | |
| CFC Credit Sales Fee | | 2,092.26 | 12,307.45 | 12,922.84 | 4,184.52 | \$ 31,507.06 | |
| Third-Party Verification Fee | | 500.00 | 500.00 | 1,000.00 | 2,000.00 | \$ 4,000.00 | |
| CFC Registry Account Fee | | 1,000.00 | | | | \$ 1,000.00 | |
| Project Operator Other Expense | | | | | | \$ - | |
| Total Expenses | \$ 1,500.00 | \$ 3,592.26 | \$ 12,807.45 | \$ 13,922.84 | \$ 6,184.52 | \$ 38,007.06 | |
| Net Income (or loss) | \$ (1,500.00) | \$ 17,330.32 | \$ 61,037.25 | \$ 41,460.76 | \$ 30,737.68 | \$ 149,066.02 | |

Total Credits Attributed to the Project, tCO2e: 8097

Mortality Deduction (20%): 1619

Registry Reversal Pool (5%), tCO2e: 324

Total Credits Issued to the Project, tCO2e: 6154

| Credit Schedule | |
|---------------------------------|-------------|
| After Planting (10% of Credits) | 615 |
| After Year 3 (40% of Credits) | 2461 |
| After Year 5 (30% of Credits) | 1846 |
| Remaining Credits at Year 25 | 1231 |
| Credit Sub-total | 6154 |

Price Per Credit After Planting: \$ 34.00

Price Per Credit After Year 3: \$ 30.00

Price Per Credit After Year 5: \$ 30.00

Price Per Credit At Year 25: \$ 30.00

Project Implementation Agreement

This Project Implementation Agreement (“Agreement”) is entered into as of December 15, 2021 (the “Effective Date”), by and between the Urban Forest Carbon Registry, doing business as City Forest Credits, a Washington nonprofit corporation (“Registry”) and Lake County Forest Preserve District, a body public and corporate, and political subdivision of the State of Illinois (the “Parties”).

Lake County Forest Preserve District is the “Project Operator” of the Lake County Forest Preserve District-Carbon Planting Project, Registry project number (020) (the “Project”). The Project may consist of several sites, one of which is located in and along the boundary of Lake County, Illinois. The owner of the Property for the site submitted is the Lake County Forest Preserve District, a body public and corporate, and political subdivision of the State of Illinois (“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 9 dated February 7, 2021 dated (the “Protocol”) is incorporated herein, and all terms used in the Protocol have the same meaning here.
- C. Project Operator is a [insert a short description of the organization].
- 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, Project Operator, and the Registry to ensure that 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 8, 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 10 of the Protocol on reversals.

4. **Verification.** The Registry shall obtain within four (4) 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.** The Registry and Project Operator acknowledge that this project is intended to be a pilot project for a Chicago region urban forest carbon program. That program will seek to bring efficiencies to projects by enabling an aggregation of projects under one Project Operator. This regional carbon program is in development by The Morton Arboretum's Chicago Region Trees Initiative, and the Registry is designing rules for programs of aggregation. If such a regional program launches, and if Project Operator chooses to participate in that program, it may seek to transfer or assign the Project Operator responsibilities to an entity acting in that capacity in the regional program.

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 of 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 5 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. The Registry 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 \$1,500.00 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 with the following schedule, attached as Exhibit A. All fees due Net 30. Here is a text description of the Issuance Fees that are set forth in Exhibit A. The fees include **the greater of:**

i) The greater of \$3.00 for every Carbon+ Credit from this Project sold by Project Operator or 10% of the gross sales price of any Carbon+ Credits from this Project sold by the Project Operator for credit sales made between January 1, 2021 through December 31, 2024.

ii) Effective January 1, 2025 through December 31, 2026, the issuance fee will be 10% of the gross sale price of any Carbon+ Credit from this Project sold by the Project Operator, but no less than \$5.00 per credit.

iii) Effective January 1, 2027 through December 31, 2046, the issuance fee will be 10% of the gross sale price of any Carbon+ Credit from this Project sold by the Project Operator, but no less than \$7.00 per credit.

iv) For any credits sold January 1, 2047 or after will have an issuance fee of 10% of the sale proceeds.

Fees shall be due and payable within thirty (30) 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 twenty (20) business days of receipt of payment under this section, the Registry will mark the Credits as "Issued and Released."

(c) Registry Ledger Account Fee. All Parties acknowledge that Project Operator agrees to pay to the Registry a "Registry Ledger Account Fee" of \$1,000.00 for access to the Registry's online credit ledger database. This is a one-time fee allowing continual ledger access for this and all projects the Project Operator may generate.

(d) Third-Party Verification Fees. All Parties acknowledge that Project Operator has paid or agrees to pay to the Registry a "Third-Party Verification Fee" of \$500.00 at planting, \$500.00 at Year 4, \$1,000.00 at Year 6, and \$2,000.00 at Year 26. The total amount to be paid over the project duration is \$4,000.00.

(e) Fee if Credits are Pre-Sold. If Project Operator pre-sells the Credits before the Credits are issued, and if Project Operator receives any proceeds from the pre-sale of the Credits, the Registry's fee under Section 8(b) above is due and payable by Project Operator within thirty (30) business days of its receipt of any proceeds from the pre-sale of Credits or of the signing of this Project Implementation Agreement, whichever is later. When this subsection 8(e) 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.

(f) 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.

(g) Performance Guarantee Credits. Carbon credits for tree planting and preservation projects are new. To ensure that carbon buyers are comfortable and secure in purchasing these credits, the Registry has provided in its protocol that the performance of these city forest carbon+ credits will be secured, if and only if a buyer requests, by a credit issued by the American Carbon Registry (ACR) or Verra. 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 3 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 \$5.00 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 or will secure before receiving any credits a written 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. **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.

14. **Indemnification and Hold Harmless.** To the fullest extent permitted by law, the Parties shall indemnify, defend, and hold harmless each other, their Boards of Directors, elected officials, agents and employees, as well as the State of Washington, its officials, agents and employees from and against all claims for injuries or death, losses or suits including attorney fees arising out of or resulting from the indemnifying party's performance of this agreement.

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.

| | | | |
|--------------------------------|--|--|---|
| [insert Project Operator name] | | Urban Forest Carbon Registry, DBA City Forest Credits | |
| Name: | | Name: | Mark McPherson |
| Title: | | Title: | Executive Director |
| Address: | | Address: | 999 Third Ave, #4600 Seattle, WA 98104 |
| Phone: | | Phone: | (206) 623-1823 |
| Email: | | Email: | mark@cityforestcredits.org |
| Signature: | | Signature: | |
| Date: | | Date: | |

**Exhibit A
Fee Schedule**

| Type of Fee | Amount and Time Fee is Applicable | Due |
|---|--|--|
| Application Fee | \$1,500 | Invoiced by CFC with CFC Approval Letter of Application |
| Registry Account Fee | \$1,000 | Invoiced by CFC after first credit sale |
| Credit Issuance Fee – for first credit issuance after planting (CFC issues 10% of projected credits) | Greater of \$3 per credit or 10% of the sales price of credits. Applicable between first issuance of credits and 12/31/2024 | Net 30 after Project Operator receives proceeds from any sale after first issuance of credits until 12/31/2024 |
| Credit Issuance Fee – for second credit issuance at Year 4 (CFC issues 40% of projected credits) | 10% of sales price of credits but no less than \$5 per credit. Applicable 1/1/2025 until 12/31/2026 | Net 30 after Project Operator receives proceeds from any sale 1/1/2025 until 12/31/2026 |
| Credit Issuance Fee - for third credit issuance at Year 6 (CFC issues 30% of projected credits) | 10% of sales price of credits but no less than \$7 per credit. Applicable 1/1/2027 until 12/31/2046 | Net 30 after Project Operator receives proceeds from any sale 1/1/2027 until 12/31/2046 |
| Credit Issuance Fee - for last credit issuance: at Year 25 (2047)(CFC issues 20% or true-up of credits) | 10% of sales proceeds | Net 30 after Project Operator receives proceeds from any sale in 2047 and after |
| Verification Fee | \$500 at planting and at Year 4, \$1,000 at Year 6; \$2,000 at Year 26. Total for all four credit issuances is \$4,000 over 25 years | Invoiced by CFC after verification before first, second, third, and fourth credit issuances |

PURCHASE AGREEMENT

This Purchase Agreement (this “**Agreement**”) is entered into as of December ____, 2021 (the “**Effective Date**”) by and among the parties listed as project operators on Exhibit A (collectively, the “**Sellers**”) and Regen Network Development, Inc. (the “**Buyer**”).

BACKGROUND

Sellers are engaged in tree planting or tree preservation projects in urban areas that, among other benefits, sequester carbon (the “**Projects**”).

The Projects have resulted in greenhouse gas reductions that have been verified by independent verifiers pursuant to protocols developed by City Forest Credits, a 501(c)(3) nonprofit organization that issues carbon credits to urban forest projects that comply with its protocols and have been third-party verified (“**CFC**”).

According to the CFC protocols, each carbon credit represents one metric ton of CO₂(e) and estimated quantified ecosystem co-benefits including rainfall interception, air quality effects, and heating and cooling effects (each metric ton of CO₂(e) and associated co-benefits generated by a Project, a “**CFC Credit**” and collectively, the “**CFC Credits**”).

Sellers wish to sell and the Buyer wishes to purchase the CFC Credits according to the terms described below.

ARTICLE 1 PURCHASE AND SALE OF CFC CREDITS

Section 1.1. The Purchase.

(a) **Purchase and Sale.** Buyer shall purchase, acquire and accept the CFC Credits available on the Effective Date from Sellers, and Sellers shall sell, assign and transfer all right, title and interest in and to the CFC Credits to the Buyer, free and clear of any encumbrances.

(b) **Purchase Price; Payment.** The purchase price for the CFC Credits purchased pursuant to Section 1.1(a) shall be \$1,259,490.00. The purchase price is the sum of (i) 34,947 CFC Credits offered by the Sellers, multiplied by \$34.00 (the “**CFC Credit Price**”), and (ii) \$71,292.00, which is the National Sale Director fee, which is 6% of the CFC Credit Price (together, the “**Purchase Price**”). The Purchase Price shall be disbursed at the Effective Date by the Buyer to the parties listed on Exhibit B by wire transfer or check of immediately available U.S. Dollars to the bank accounts specified by the recipients.

(c) Within five business days of the payment of the Purchase Price, Sellers shall provide a written transfer notice to CFC, with a copy to the Buyer, directing it to transfer the CFC Credits to the Buyer’s CFC credit registry account. Title to the CFC Credits will pass to Buyer upon transfer by CFC to Buyer’s credit registry account.

ARTICLE 2
NATURE OF THE SALES

Buyer shall be the legal, equitable and beneficial owner of the CFC Credits upon payment of the Purchase Price as described in Section 1.1, with full rights to transfer, alienate and pledge the same, and Sellers shall use commercially reasonable efforts to cooperate with Buyer by executing documents or agreements to properly reflect Buyer's rights in the CFC Credits intended to be conveyed by this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1. Mutual Representations and Warranties. Each Seller severally but not jointly represents and warrants to the Buyer, and the Buyer represents and warrants to each Seller on the date hereof that:

- (a) it is duly organized and validly exists under the laws of its governing jurisdiction and is qualified to conduct its business in that jurisdiction;
- (b) it has the power and authority to execute and deliver this Agreement and to perform its obligations under it and has taken all necessary actions to authorize the entry into and the performance of its obligations under this Agreement;
- (c) the entry into and performance of its obligations under this Agreement do not violate or conflict with or require any consent or waiver under any of the terms or conditions in its governing documents or any contract to which it is a party or by which any of its assets are bound or affected, or any applicable law;
- (d) this Agreement constitutes a legal, valid and binding obligation on it enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability (whether enforcement is sought in equity or at law);
- (e) it is not relying upon any representations of the other party other than those expressly set out in this Agreement and it has entered into this Agreement after a full opportunity to review its terms and conditions, has a full understanding of those terms and conditions and of their risks, and is capable of assuming those risks;
- (f) the other party is not acting as a fiduciary or an advisor for it, nor has the other party given to it any advice, representation, assurance or guarantee as to the expected performance, benefit or result of this Agreement (other than as expressly set out in this Agreement);
- (g) it has negotiated, entered into and executed this Agreement as principal (and not as agent or in any other capacity, fiduciary or otherwise); and

(h) there is no proceeding pending or, to the knowledge of such party, threatened against, relating to or that would have a material adverse effect on such party's ability to perform its obligations under this Agreement or any transaction contemplated herein.

Section 3.2. Sellers' Additional Representations and Warranties. The Sellers each, severally but not jointly, represent and warrant to the Buyer upon delivery of CFC Credits, that with respect to the CFC Credits delivered on such date:

(a) each Seller is party to a valid and enforceable contract with CFC obligating CFC to transfer CFC Credits from Seller's CFC credit registry account to another CFC credit registry account upon written instructions from Seller;

(b) it has full legal and equitable title to such CFC Credits, free of any encumbrances and fully transferable without claims by third parties and has not sold, transferred, assigned, licensed, disposed of, granted or otherwise created any interest or encumbrance in such CFC Credits other than as contemplated in this Agreement, and will not do so except in accordance with this Agreement;

(c) the Seller has all requisite rights to enter into this Agreement with the Buyer and to sell such CFC Credits to the Buyer.

Section 3.3. Buyer Representations and Warranties. The Buyer represents and warrants to each Seller:

(a) that Buyer has established a credit registry account with CFC to receive the CFC Credits upon the Effective Date;

(b) the Buyer is aware that the CFC Credits have not been and will not be registered under the Securities Act or any other securities laws. The Buyer is aware that the CFC Credits may not be offered, sold, pledged or otherwise transferred except in privately negotiated transactions that will not require registration of the CFC Credits under the Securities Act; and

(c) Buyer is purchasing the CFC Credits for its own account and not with an expectation of profit, or with a view to any resale or distribution in a transaction that would violate the Securities Act or the securities laws of any state of the United States or any other applicable jurisdiction.

Section 3.4. Disclaimers.

(a) Buyer is aware that there are a number of environmental market trading systems or greenhouse gas emission reduction trading systems. Sellers disclaim any representation or warranty regarding the ability and fitness of the CFC Credits to meet the obligations of or to hold any commercial value in these systems, whether or not currently effective, operational, or contemplated.

(b) Sellers are not making and have not at any time made any warranties or representations of any kind or character, express or implied, with respect to the CFC Credits,

including but not limited to, any warranties or representations as to merchantability, non-infringement, security or fitness for a particular purpose.

(c) Buyer shall accept the CFC Credits “as is” unless otherwise explicitly represented by Sellers herein. Buyer has not relied and will not rely on, and Sellers are not liable for or bound by, any express or implied warranties, guarantees, statements, representations or information pertaining to the CFC Credits made or furnished by Sellers or their representatives, to whomever made or given, directly or indirectly, orally or in writing, except as expressly stated herein.

(d) Buyer acknowledges to Sellers that Buyer will have and has had the opportunity to conduct prior to the Effective Date such inspections and investigations as Buyer deems necessary or desirable to satisfy itself as to the CFC Credits and its acquisition thereof.

Section 3.5. Expiration of Warranties. All representations and warranties made by Sellers or Buyer herein, or in any certificate, schedule or exhibit delivered pursuant hereto, shall expire and terminate at the Effective Date.

Section 3.6. Limitation of Liability. Neither Party shall be liable under or in connection with this Agreement for any indirect, special or consequential loss or damage of any kind, in each case howsoever arising and whether caused by tort (including negligence), breach of contract or otherwise.

Article 4 MEDIA

The parties shall cooperate in good faith to draft and release a media statement regarding the purchase of the CFC Credits within 45 days of the Effective Date and shall make appropriate staff available to respond to media inquiries on a timely basis. Either party may disclose information relating to this Agreement if required to do so by law or applicable governmental regulation.

ARTICLE 5 MISCELLANEOUS

Section 5.1. Additional Sales. If Buyer purchases additional CFC Credits related to the Projects within 12 months of the Effective Date, the purchase price shall be calculated according to the definition contained in Section 1.1(b) unless Buyer, Seller and the National Sale Director each agree otherwise.

Section 5.2. Costs and Expenses. With respect to each CFC Credit, (a) the Seller shall be responsible for the payment of any fees, charges, levies, taxes and other costs and expenses relating to its CFC Credits prior to the Effective Date, including fees related to the issuance and transfer of the CFC Credits to the Buyer’s CFC account pursuant to Sellers’ agreements with CFC, and (b) the Buyer shall be responsible for the payment of any fees, charges, levies, taxes and other costs and expenses relating to the CFC Credits arising on or after the Effective Date. Each Party will bear its own costs and expenses in connection with the preparation, negotiation

and execution of this Agreement, provided however, Buyer shall pay the fee of the National Sale Director as described in Section 1.1(b).

Section 5.3. Assignment. No party may assign any of its rights and obligations under this Agreement except with the prior written consent of the other parties. No provision of this Agreement is to be construed as creating any rights enforceable by a third party, and all third party rights implied by law are, to the extent permissible by law, excluded from this Agreement.

Section 5.4. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of Delaware (excluding application of any choice of law doctrines that would make applicable the law of any other state or jurisdiction) and, where appropriate, applicable federal law, and any disputes arising from this Agreement shall be brought in the federal and state courts located in Delaware.

Section 5.5. Amendments. This Agreement may not be amended except by agreement in writing signed by both the Buyer and the Seller(s) intended to parties to the amendment.

Section 5.6. Remedies Cumulative. Except as otherwise provided in this Agreement, the rights and remedies contained in this Agreement are cumulative and not exclusive of any other right or remedy provided in this Agreement or provided by law.

Section 5.7. Execution in Counterparts. This Agreement may be executed in a number of counterparts, each of which will be an original and equally effective and shall constitute one and the same instrument. Signatures to this Agreement transmitted by electronic signature format or by electronic mail in portable document format shall be valid and effective to bind the party so signing.

Section 5.8. Entire Agreement; Exhibits. This Agreement constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes and extinguishes any representations previously given or made with respect to its subject matter. The exhibits that are referenced in this Agreement are a part of this Agreement and are incorporated by reference.

Section 5.9. Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any party by another party, or whenever any party desires to give or serve upon the other party any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be deemed to have been validly served, given or delivered: (a) upon the earlier of actual receipt and five business days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic transmission (with such electronic transmission promptly confirmed by delivery of a copy by personal delivery or United States Mail; (c) two business days after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed by the party to be notified and sent to the address or electronic address indicated below or to such other address (or electronic address) as

may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice.

If to the Sellers:

[to come]

With a copy to Douglas McPherson, National Sale Director, douglasmcp@gmail.com

If to the Buyer:

Sara Johnstone, Chief Operating Officer
Regen Network Development, Inc.
PMB #51
2801 Centerville Rd, First Floor
Wilmington, DE 19808-1609
Sara.johnstone@regen.network

With a copy to: sarah.baxendell@regen.network

Section 5.10. Lake County Forest Preserve District Affirmation. Buyer affirms no Lake County Forest Preserve District officer or elected official has a direct or indirect pecuniary interest in Buyer or this Agreement, or, if any Lake County Forest Preserve District officer or elected official does have a direct or indirect pecuniary interest in Buyer or this Agreement, that interest, and the procedure followed to effectuate this Agreement has and will comply with 50 ILCS 105/3.

[Signature Pages Follow]

The parties have executed this Purchase Agreement as of the Effective Date.

BUYER:

Regen Network Development, Inc.

By: _____

Name: Gregory Landua

Title: Chief Executive Officer

SELLERS:

By: _____

Name:

Title:

By: _____

Name:

Title:

By: _____

Name:

Title:

By: _____

Name:

Title:

EXHIBIT A

PROJECT OPERATORS, PROJECTS, AND CREDITS PURCHASED

| Project Operator | Project Name | Location | CFC Credits |
|---|--|--------------------|---------------|
| Allegheny Land Trust | Buena Vista Heights Conservation Area Preservation | Pittsburgh, PA | 2,574 |
| City of Issaquah | Harvey Manning Park Expansion Project | Issaquah, WA | 7,170 |
| Enrichmond Foundation | Evergreen and East End Preservation Project | Richmond, VA | 1,500 |
| Kendall County Forest Preserve District | Kendall County Forest Preserve - 2021 | Kendall County, IL | 508 |
| King County | King County Urban Forest Preservation Program | King County, WA | 265 |
| Lake County Forest Preserve District | Lake County Forest Preserve - 2021 | Lake County, IL | 615 |
| Lookout Mountain Conservancy | St. Elmo Preservation Project | Chattanooga, TN | 8,715 |
| Mountains to Sound Greenway Trust | Ballinger Open Space Restoration | Shoreline, WA | 216 |
| Treasure Valley Canopy Network | Treasure Valley Municipal Parks Project | Boise, ID | 63 |
| TreeFolks | Travis County Floodplain Reforestation Program | Travis County, TX | 100 |
| Trees Forever | Reforestation Des Moines - 2021 | Des Moines, IA | 440 |
| Western Reserve Land Conservancy | Bainbridge Forest Preservation | Cleveland, OH | 4,139 |
| Western Reserve Land Conservancy | Sandy Cross Forest Preservation | Mansfield, OH | 8,642 |
| Totals | | | 34,947 |

EXHIBIT B

DISBURSEMENTS