

MEMORANDUM OF UNDERSTANDING

between

City of Watertown

and

VIRRIDY CARBON LLC

RECITALS

A. Overview

This Memorandum of Understanding (MOU) sets forth the terms and understanding between the City of Watertown (Watertown) and Virridy Carbon LLC (Virridy) to collaboratively explore the potential for carbon finance to fund watershed restoration as an alternative option for Wisconsin Pollutant Discharge Elimination System (WPDES) compliance.

B. Background

- The City of Watertown owns and operates a 5.2 mgd wastewater treatment plant (WWTP) and has recently completed a water quality trade to generate and apply wetland-restoration-generated phosphorus and total suspended solids credits towards their permit compliance. The facility is located at 800 Hoffman Rd, Watertown, WI, 53094, which discharges to Rock River (Middle Rock River Watershed, UR01 – Upper Rock River Basin) in Jefferson County. The facility's outfall is regulated by the Wisconsin Department of Natural Resources' (WDNR) WPDES Permit No. WI-0028541-09-3.
- Virridy is a private company headquartered in Boulder, Colorado, which specializes in water monitoring equipment and innovative financing strategies for water security and watershed health.

C. Purpose

This MOU will cover the collaborative activities of Watertown and Virridy as they work to explore options for using carbon finance to reduce the costs of a potential watershed restoration WPDES compliance solution

The goal of the work contemplated by this Agreement is to finalize a business case for the staff and elected officials of the City of Watertown to review. The Parties may contemplate entering into future contracts with Virridy as a carbon credit project developer.

The above goals will be accomplished by undertaking the following activities:

- Data collection, review, and synthesis from:
 - Watertown's historic and projected water treatment requirements;
 - the receiving waters;
 - upstream land use and land cover;
 - instream conditions in the Rock River and associated tributaries; and
 - other sources as appropriate.
- Modeling of instream water quality improvements attributable to changed land management activities upstream of Watertown and/or within the region of water quality concern (Middle Rock River Watershed).
- Economic analysis of full life cycle costs of both a gray infrastructure compliance option (e.g., a tertiary treatment facility upgrade) and a green infrastructure compliance option (e.g., a water quality trading program).
- Development of a draft business case.
- Review, refinement, and finalization of business case.

A. Roles and Responsibilities

City of Watertown. Watertown is the regulated entity interested in better understanding WPDES compliance options and newly possible financing strategies such as the use of carbon revenues. Watertown agrees to:

- Share such data as requested by Virridy to achieve the goals of this MOU;
- Provide insight, strategic suggestions, introductions, and contact information as useful towards achieving the goals of this MOU;
- Review work product and provide feedback and direction;
- Review and consider the collection and sharing on websites and in publications, of in-stream and land surface data by Virridy and affiliated research partners;
- Allow Virridy to promote the nature of the collaboration reflected in this MOU in public and third-party settings including on websites and presentations;
- Other activities as agreed upon by both parties during the duration of this MOU.

Virridy. Virridy is the service provider charged with developing the deliverables to achieve the goals of this MOU. Virridy anticipates either A) serving as the future carbon credit project developer, generating, owning, and selling carbon credits and sharing revenue with Watertown on terms to be identified at a later time, or B) developing an offtake agreement with Watertown

where Virridy supports Watertown in credit generation and then purchase ensuing credits at an agreed-upon price, if Watertown chooses to proceed with contracting after achieving the goals of this MOU.

Virridy agrees to:

- Take the lead on necessary data collection, review, and synthesis;
- Review implemented green infrastructure compliance project data and projections for future green infrastructure options;
- Take the lead on life cycle analysis for both gray and green infrastructure compliance options;
- Take the lead on the development of a draft business case;
- Take the lead on the finalization and delivery of the business case;
- Other activities as agreed upon by both parties during the duration of this MOU.

B. Funding

This MOU requires no commitment of funds by Watertown. Watertown staff will spend the time required to support the identified collaboration, as agreed upon herein. To pay for the project activities listed above, Virridy shall use funds already received from existing grant funders and/or augmented by future grants or other associated revenues.

During the term of this MOU, Virridy may request or solicit funds from external parties, such as grantmaking foundations or state or federal agencies, to pay for activities described in this MOU. Virridy will proactively communicate with Watertown to provide updates on such solicitations. Watertown agrees to allow Virridy to represent the nature of the collaboration agreed upon herein. If Watertown is named as a beneficiary of such grants, Watertown will review and approve any solicitation before submission.

C. Term

This MOU is at-will and may be modified by mutual consent of authorized officials from Watertown and Virridy. This MOU shall become effective upon signature by the authorized officials from Watertown and Virridy and will remain in effect until modified or terminated by any one of the Parties upon 30 days' notice to the other Party. In the absence of earlier termination as allowed by this Agreement this MOU shall end on December 31, 2025.

D. Confidentiality

The parties agree that the terms and provisions of this MOU may be disclosed to third parties and in settings such as public websites and publications as deemed appropriate to support the goals of the collaboration.

All financial, personal, technical and other data and information relating to Watertown's operations which are designated confidential by Watertown and made available to Virridy in order to achieve the goals of this MOU, shall be protected by Virridy from unauthorized use and disclosure. Virridy shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is already in Virridy's possession, is independently developed by Virridy outside of the scope of this MOU, or is rightfully obtained by third parties.

Contact Information

Partner name: Watertown Wastewater Treatment

Partner representative: Pete Hartz

Position: Water & Wastewater Utilities Manager

Address: 800 Hoffmann Drive / P.O. Box 477, Watertown, WI 53094

Telephone: 920-262-4085

E-mail: phartz@watertownwi.gov

Partner name: Virridy Carbon LLC

Partner representative: Alex Johnson

Position: Chief Strategy Officer

Address: 1026 Lincoln Place, Boulder, Colorado 80302

Telephone: 503-504-9668

E-mail: alex.johnson@virridy.com

(Partner signature) Date:

Pete Hartz, Water & Wastewater Utilities Manager, City of Watertown

(Partner signature) Date:

Alex Johnson, Chief Strategy Officer, Virridy