

## ARIE AND IDA CROWN MEMORIAL GRANT AGREEMENT

May 28, 2015

Mr. Brett Jenks  
President and CEO  
RARE, Inc.  
1310 N. Courthouse Road, Suite 110  
Arlington, VA 22201

Dear Mr. Jenks:

I am pleased to inform you that the Arie and Ida Crown Memorial ("AICM" or "Grantor") has approved a grant of \$450,004 to RARE, Inc. ("Grantee"), for Scaling Reciprocal Water Agreements for managing watersheds and biodiversity in Colombia for the period of 6/1/2015 to 5/31/2018.

This letter defines the terms and conditions of the grant and constitutes the grant agreement ("Agreement") between Grantor and the Grantee. Please read it carefully and contact us if you have any questions. Crown Family Philanthropies ("CFP") will be assisting Grantor in the oversight and administration of this grant. Once you have agreed to the terms and conditions, the President or Executive Director must counter-sign the Agreement and return it to the CFP office in order for payment to be issued and the Agreement to go into effect.

### *Grant Purpose*

This grant is for Scaling Reciprocal Water Agreements for managing watersheds and biodiversity in Colombia as described in the grant application and budget submitted by the Grantee. Grantee confirms that this grant will be used solely for the purposes described in the grant application, and no material variance will be made to the approved grant application or approved budget without CFP's prior written approval.

### *Payment Schedule and Use of Funds*

The first payment of grant funds will be made by Grantor within a reasonable period of time upon receipt of the countersigned Agreement. Future payments will be made according to the following schedule:

<i>Schedule Date</i>	<i>Amount</i>	<i>Status</i>
6/1/2015	127,650.00	Contingent
6/1/2016	171,129.00	Contingent
6/1/2017	151,225.00	Contingent

The funds must be used in accordance with the approved grant application and approved budget. Any grant funds, and any income earned thereon, not expended or committed for

the purposes of the grant by 5/31/2018 must be returned promptly. Grantee further agrees that it will immediately repay the full amount of the grant funds which were not spent for the purposes as set forth in this Agreement if the Grantee, for any reason, becomes unable to carry out the purposes as stated in this Agreement, or otherwise violates the terms of this Agreement.

To the extent that any Grantor payment is paid in full or in part with marketable securities, the value of such payment shall be established by the average of the high and low prices of the transferred securities on the date of transfer as determined by CFP or Grantor, shall be stated in the documentation with respect to the transfer, and shall reduce the obligation of the Grantor hereunder by an amount equal to such value.

### *Eligibility and Compliance*

The Grantee confirms that it has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3), 170(c)(1), or 511(a)(2)(B) of the Internal Revenue Code of 1986, that it is not a private foundation as described in section 509(a) of the Code, and that these determinations have not been revoked or modified and continue in full force and effect. By countersigning this letter, the Grantee also confirms that it is not a Type III supporting organization described in Sections 509(a)(3) and 4942 (g)(4)(B) of the Code. If these determinations are revoked or modified, please notify CFP immediately. No payment hereunder shall be required to be made at any time after your organization ceases to be an organization described in Section 501(c)(3), 170(c)(1), or 511(a)(2)(B) that is not a private foundation, or any time your organization is a Type III supporting organization described in Sections 509(a)(3) and 4942(g)(4)(B).

The Grantee confirms that funds from this grant will be used exclusively for tax-exempt purposes as described in Section 501(c)(3) of the Internal Revenue Code and will not be used for any activities prohibited by law, including, without limitation, participating in any political campaign on behalf of any candidate for public office or attempting to influence legislation of any governmental body, other than through dissemination of the results of non-partisan analysis, study, or research.

The Grantee agrees that it will comply with all applicable federal, state, and local law.

Grantor reserves the right to cancel any grant payments that might otherwise be due under the Agreement, to require a refund of any unexpended grant funds or both if, in Grantor's sole judgment, the Grantee has used the grant funds for purposes other than as defined in the Agreement without receiving advance written approval, or if such action is necessary to comply with any applicable law or regulation.

### *Reporting and Evaluation*

The Grantee shall submit a final report to CFP on behalf of Grantor. The report must address the following with respect to the applicable reporting period:

- 1) describe the use of the grant funds;
- 2) confirm the Grantee's compliance with the terms of this Agreement; and
- 3) describe progress toward measurable objectives outlined in the proposal and the attached Addendum.

The report must be submitted electronically via the form located on CFP's website at crownfamilyphilanthropies.org according to the following schedule:

<i>Due Date</i>	<i>Requirement</i>	<i>Notes</i>
6/5/2015	Grant Agreement	
2/1/2016	Progress Report	
2/1/2017	Progress Report	
2/1/2018	Final Report	

The Grantee agrees to cooperate fully in any evaluation of this grant that CFP may undertake or authorize. Such an evaluation may include a visit from CFP staff or consultants, discussions with the Grantee, interviews with Grantee constituents, a review of programmatic and financial records maintained by the Grantee and/or similar investigative activities. The Grantee also agrees to comply with any additional reporting obligations imposed from time to time by CFP.

#### *Recognition and Publicity*

Use of The Crown Family name, including Crown Family Philanthropies, CFP, Arie and Ida Crown Memorial, AICM, any individual members of the Crown Family and Crown Family Foundation, is strictly prohibited without prior written approval. Reference to the grant amount with use of the Crown Family name, including Crown Family Philanthropies, CFP, Arie and Ida Crown Memorial, and Crown Family Foundation is strictly prohibited. This includes press releases, newsletters, brochures, and other promotional materials. Notwithstanding the foregoing, "The Crown Family" shall be recognized for the grant in any of the Grantee's annual reports and donor lists, and Grantor may be identified in the Grantee's Form 990 for the year in which the grant is made as required by law. CFP may include information about the grant in its public reports and on its website.

#### *No Renewal Promised*

The Grantee acknowledges that neither CFP nor Grantor, nor any of their representatives, have made any actual or implied promise of funding or renewal of funding except for amounts, and subject to any conditions, specified by this Agreement and materials referenced herein.

#### *Governing Law*

This Agreement shall be governed by the internal laws (and not the laws of conflict) of the State of Illinois.

#### *Acceptance of the Agreement*

This Agreement contains the entire agreement between Grantor and Grantee, and there are no conditions or stipulations, oral or written, governing the use of the grant funds other than those contained in this Agreement.

If the Grantee agrees to the grant conditions as stated in this Agreement, please return this Agreement executed with the original signature of an appropriate, authorized representative of the Grantee.

This grant has been overseen by Katie Levin, Program Analyst, Environment. Please contact this person if you have any questions.

Sincerely,



Caren Yanis  
President  
Crown Family Philanthropies, on behalf of the Arie and Ida Crown Memorial

The Grantee affirms that relevant organization executives and personnel have read and understand the Agreement, that its terms and conditions are acceptable to the Grantee and that the Grantee will comply with those terms and conditions.

Grantee \_\_\_\_\_  
*Legal name of the organization accepting the grant*

Authorized Signature \_\_\_\_\_  
*Original signature of the President or Executive Director*

Typed or Printed Name of Signer \_\_\_\_\_

Title of Signer \_\_\_\_\_ Date Signed \_\_\_\_\_



## Rare Report Addendum

The following Addendum outlines the Measurable Objectives from your proposal. In Rare's progress reports and final report to CFP, outcomes and results should be reported against these Measurable Objectives. Similarly, if there are changes in your work that will impact the achievement of these objectives, those changes should be outlined in response to the questions about changes in the progress and final report forms (currently questions 3 and 4 in both forms).

## Measurable Objectives

1. Sign ARA contracts with 500 landowners to protect 8,200 hectares of cloud forest.

Year 1: At least 40 landowners implementing sustainable practices and preparing to enter ARAs, with negotiations underway, documented with photos, land use data and incentive packages under development. Rare has not set a target for a minimum number of hectares to be covered by these initial contracts.

Year 3: Improved water quality, habitat and expanded wildlife corridors. Indicators include:

- Changes in water quality measurements in streams in areas where the banks have been restored. The water utility, CVC, will monitor water quality on a monthly basis.
- Improved native species diversity as measured by surveys of restored vegetation.

2. Create financing mechanisms that ensure long-term program sustainability, with a goal of creating funds that produce \$300,000 in annual conservation investments to be paid through ARAs.

Year 1:

- Municipal water funds: Each of the seven municipalities where campaigns will be conducted have completed the legal documentation to establish funds to provide incentives to landowners. These funds will receive money from downstream water users who make voluntary contributions for upstream conservation and a portion of the Colombian 1% conservation set aside. A Steering Committee comprised of local elected officials, water utility staff and/or landowners will administer the funds. The composition of each Steering Committee will depend on the structure established in each municipality.
- Cauca Valley Fund: Rare and CVC will establish a regional fund to provide support for ARAs across the Department. Meetings will be held with elected officials, local water utility representatives and members of local producer associations to expand investment in the Fund. The goal is to have water users from at least three of the seven municipalities contributing to the Fund by the end of Year 3.

3. Equip municipal leaders, the regional water utility and communities with a sustainable method to address their own water issues that can be maintained long after Rare's direct involvement ends.

Year 1: Complete training of seven Fellows; begin training of eight additional fellows, along with their supervisors and management support groups in relevant watersheds.

Year 3: 15 Fellows trained, with completed Pride for ARA projects in up to 15 watersheds, with potential for expansion as the program continues to demonstrate success and trained fellows continue to replicate the Rare model in neighboring watersheds.

**For each element of your work, if your efforts involve partners or allies, please include a list of those allies and a brief description of the role of each organization in the effort.**