

June 2022

Request for Statement of Interest:

Colorado River Basin Water Scarcity Challenge



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1. Background and Opportunity

Through the Colorado River Water Scarcity Challenge, Quantified Ventures will competitively select multiple organizations, projects, and/or ventures throughout the Colorado River Basin to collaborate with to design, capitalize, and scale investible solutions that address water scarcity. If you are a representative of a public, private, or non-governmental organization with creative projects in need of capital, partners, or both we want to work with you, and encourage you to consider submitting a proposal.

Thanks to grant funding from the Walton Family Foundation and the Gates Family Foundation, Quantified Ventures will work with multiple organizations throughout the Colorado River Basin – at no charge to the selected organizations – to design, capitalize, and scale projects or programs that address water scarcity challenges. These projects or programs should be cost-effective solutions that deliver water demand management and/or supply enhancement in the Colorado River Basin.

Quantified Ventures will collaborate with applicants throughout the proposal development phase, responding to questions from all interested parties. After applications are closed, we will select the final entities to begin the financial structuring process.

Quantified Ventures works with pioneering organizations to design, capitalize, and scale investible solutions that improve the wellbeing of people and planet. We catalyze impact for the greater good by pulling the levers of data, finance, innovation, partnerships, and policy to construct bold solutions and produce verified outcomes to address the most pressing environmental and social challenges facing communities. This includes leveraging outcomes-based financing and funding to align capital to quantified project outcomes. Quantified Ventures is a certified B Corporation and operates two synergistic groups: Environment and Resilience and Health and Human Services.

What does an investible solution look like?

An investible solution is one that cost-effectively achieves intended outcomes, promotes leveraging and pooling of private and public financing/funding, is scalable, and can be accomplished in the near term. Most investible solutions will generate quantifiable outcomes that enable additional payors or partners to come to the table, especially through monetary contributions that can support repayment of upfront investor capital.

Quantified Ventures is looking to work with public, private, or non-governmental organizations that need assistance in catalyzing and capitalizing their programs, projects, or ventures. The following case studies highlight several projects and programs that Quantified Ventures has helped to launch and scale.

Design:

Environmental programs with green finance features: Edwards Aquifer Authority

The Edwards Aquifer Authority (EAA) partnered with Quantified Ventures for assistance in developing next-generation programs that cost-efficiently achieve organizational water and land management goals. From these broadly defined initial objectives, Quantified Ventures undertook extensive stakeholder interviews, research, and financial modeling to work towards program designs that build on best practices while also leveraging EAA's unique strengths and capabilities.

The resulting water program uses a first-of-its-kind groundwater easement that apportions economic use of the encumbered water right depending on aquifer conditions. Depending on monitoring well readings of aquifer levels, either the original right holder retains control for their own use, or the aquifer authority as easement holder may choose to recall enrolled water to buffer worsening drought. In both scenarios, water rights can be put on the leasing market through EAA as a broker, helping to make the water market more liquid while also providing an ongoing revenue stream to water rights holders. A financial model created by Quantified Ventures is able to recommend easement prices according to various hydrologic, economic, and stakeholder scenarios, along with forecasting expected benefits to both EAA and water rights holders to calibrate a fair deal for both parties.

The land program explores various options for EAA to incentivize aquifer recharge through land practices while remaining within its activities as a groundwater management district. Quantified Ventures conducted a landscape analysis of current and potential future stakeholders' activities, ensuring recommended program activities amplify rather than duplicate existing efforts.

Capitalize:

ESG-enhanced financial instrument: Environmental Impact Bonds

[Environmental Impact Bonds](#) are labeled public financings in which the issuer will predict, evaluate, and disclose achieved outcomes of funded projects. By designating their financing as an EIB, issuers such as municipalities and public agencies can benefit from lower interest rates through increased demand from investors who want to monitor the environmental and social outcomes of their investments. The commitment to post-implementation quantification and reporting of outcomes also helps build support with taxpayers and other community stakeholders. Quantified Ventures makes EIB designation simple through streamlined processes that generate customized metrics, evaluation protocols, quantitative analyses, and technical memoranda.

Since structuring the first-ever Environmental Impact Bond in 2016 – a \$25 million bond issued by DC Water for stormwater infrastructure – Quantified Ventures has assisted in more than \$225 million in capital closed or in structuring around the country. Funded use cases include water supply enhancement, water renewal, stormwater management, water quality improvement, clean transportation, affordable housing, and economic development. EIBs have enjoyed media attention from *The New York Times*, *Bloomberg*, and *Barron's*, and won *Bond Buyer Deal of the Year* and *Environmental Finance Green Bond of the Year* awards.

Scale:

Multi-Payor Outcomes-Based Financing: Soil and Water Outcomes Fund

Quantified Ventures, in partnership with the Iowa Soybean Association and with support from Cargill and the Walton Family Foundation, developed the [Soil and Water Outcomes Fund](#). This innovative, market-based sustainable agriculture program profitably pays farmers to implement in-field conservation best management practices (BMPs) such as cover crops and reduced tillage practices.

These BMPs generate positive environmental outcomes like water quality improvement and carbon sequestration, which are monetized through purchase agreements with corporations, municipalities, states, and the federal government. Outcomes are independently verified by a third-party partner using the NTT and COMET-Farm models.

The Soil and Water Outcomes Fund is currently operating in 11 states throughout the Midwest and the Chesapeake Bay watershed. It received an EPA PISCES award in 2022 as an “Exceptional Project” for innovation in use of State Revolving Fund financing. The Fund aligns farmers implementing conservation practices and the corporate and governmental entities that directly benefit from these practices.

2. Goals, Eligibility, and Scope of Services

Goals

This Challenge aims to identify and accelerate implementation of scalable solutions to water scarcity in the Colorado River Basin. Proposals can be designed to fund one project or a bundle of projects.

Quantified Ventures will evaluate RSI proposals and select applicants. The selected applicants will begin work with Quantified Ventures in Fall 2022 and the parties will collaborate for 12-18 months to design, capitalize, and/or scale their projects or programs. Benefits to participating organizations include:

- **Design and Deployment of Innovative Resilience Solutions:** Innovative financing and funding models enable communities to develop and scale novel solutions to build resilience in the face of water scarcity.
- **Broader Access to Capital:** Organizations can attract new investors, funders, and partners that align with your mission and may be willing to share risk to achieve desired project outcomes.
- **Minimized Transaction Fees:** Grant funding will cover Quantified Ventures’ costs. All other typical deal-related expenses may apply, such as rating agency, legal counsel, and municipal advisor fees.
- **Stakeholder Engagement Support:** Outcomes-based solutions require stakeholder engagement across entities and present opportunities to engage new partners. Quantified Ventures will help to identify, engage, coordinate, and align relevant stakeholders.
- **Tailored Transaction Structuring for Outcomes-Based Solutions:** The context and needs of a particular community drive the transaction terms and program design, such as capital sources, cash flows, partnership structure, and outcomes performance scenarios.

Eligibility

Eligible applicants include local governments, utilities, agencies, groundwater and water districts, land trusts, nonprofits, or private corporations sponsoring projects or programs that address water scarcity in the Colorado River Basin watershed. Examples of water scarcity strategies include demand management, supply enhancement, and market-based approaches. Applicants should be empowered to make decisions regarding project deployment, partnerships, and raising funds and should have support from relevant stakeholders to ensure the project can be completed.

The Challenge seeks applicants characterized by the following qualities:

- Demonstrate a willingness to think big, especially in taking on new approaches to developing and funding/financing water scarcity projects that are cost-effective, replicable, and can have broad impact across the Colorado River Basin.
- Represent an entity with the staff capacity and the ability to receive and deploy funds to ensure successful project implementation and continuation.
- Have buy-in from relevant internal stakeholders to ensure successful design, capitalization, and deployment of proposed projects or programs.
- Have specific candidate projects or programs that are planned to launch in late 2023 to mid-2024.

Scope of Services

The selected applicants will receive technical assistance from Quantified Ventures to design, capitalize, and scale investible water scarcity solutions. Technical assistance services include:

- Validate size, scope, and objectives of the project
- Engage with experts and stakeholders to shape or refine project features
- Develop/validate economic cost-benefit and/or financial models
- Design transaction or program, such as structure, outcome metrics, and pricing and payment terms
- Coordinate and mediate internal and external stakeholders
- Undertake partner, funder, and investor outreach
- Develop technical memoranda and/or presentations to facilitate diligence by decision makers, investors, and stakeholders

3. Process and Timeline

Notice of Intent to Apply

Although it is not required, applicants are encouraged to submit a Notice of Intent to Apply by July 15, 2022, in an email to co-river@quantifiedventures.com. Please include the name of the applicant organization, address, contact person, and phone number. The Notice of Intent to Apply helps the Challenge organizers to plan an efficient application review and notify applicants directly if Challenge materials are updated.

Communications and Webinar

Applicants are encouraged to reach out to Quantified Ventures with questions about the Challenge, potential projects, and our approach in advance of submitting applications. For more information, please contact Jason Lee, Director, at co-river@quantifiedventures.com. We also highly encourage interested parties to join our [informational webinar on June 16, 2022 at 10am Mountain Time](#).

The RSI and additional information is available online at quantifiedventures.com/co-river.

Application Deadline and Award Date

Applications are due August 19, 2022. Please submit your proposal online at quantifiedventures.com/co-river. Successful applicants will be notified by September 19, 2022, via email and phone.

4. Submission Expectations and Evaluation Criteria

Submission Expectations

Each application should include the following components in a single-spaced Word or PDF document:

- A. Executive Summary** (1 page max)
- B. Project Scope and Fit with Investible Solutions Addressing Water Scarcity** (2.5 pages max)
 - 1. Proposed project(s), venture(s), or program(s), and description of the nature of technical assistance requested (Design, Capitalize, or Scale).
 - 2. How the project(s), venture(s), or program(s) address key challenges related to water scarcity in the locality or region. Reference to plans, reports, or other documents encouraged.
 - 3. Project timeline, including current status of planning or development, and feasibility of commencing implementation of these projects in the eligible timeframe.
 - 4. Estimate of the size of initial capital need (\$ amount), and current funding or financing alternatives. (Recommended capital need of \$5 MM or more. If less demonstrate ability to aggregate and scale).

C. Organizational Capabilities (1.5 page max)

1. Description of organization, its mission, and its activities.
2. Familiarity with proposed project(s) or program(s), such as relevant expertise, relationships, or track record.
3. Plan for staff hours allocation and designation of project leadership.
4. Key internal and external stakeholders involved in successful project implementation, and status of existing relationships with those stakeholders (letters of support from stakeholders may be provided in the Appendix).
5. Available financial resources to support successful project development and/or implementation, such as staff, transaction costs, and revenue streams.

D. Impact (1.5 pages max)

1. Projected water scarcity impacts, including a brief description of the calculation methodology used.
2. Description of the communities served or impacted by the proposed project(s).
3. Other benefits from the project(s) or program(s) (e.g., environmental, economic, health, equity).
4. Measurement and monitoring tools to be applied.

E. Appendix: Applicants may include letters of support and commitment from relevant project stakeholders, as well as planning, design, legal, or other documents detailing the development status of projects to receive funding.

Evaluation Criteria

Category	Percentage	Sub-Category	Points (Total = 100)
Eligibility and Compliance	15%	Payor and project eligibility screen	Y/N
		Payor's resources to support the project	15
Project Scope and Fit	55%	Size / scope of proposed solution (potential water scarcity impact, geographic footprint, potential transaction size, replicability)	10
		Current status of proposed solution to be funded; technical readiness to begin implementation/deployment ASAP	15
		Expected outcomes tied to water scarcity, and any co-benefits relating to equity and resilience issues	20
		Scalability of project and financing approach	10
Payor Capabilities	30%	Financing and fundraising capability	15
		Stakeholder buy-in and established decision-making process	15
TOTALS	100%		100

5. Terms and Conditions

The selected applicants will be asked to sign a Memorandum of Understanding (MOU) prior to commencement of the project. The MOU will summarize the work plan and specify Quantified Ventures' role in managing the project and providing expertise and assistance in designing, capitalizing, and scaling solutions. The MOU also will commit the selected applicant to providing a project leader, with support from other staff to provide the necessary information and decision-making. This may include engineering, legal, and financial staff, as necessary, as well as those with roles in organization's management. Services from Quantified Ventures will be covered by grants from the aforementioned funders.

This material is provided solely as a matter of possible interest. This Request for Statement of Interest ("RSI") does not represent any legal or otherwise commitment or relationship between any issuer of municipal securities and Quantified Ventures. Quantified Ventures reserves the right to reject any proposal received for any reason and is under no obligation to perform service thereunder.

The information provided is not intended to be and should not be construed as "advice" under Section 15B of the Securities Exchange Act of 1934 or the municipal advisory rules of the SEC and MSRB. Quantified Ventures is not a municipal advisor, financial advisor, or agent and has no advisory, agency or fiduciary duty to any person pursuant to Section 15B of the Securities Exchange Act of 1934 or Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.