Creative Financing Solutions for Green Infrastructure
I. Who We Are
II. The Problem: Stormwater Runoff
III. What is NatLab?
IV. Roles and Services
V. Work to Date
VI. City Engagement Roadmap
VII. Green Cities Toolkit
VIII. A Deeper Look at Financing Mechanisms
Strategies

- **Protect** landscapes, rivers, and oceans at scale

- **Transform** the way business and governments use nature

- **Inspire** leaders and the next generation to be ambassadors for conservation
What does NatureVest do?

• Deploy capital that generates:
  – measurable conservation outcomes
  – financial return

• Build the field for impacting investing

How do we evaluate NatureVest deals?

• **Alignment** with TNC global strategies
• **Critical role** for private impact capital
• **Size** of the investment opportunity and conservation impact
• **Replicability** of the individual deals
• **Readiness** to deploy capital
Role of Impact Capital for Conservation

Conservation funding has been flat while impact investing continues to grow

The Nature Conservancy’s fundraising is strong and stable

Impact investing offers resources to grow scale of conservation outcomes
Infrastructure?

- Private capital markets provide scale and can leverage other forms of capital
- Reduce cost and risk to public entities
- Builds sense of ownership/responsibility within community
- Policy must work in conjunction with/compliment private investment
- Building Green Infrastructure on private land is often cheaper than on public land

**Big Market Opportunity:** Billions spent annually on stormwater infrastructure
How We Evaluate GI Opportunities

• Capture and accelerate cost-effective GI investment opportunities across full range of land types while optimizing for co-benefits

• Potential benefits:
  • Lower the costs of construction and maintenance
  • Accelerate project implementation
  • Encourage innovation
  • Access new sources of investment capital
  • Preserve municipal balance sheet capacity
  • Incentivize optimal performance by shifting performance risk to private partners where payments are tied directly to performance
EKO Asset Management Partners

- EKO provides capital and advice to help harness the power of capital markets to invest in natural resources while preserving ecosystems for future generation
- Mission: link private capital to environment
- Business model: advisory and investment management, specialized in markets for ecosystem services - IMPACT mission
  - Asset Management: Green Carbon Fund (GCF) Investing in US carbon
  - Advisory: working with leading investors, corporations, NGOs, governments, and landowners
Investment Objectives

- Environmental Impact
- Social Impact
- Financial Returns
Financing for Green Infrastructure

Potential Investors

- Foundations
- High net worth individuals
- Family offices
- Impact Investors (PRI/MRI)
- Institutional Investors
- Commercial Banks

Early stage - higher risk (equity)

Later stage - commercial rate (debt)
Each year, urban runoff generates 10 trillion gallons of polluted water that flows into waterways and oceans, often combined with untreated human sewage.
Motivation – Stormwater Challenges

- Federal “Clean Water Needs Survey” identified $100 billion of infrastructure investment needed over the next 20 years to address stormwater and sewage overflows in order to reach Clean Water Act compliance.
- Previous federal subsidies for municipal stormwater management have been reduced from nearly 80% of costs to less than 5% of cities’ needs.
- American Society of Civil Engineers gives U.S. water infrastructure a “D” grade.
- Decline in traditional funding sources for municipal stormwater improvements (municipal budgets and federal funds).
Green versus Gray Infrastructure

• Traditional “gray” stormwater infrastructure – tunnels and sewage systems – has proven environmentally and economically costly.

• “Green” infrastructure (GI) helps stop runoff pollution by capturing rainwater and either storing it for use or letting it filter back into the ground, replenishing vegetation and groundwater supplies.

• GI mimics the way nature collects and cleanses water.
Examples of Green Infrastructure

Vegetated swales

Downspout disconnections
Examples of Green Infrastructure

- Green roofs
- Street trees
Examples of Green Infrastructure

Rain barrels

Green space
Examples of Green Infrastructure

Rain gardens

Permeable pavement
Benefits of Green Infrastructure

Reducing costs of Clean Water Act compliance

Estimated Cost of Philadelphia CWA Compliance

<table>
<thead>
<tr>
<th>Billions</th>
<th>Gray Infrastructure</th>
<th>Green Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1</td>
<td></td>
<td></td>
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<tr>
<td>$2</td>
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<td>$6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$7</td>
<td></td>
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</tr>
</tbody>
</table>
NatLab: Innovative Financing for Green Infrastructure

NatLab is a collaboration between two of the world’s leading environmental organizations and a leading sustainable asset management firm.

Our Mission

We seek to accelerate the deployment of natural infrastructure to strengthen urban resilience. Our goal is to improve the health and resiliency of regional watersheds, improve air quality, and strengthen vitality of our urban communities.
We leverage our cross-disciplinary skill sets to support municipal investment in green infrastructure with:

- **A network of over 700 scientists** providing spatial and ecological analysis of functioning watersheds and coastlines.

- **A diverse group of financial experts** with experience managing environmental impact focused investment funds, and a keen understanding of structuring ecosystem service markets to facilitate private investment.

- **Expert water law and regulatory policy experts** that specialize in stormwater permitting, regulation and GI program development and approval.

- **Collaborative partnerships with prominent funders** such as foundations, impact investment firms and large financial institutions aimed at building a thriving national market for impact investing in green stormwater infrastructure.
NatLab’s Four Primary Roles

**Policy advisor:**
Assist with advancing policies that will drive additional investments in GI.

**Program consultant:**
Create/advance innovative programs to encourage greater private capital investment and private property participation in regional GI efforts.

**Innovative finance partner:**
Develop, raise and manage impact capital investments that showcase the role private capital can play in accelerating the protection and efficient use of regional water supplies.

**Promote thought leadership**
Produce reports exploring and celebrating innovative policy, program and financing approaches to water quality protection.

Moving cities from Gray to Green
NatLab as Policy Advisor

Financing Green Infrastructure Retrofits in Philadelphia (2012)
- Detailed how EE financing mechanisms could be applied to GI
  - Economics of hypothetical projects using distinct EE mechanisms
  - Estimated private investment opportunity in Philadelphia for GI projects on private land

- Drilled down into project economics and payback periods in PA and found payback unlikely to be attractive based on credits alone
- Cost-share programs needed to entice private parcel participation
- Aggregation and financing concepts such as offsite mitigation, P4P explored

Seattle Public Utilities – Incentive Program Analysis
- Evaluated efficacy of SPU’s current incentive programs
- Identified opportunities to modify programs to maximize IA reductions on private property per $ of public subsidy expended
- Led to additional work on Rebate Taxation and Revolving Loan Fund
Philadelphia’s Reverse Auction Program

- Following *Clean Water Cash Flows*, PWD ramped up focus on P4P mechanisms that could leverage private properties opportunities.
- Collaborated with Booz-Allen to evaluate P4P program types across infrastructure sectors.
- PWD decided to move forward with Reverse Auction mechanism, which has been pilot tested for GI development in Valparaiso, IN and Cincinnati, OH.
- Modifying current incentive program to create competition for limited GI subsidy dollars.
- RA program to pilot in June 2014.
NatLab as Innovative Finance Partner

Seattle: Rainwise Program
- Program offers rebates up to $3.50/ft$^2$
- Covers almost all installation costs.
- Highly successful program.

Financing & Equity
- However, nearly everyone in the program fit the same demographic
- Equity and access issues. Only the few could afford to float $4,000 for 3 months
- Utility can’t pay until project inspection.

Natlab Work
- Working with Stewardship Partners to build a revolving loan fund
- Fundraising for pilot fund to launch in late-2014
NatLab as Thought Leader

**Greening Vacant Lots: Planning and Implementation (2012)**
- Vacant lands in rust-belt cities provide an opportunity to both improve stormwater management and revitalize urban neighborhoods.
- Presents cases from 10 U.S. cities are planning, administering, financing and implementing programs to convert vacant lots to green spaces.

**The Green Edge (2014)**
- Develop business case for green investments on private property.
- Exhaustive academic/practitioner literature review of GI benefits including: higher rent, lower energy costs, higher retail sales, etc.
- Examples of full-benefit accounting methodology.

**Wanted: Green Acres (2014) - Forthcoming**
- Will detail a portion of the findings from our P4P program development work with the Philadelphia Water Department.
- Will showcase/promote PWD’s new reverse auction program and how it is spurring private development of green infrastructure.
Deployment Phases

Phase 1: Thesis
- Develop customized playbook of financing strategies
- Convene stakeholders to achieve buy-in and commitment to engage

Phase 2: Feasibility
- Conduct economic, regulatory & financial analysis
- Provide access to relevant data and identify internal “champion”

Phase 3: Structuring
- Analyze critical elements of structure; capital; revenue; metrics; etc
- Provide legal review and support, contractual commitments, budget, etc

Phase 4: Implementation
- TBD
- TBD

NatLab Role

City Role

Milestone - “Go/No-go”
- Playbook strategy recommendation
- Initial feasibility of proposed strategy
- Investment viability of proposed strategy

NatLab: Innovative Financing for Green Infrastructure - 2014
## NatLab Engagement Model with Cities and Utilities

### Timeline in Months:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3</td>
<td>Release RFEI</td>
</tr>
<tr>
<td>3-6</td>
<td>Review City Responses</td>
</tr>
<tr>
<td>6-9</td>
<td>Convene Stakeholders</td>
</tr>
<tr>
<td>9-15</td>
<td>Analyze and identify market opportunity</td>
</tr>
<tr>
<td>15-36</td>
<td>Prepare deliverables for policy and program development and financing strategies</td>
</tr>
<tr>
<td>18-36</td>
<td>Facilitate implementation and/or raise capital</td>
</tr>
</tbody>
</table>

### Utilities

<table>
<thead>
<tr>
<th>City Selection</th>
<th>Stakeholder Engagement</th>
<th>Market Evaluation and Feasibility</th>
<th>Design and Development Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release RFEI</td>
<td></td>
<td></td>
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</tr>
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</tr>
</tbody>
</table>
### Policy Tool Kit

- On-site Capture Requirements
- Impervious Area Based Fees
- Offsite Mitigation Policy
- Others . . . .

### Program Tool Kit

- GI Rebate Incentives
- Green Streets Program
- Blight to Benefit
- Reverse Auction
- GI Parks Program

### Financing Tool Kit

- Revolving Loan Fund
- Credit Enhancement Facility
- Offsite Credit Financing Facility
- GI Services Company
- Environmental Impact Bond
A detailed look at two financing structures:
Environmental Impact Bonds
Green Infrastructure Financing Facility (GIFF)
WHAT DO THESE THINGS HAVE IN COMMON?
Impact Bonds

Source: Forbes
Impact Bonds

Status Quo

COST TO GOVERNMENT $100 MILLION

IMPACT OF SIB

COST OF INTERVENTION $40 MILLION

GOVERNMENT COST SAVINGS $35 MILLION

With SIB-Funded Intervention

COST TO GOVERNMENT $25 MILLION

Investor Risk

Source: Forbes

NatLab: Innovative Financing for Green Infrastructure - 2014
Impact Bonds: The Field is Growing

SIBs launched

- 2010
- 2011
- 2012
- 2013
- 2014

UK
Rest of the world

(Emma Tomkinson)
When to consider an Impact Bond

- The prevention of the problem must be cheaper than the cure, and this must be backed up by a defined, quantifiable cost saving.

- There must be a wealth of data to prove prevention works. Investors will require verified, independent data to invest. Special consideration to programs that have a track record of success and measurable outcomes.

- There must be some push from government to require action. This may come from an outside agency, such as the EPA mandating reform, or from internal policy.

- The government agency set up to manage the work must have the capacity to evaluate progress and outcome.
What an Impact Bond is not

- An impact bond is not a bond in the traditional sense
- Impact bonds should not be a first option for a municipality to satisfy its obligations to its taxpayers
- Impact bonds cannot function as a generalized obligation across multiple agencies within government
- An impact bond is not a traditional pay-for-performance contract; it is a scaling mechanism, a proving ground for future interventions.
Structure of the New York City Social Impact Bond

Investors
- Goldman Sachs, commercial lender provides loan
- Bloomberg Philanthropies, philanthropic investor guarantees loan

$9.6M loan for program
- Loan principal and interest payments
- $7.2M grant for loan guarantee
- Grant for intermediary costs

Intermediate
- MDRC manages program and investments
  - Success payments based on savings

Government
- New York City Department of Correction
  - Realizes savings

Investment ($9.6M) to run program

Service Providers
- The Osborne Association
- Friends of Island Academy
  - Deliver intervention

Cognitive behavioral therapy intervention

Independent Evaluator
- Vera Institute of Justice
  - Measures impact

Adolescents in Rikers Island jail
  - Receive services

Decrease in recidivism

Source: MDRC
# Rikers Island Bond: NYC

## Payback Structure

<table>
<thead>
<tr>
<th>Recidivism Reduction Rate</th>
<th>Department of Correction Success Payment ($)</th>
<th>Net Projected Taxpayer Savings ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥20.0%</td>
<td>11,712,000</td>
<td>20,500,000</td>
</tr>
<tr>
<td>≥16.0%</td>
<td>10,944,000</td>
<td>11,700,000</td>
</tr>
<tr>
<td>≥13.0%</td>
<td>10,368,000</td>
<td>7,200,000</td>
</tr>
<tr>
<td>≥12.5%</td>
<td>10,272,000</td>
<td>6,400,000</td>
</tr>
<tr>
<td>≥12.0%</td>
<td>10,176,000</td>
<td>5,600,000</td>
</tr>
<tr>
<td>≥11.0%</td>
<td>10,080,000</td>
<td>1,700,000</td>
</tr>
<tr>
<td>≥10.0%</td>
<td>9,600,000</td>
<td>&lt;1,000,000</td>
</tr>
<tr>
<td>≥8.5%</td>
<td>4,800,000</td>
<td>&lt;1,000,000</td>
</tr>
</tbody>
</table>

*Initial Loan Value: $9,600,000*

*Source: MDRC*
Rikers Island Bond: NYC

Lessons from NYC

• Sharp drop-offs in repayment increase investor risk and participation

• Early performance indicators increase investor confidence

• Transaction costs too high to scale

• Investors prefer impact bonds that have proven, rigorous evidence to back up savings claims

Source: MDRC
**Environmental Impact Bond (EIB)**

An investment vehicle that delivers green infrastructure outcomes repaid through a pay-for-performance contract with a city or municipality. The GI investments are repaid over time based on pre-negotiated and defined GI metrics.

<table>
<thead>
<tr>
<th>Structure</th>
<th>Value proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Performance based contract</td>
<td>• Performance metrics drive technical innovation and cost savings</td>
</tr>
<tr>
<td>• Public utility <strong>ONLY</strong> pays for outcomes over time if performance goals are achieved</td>
<td>• Facilitates inclusion of additional property types including private property</td>
</tr>
<tr>
<td></td>
<td>• Potential to reduce municipal balance sheet exposure</td>
</tr>
<tr>
<td></td>
<td>• Transfers risk from municipality to EIB vehicle</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling criteria</th>
<th>NatLab role</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Identifiable service providers with strong track records to carry out GI implementation/O&amp;M</td>
<td>• Work with city to identify participants in the structure, performance metrics, and investors</td>
</tr>
<tr>
<td>• Enabling legislation needed in some states and municipalities</td>
<td>• Make economic case for EIB</td>
</tr>
<tr>
<td>• Identified revenue stream to support contract</td>
<td>• Outreach to key stakeholders</td>
</tr>
<tr>
<td>• EIB particularly attractive in capital-constrained cities</td>
<td>• Possible implementation /capital formation strategy</td>
</tr>
</tbody>
</table>

NatLab: Innovative Financing for Green Infrastructure - 2014
Environmental Impact Bond (EIB)

1. Investment
2. Working Capital
3. Design, Build, Operate, Maintain
4. Greened Acres and Community Benefits
5. Performance Payments
6. Principal and Interest

Investor (Equity, Debt)
Asset Manager/Project Integrator
Service Provider

Payer (Govt and/or Donor)
Hold Co

Independent Monitoring
Green Infrastructure Solutions

NatLab: Innovative Financing for Green Infrastructure - 2014
Questions for Municipalities to Answer

1. Does it have the capacity to price both the benefit of success and the risk of failure?

2. Does it have the internal technical capacity to both negotiate a pay-for-performance contract and the ability to carry out the contract’s objectives?

3. Does failure put the government in violation of an of its statutory obligations? Can a contingency plan be developed in that case?

4. Can government identify a service provider with a known track record to carry out intervention?
Green Infrastructure Financing Facility (GIFF)

Govt. / Municipal Utility

SRC Purchase Facility

5. Greened Acres and Community Benefits

1. Investment

8. Principal and Interest

3. SRC Purchase Guarantee (i.e. Put Option)

6. SRCs

2. Working Capital

4. Stormwater Retention Credits (SRC)

7. Payment

Investor

Green Infrastructure Finance Facility

Service Providers

Property Owners

Green Infrastructure Solutions

SRC Buyers (e.g., property developers)

Design, Build, Operate, Maintain

NatLab: Innovative Financing for Green Infrastructure - 2014
Green Infrastructure Finance Facility
An investment vehicle that funds GI retrofits to generate offsite mitigation credits and is repaid through offsite credit sales. Operates within the context of an on-site capture requirement that allows for offsite mitigation. Relies on a public purchase guarantee to backstop market risk.

<table>
<thead>
<tr>
<th>Structure</th>
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</thead>
<tbody>
<tr>
<td>• Funds GI retrofits and receives repayment from property owners in cash or credits</td>
</tr>
<tr>
<td>• May utilize philanthropic investment (PRI/MRI) to leverage private capital especially in initial phase</td>
</tr>
<tr>
<td>• Utilizes a public purchase guarantee (below market) for risk management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Accelerates GI retrofits and market uptake</td>
</tr>
<tr>
<td>• Finance facility to invest in GI retrofits to generate credits for a stormwater trading program</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>• On-site retention criteria for new development or re-development with ability for owners to comply in part onsite and in part offsite</td>
</tr>
<tr>
<td>• Credit trading infrastructure (registry, serial numbers, etc.)</td>
</tr>
<tr>
<td>• Public purchase guarantee</td>
</tr>
<tr>
<td>• Supply and demand balance</td>
</tr>
<tr>
<td>• Price discovery</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NatLab role</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provide municipality with GIFF framework and roadmap for implementation</td>
</tr>
<tr>
<td>• Ensure projects financed by GIFF facility comply with local water quality needs</td>
</tr>
<tr>
<td>• Assist in identifying relevant service providers, investors, and philanthropic support</td>
</tr>
</tbody>
</table>

NatLab: Innovative Financing for Green Infrastructure - 2014
Key Takeaways

• Green infrastructure is becoming a key part of the solution
• Innovating policies are being developed in cities like Philly and DC to encourage private capital investment
• Why leverage private capital?
  • Accelerate deployment
  • Harness innovation
  • Share risk
  • Off balance-sheet
• How?
  • Credit trading programs
  • Pay-for-Performance
  • P3s
  • Others.
Thank you.
Questions?

CONTACTS:
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Eron Bloomgarden, EKO – ebloomgarden@ekoamp.com
Appendix: Other Financing Structures
Credit Enhancement | Example

**Commercial Loan Fund**

- **Commercial Lender**
  - Senior lender.
  - Paid first in event of default

- **CDFI**
  - 2nd position.
  - Paid second in event of default

- **PRI Funds**
  - 3rd position.
  - Paid third in event of default

- **Loan Loss Reserve**
  - Drawn down in event of losses to limit investor risk

---

**Property Owners**

Green Infrastructure Solutions

1. Loans

2. Principal & interest
**Credit Enhancement**

A loan loss facility that serves to backstop a larger pool of investment capital, insulating investors from a specified amount of project risk. This facilitates private financing of projects that otherwise might not have received funding.

<table>
<thead>
<tr>
<th>Structure</th>
<th>• Can take multiple structures. Loan loss reserve sourced from gov’t to limit investor risk and draw more capital into GI project financing.</th>
</tr>
</thead>
</table>
| Value proposition | • Stretches public dollars to finance private property GI at lower cost  
• Can drive high-performance retrofits by including performance standards in eligibility criteria  
• Can work in tandem to reduce risk in GIFF, GISCO, or other GI financing instruments  
• Identifiable service providers with strong track records to carry out GI implementation/O&M  
• Identify source of credit enhancement capital at economic cost |
| Enabling criteria | • Work with city to identify participants in the structure, performance metrics, and investors  
• Outreach to key stakeholders  
• Possible role in implementation /capital formation strategy  
• Value proposition  
| NatLab role | • NatLab: Innovative Financing for Green Infrastructure - 2014 |
3. Green Infrastructure Services Company (GISCO)

- **Payer (Govt and/or Donor)**
  - 2. GI Savings Performance Contract
  - 5. Performance Payments

- **GISCO JV**
  - Govt. / Municipal Utility
  - Asset Manager (GISCO)
  - 3. Finance, Design, Build, Operate, Maintain

- **Service Provider**

- **Independent Monitoring**

- **Investor**
  - 1. Investment
  - 6. Principal and Interest

- **Tax Exempt Debt**

- **Green Infrastructure Solutions**

4. Greened Acres and Community Benefits
Green Infrastructure Service Company (GISCO)

An investment vehicle that delivers green infrastructure outcomes repaid through a pay-for-performance contract with a city or municipality that is linked directly to cost savings. The GI investments are repaid over time based on pre-negotiated cost savings metrics.

**Value proposition**
- Performance metrics tied directly to cost savings
- Facilitates inclusion of additional property types including private property
- Potential to reduce municipal balance sheet exposure
- Transfer risk from municipality to GISCO vehicle

**Structure**
- Performance contract tied to cost savings
- Public utility pays for outputs and/or outcomes over time, pays when outcomes are met
- Utilizes a public / private joint-venture entity (can also be utilized in EIB) which aligns incentives and facilitates access to tax exempt debt

**Enabling criteria**
- Identifiable service providers with strong track records to carry out GI implementation/O&M
- Enabling legislation needed in some states and municipalities
- Identified revenue stream to support contract
- Particularly attractive in capital-constrained cities
- Identified cost savings metric

**NatLab role**
- Work with city to identify participants in the structure, performance metrics, and investors
- Advise on public / private joint venture
- Make economic case for GISCO
- Outreach to key stakeholder
- Possible implementation /capital formation strategy
4. Reverse Auction

Competitive Bid Process and Selection

Municipal Stormwater Utility

Project Aggregator

Individual Private Property Owners

Investor (equity)

Bank (debt)
Reverse Auction

Private property owners and/or aggregators (suppliers) compete stormwater retention capacity through green infrastructure. Upfront financing could come from private investors through debt and/or equity.

<table>
<thead>
<tr>
<th>Value proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drives down cost of installed green infrastructure capacity on private property through aggregation and competitive bidding</td>
</tr>
<tr>
<td>Encourages greater use of private property in helping meet community stormwater goals</td>
</tr>
<tr>
<td>Utility can transfer responsibility for all or part of GI implementation and O&amp;M to service providers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Utility sets max subsidy at a level that is lower than expected costs in public right of way to reduce costs per unit of infiltration/detention services provided.</td>
</tr>
<tr>
<td>Utility selects and funds bids based on the lowest $ cost per unit of infiltration services delivered.</td>
</tr>
<tr>
<td>Identifiable service providers with strong track records to carry out GI implementation/O&amp;M.</td>
</tr>
<tr>
<td>Utility desire and ability to invest ratepayer dollars into projects on private property, if they provide public services.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with city to develop RA program structure.</td>
</tr>
<tr>
<td>Work with city to identify likely participants in the program structure and assist with development of performance metrics.</td>
</tr>
<tr>
<td>Provide support in identifying project aggregators and advance loan providers.</td>
</tr>
</tbody>
</table>

NatLab role
5. Revolving Loan Fund

- Philanthropy
- Public funds
- Debt investors
- Service Provider

1a. Grants
1b. Funding commitment
1c. Debt capital
2. Loans
3. Fees
4. Project design & build
5. Repayment
6. Principal & interest
7. Return of capital
Revolving Loan Fund

Pooled vehicle seeded with public, philanthropic, and/or commercial capital to make loans to individual property owners to implement GI projects. Loans are repaid through stormwater fee credits to property owners.

Value proposition

- Make financing available to borrowers who otherwise might have a hard time financing GI projects

Structure

- Capital tranches ensure affordable capital to borrowers
- Fund finances green infrastructure projects that can be repaid through stormwater fee credits
- City sets parameters for borrowing criteria (equity contribution from owner, debt service coverage ratios, etc)

Enabling criteria

- Parcel-based stormwater fee with credit, or other municipal incentives to motivate owners to retrofit
- Presence of appropriate entity to serve as loan fund administrator (can be outside the municipal government)

NatLab role

- Provide template for fund implementation: term sheets, capital structure, etc.
- Help municipality raise seed capital
- Help source & originate loans