

Resilient Waters Fund (RWF)

The Challenge

The Great Salt Lake (GSL) could cease to exist in as little as five years. As a keystone ecosystem in the Western Hemisphere and the driving economic engine for the State of Utah, its disappearance would be catastrophic. The GSL provides snow for Utah's world-renowned ski industry, dust suppression that prevents toxic pollutants from affecting air quality, habitat for over 10M migratory birds, and 40% of the world's supply of brine shrimp used in aquaculture, feeding millions of people globally – equating to a direct annual economic impact of \$3B.

The GSL is 6.9M acre-feet (AF) below its natural level. Utah agriculture currently demands roughly 70% of the water diverted from the GSL. Of this diverted water, more than 50% is lost due to outdated infrastructure and irrigation inefficiencies. This means up to 1M AF of water per year could be returned to the GSL without fundamentally changing farming practices.

Over \$1B has been committed to saving the GSL, but efforts are fragmented, and majority of funding is not directly addressing the primary issue – agricultural water use. Existing government initiatives focused on water optimization are not fully utilized because irrigation companies and farmers are skeptical of government intentions and feel at risk of losing water ownership. However, farmers are interested in these programs because they understand the potential savings and want the capital to implement projects.

Economic Impact & Market

In the event of the GSL drying up, the potential indirect costs could result in a **total economic loss of \$67B**, impacting 1.2M individuals residing in Northern Utah and millions more across the Western U.S

Capital Stack & Structure

Fund Size (Raise): \$200M | Fund Size (w/Match): \$525M

Fund Term: 20 yrs | Inv. Period: 5 yrs | Asset Class: Infrastructure

Eligible Beneficiaries: Irrigation Companies & Farmers

Blended Finance

Tranche A: \$120M - 60% Market Rate, private investors

Tranche B: \$80M - 40% Concessionary, sourced from Foundations, LDS Church, Universities, and impact investors

Matching Entities: \$325M

- State Program SB 277: Coverage - 100% of projects | Subsidy: 50% total cost
- Federal Program NRCS: Coverage - 30% of projects | Subsidy: Covers additional 40% alongside 50% cost subsidized by SB 277 (effectively covering 90% of the total project cost)

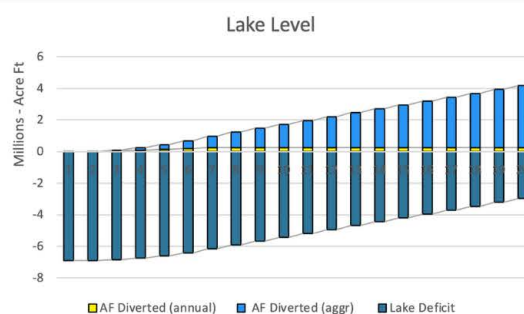
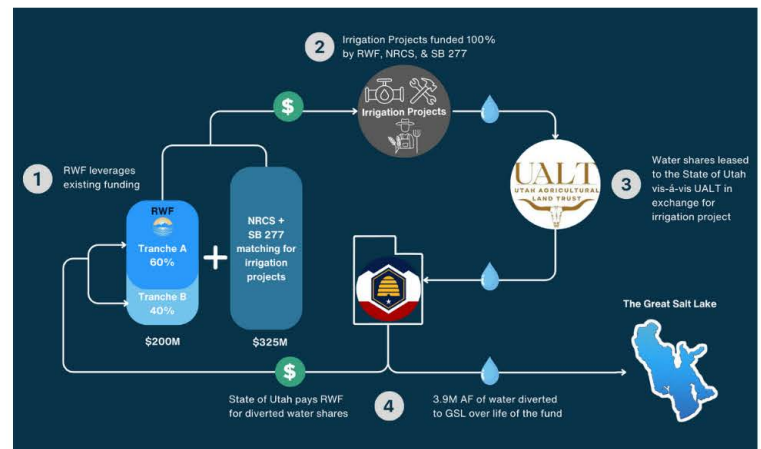
Leverage: \$1 RWF funding results in \$2.65 spending power.

The Solution & Thesis

RWF is uniquely positioned to bridge the gap between farmers and government. It will partner with existing state and federal programs such as SB 277, Natural Resources Conservation Service (NRCS), and the Utah Agricultural Land Trust (UALT) to fully fund irrigation projects for farmers and irrigation companies in exchange for water saved through the projects.

To make a return, RWF will lease these water shares to the State of Utah vis-a-vis UALT. The Trust's legal framework and partnership with farmers ensures water will be measured and diverted back to the GSL while guaranteeing farmers' land and water ownership protection. As revenue is generated, the water leasers will also receive a cash dividend as an extra incentive to participate in the project.

How It Works



RWF's intervention diverts 57% of required water to restore GSL to critical water levels over 20 years

Investment Opportunity

Launching RWF now can leverage unique tailwinds to create value for investors and all GSL stakeholders. As a bipartisan issue, the State of Utah is already heavily invested in saving the GSL, providing an opportunity for RWF to access state and federal programs designated for water optimization. The LDS church is also committed to the GSL, providing resources and moral influence in rural farming communities and donating 20K AF of water to the GSL. This environment can provide a relatively low-risk opportunity for market rate returns while creating significant measurable impact.



Financial Analysis

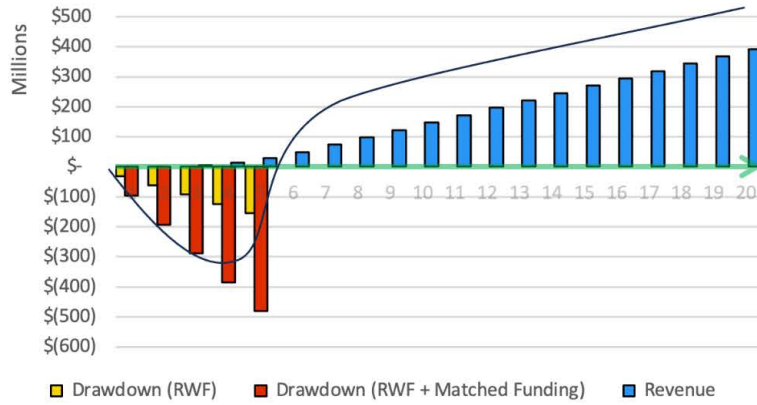
Project Schedule:

Yr	Projects	AF
1-2	190	0
3	95	49K
4	95	98K
5	95	147K
6	0	196K
7-20	0	245K
Total	475	3.9M

Projected Performance:

- Net IRR (Class A) - 9.27%
- Net IRR (Class B) - 5.20%
- MOIC (Fund) - 2.53x

Aggregate Cash Flows



Model Assumptions:

- Mgt fees: 1.5% (y1-y5), 1% (y6+)
- 95 projects/yr
- 475 projects by year 5
- Cost per project \$1M (total)
- Cost per project \$421K (RWF)
- 517 AF water allocated/project
- 49K AF/yr water optimized y1-y5
- Sale Price \$100/AF
- Total Revenue: \$393M
- 3.9M AF total water diverted

Unit Economics

Cost Breakdown:

- Total Cost/AF - \$1961
- RWF Cost/AF - \$813

Revenue Breakdown

- Sale Price/AF - \$100
- Total Revenue/AF - \$1600

Profit/AF: \$786

Waterfall Structure

- Annual distributions starting in year 3
- Farmers & Irrigation Co. receive 2.5% of recurring revenue
- Class A LPs receive principle, first payout tranche
- Class B LPs receive principle, first loss tranche
- After principle is returned to LPs, RWF follows a traditional European waterfall to distribute proceeds (80/20)
- LPs receive 80% of net proceeds:
 - Class A will receive 80% of total net proceeds
 - Class B will receive 20% of total net proceeds
- General Partner will receive a 20% performance carry after principle is returned to LPs

Scalability

This model can be scaled to multiple water-scarce regions both in the U.S. and globally given:

1. Agriculture consumes the majority of accessible water
2. There are outdated irrigation practices and/or infrastructure that lead to water use inefficiencies
3. Local govt. have committed funding toward water conservation

Mini case study: California currently employs a similar structure for land conservation easements in partnerships with trusts, such as the California Range Trust, which is one of hundreds of such trusts.

Risk Mitigation

Risk	Mitigation Strategy
Below target water usage reduction	Conservative estimates of efficiency created and project type built in to RWF
Change in political parties	1. Negotiate purchasing contracts longer than timeframe of political elections 2. Alternative purchasers identified
Buyer Risk: Reliant on State of Utah	Utah has a AAA bond rating and is one of the healthiest economies in the U.S.
Farmers & Irrigation Co. don't trade excess water	1. Cover up front costs of irrigation projects 2. Partner with Utah Agricultural Land Trust to ensure water share ownership is maintained 3. RWF provides farmers a yearly dividend

Impact Assessment

SDG	Intended Impact	Measurement of Success
3 GOOD HEALTH	3.9 Elimination of potential toxic dust storms	GSL at critical water elevation levels (4192ft)
6 CLEAN WATER AND SANITATION	6.4, 6.5.1 Ensure sustainable water withdrawals	# of AF diverted to GSL through irrigation projects
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4 Upgrade irrigation infrastructure to be more water efficient	# of projects completed to improve efficiency
12 RESPONSIBLE CONSUMPTION	12.2, 12.5 Achieve long-term GSL water levels by efficient water use	# of Farmers/Irrigation Co. participating in the program
15 LIFE ON LAND	15.1 Protect GSL ecosystem and habitat for migratory birds	# of AF diverted to the GSL