

Ecosystem Investment Partners

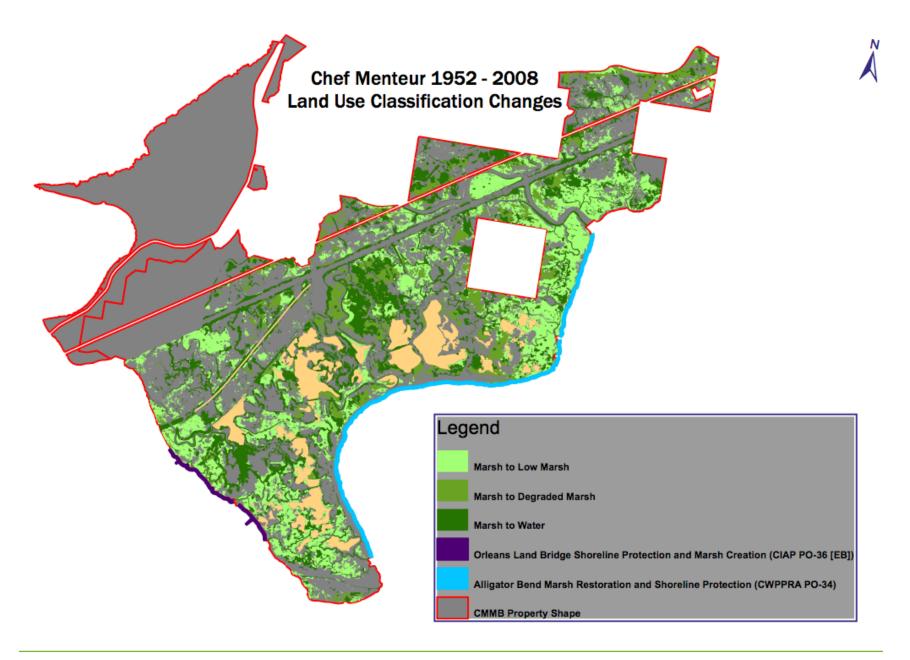
- Ecosystem Investment Partners (EIP), is a private equity investment management firm that acquires and restores large properties across the United States.
- ➤ EIP was founded in 2007, completed a second fundraise of \$181,000,000 in 2012, and a third of \$303,000,000 earlier this year, which it is now actively investing in large-scale mitigation projects.
- EIP now has 10 project investments: Three in Louisiana, two in Florida, one each in Delaware, Virginia, Kentucky, West Virginia and Minnesota.















Privately Financed Restoration

- Speed: EIP bought the property in 2012, went through full permitting, and pumped 3 million tons of material in the summer of 2014. to fully restore over 500 acres of open water to rigorous government standards.
- Performance Risk: The largescale restoration results are awarded 'credits' only after contractual milestones are met – creating incentive and shifting performance risk from the public.
- Ability to Scale: Meaningful capital resources already exist – EIP has \$500M AUM – and institutional investors are familiar with and interested in the emerging 'restoration sector'.



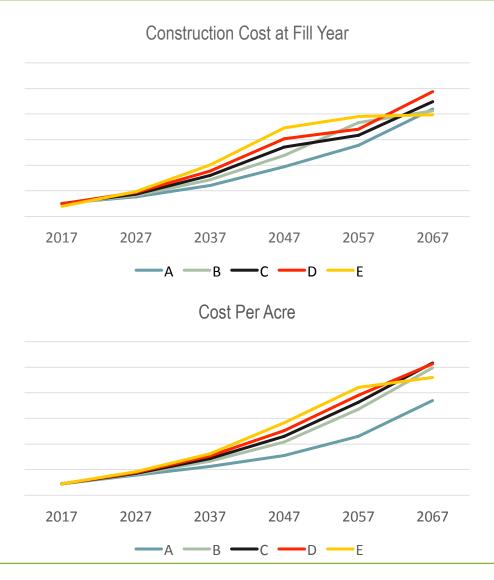




Water Institute Study on 'Cost of Delay'

Not formally released, but in coming weeks, study will demonstrate:

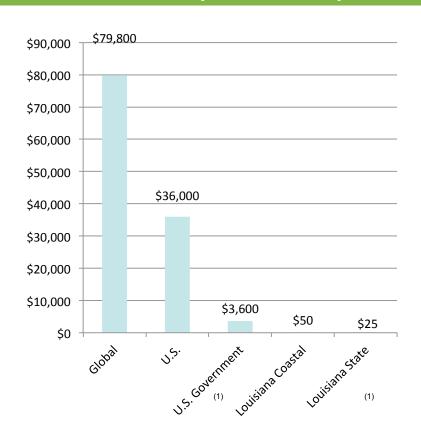
- 2,000 acre study areas analyzed under 5 different subsidence/seal level scenarios.
- Estimated fill needed to implement marsh creation in each area under initial conditions and at future 10 year intervals at 2.5 and 5 ft. of open water.
- Used project cost analysis based on 2012 MP and MP designated borrow areas to estimate unit costs per mile
- Finding ways to build projects sooner decreases total costs

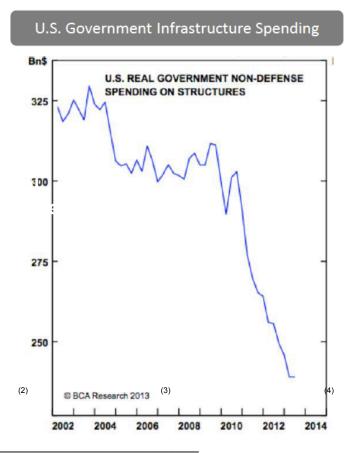




Where Are Resources for Coastal Restoration?

Comparison of Capital Resources in 2011 (\$ billions)





¹⁾TheCityUK "Fund Management Report." http://www.thecityuk.com/assets/Uploads/Fund-Management-2012.pdf

⁴⁾State of Louisiana, Division of Administration. http://doa.louisiana.gov/opb/pub/FY12/StateBudget_FY12.pdf



²⁾Congressional Budget Office. http://www.cbo.gov/sites/default/files/budgetinfographic.pdf
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Key Messages

- Mitigation banking incentives are enabling significant private investment in marsh restoration identified in the Master Plan now. It is important to understand how the mitigation banking program provides these incentives that align private resources with public restoration objectives.
- Private financing can address restoration goals far beyond those in the CWA 404 mitigation banking program, as long as the basic structure of the investment is similar:
 - Scientifically verifiable restoration outcomes 'units' of success including ecological success, land protection and financial assurance
 - Contracts that recognize and reward success only after it is achieved. Milestone payments released over multiple years.
 - Long-term monitoring and stewardship. Non-wasting endowments are a regular feature of mitigation bank 'instruments'.



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Key Messages

- Private financing under a 'Pay for Success' model is not a replacement for design build, but another tool in the toolbox with very low risk to the public.
- Private financing can move projects forward quickly and 'jump start' marsh restoration at scale.
 - Delay is costly; the Water Institute study will detail Master Plan project cost increases that result from ongoing subsidence and erosion.
 - The private sector is ready to move. A large group of private sector firms have expressed interest in responding to RFP's or other procurement mechanisms that can reduce cost and transfer risk of performance.



The '20 X 20' Initiative

Key Messages

- Use innovative private financing to 'front load' projects that are priorities under the CMP so they can be well underway by 2020.
- Initiate pilot projects under CPRA leadership and control by issuing RFP's and addressing any contractual or procurement hurdles.
- Leverage the NRDA legislation signed by Governor Bel Edwards to identify projects that could address Deepwater and other NRDA liability <u>as well as</u> projects that meet CMP goals.
- Test private sector capacity and interest, enable price discovery, and enable demonstration of speed and risk reduction through private investment in true 'public private partnership' for coastal restoration.



