Unlocking Private Capital

Patrick Coady
Senior Advisor
Coady Diemar Partners
December 12, 2012
Conservation Investment Note
Conservation Financing With New & Significant Benefits

Photo Credit: Leo Hohmann, flickr
Conservation Investment Note

New Constituency & New Capital For Conservation

New interest in conservation
Conservation Investment Note Meets Current Conservation Financing Need . . .

. . . in today’s tough economic times:

- Longer-term
- Nationwide
- Flexible security
- Broad repayment options
- Broad application - sustainable timber to food systems
- Technical assistance/capacity building component
Conservation Investment Note
Basic Parameters

- Similar terms to bank CD
- Publicly available – to large and small retail investors
- Nationally available
- Fixed term
- Fixed rate
- Low risk (though not federally insured)
- Backed by credit enhancement
- Social & environmental reporting
Conservation Investment Note
Philanthropic Leverage

- New model with new sector partnership
- Leveraged investment with x4 impact (minimum)
  - Example: $250,000 investment catalyzes $1,000,000 of new, private senior note capital.
Conservation Investment Note

Background

- Four years in development by Conservation Private Capital Group
- Funded by Resources Legacy Fund ($150,000) in two phases:
  - Feasibility (2010)
  - Identification and partnership with appropriate platform (2012)
- Poised to launch pilot program with the Calvert Foundation
The Calvert Foundation

- Respected community-development financial institution
- Experience with similar notes
- Online, high-profile platform
- Manages over $220M in similarly structured loans with 100% investor repayment and <2% loan default rate
Calvert Foundation Partnership
New Opportunity for Conservation

■ New & different investment/loan product
■ Integrated into existing Calvert Foundation program
■ Offered along with other products
■ Large network of brokers, wealth managers, investors
■ Large, flexible, pooled capital
Calvert Foundation Partnership
Added Benefits to Conservation

- Conservation as *community* issue
- Community development sector collaboration
- Expertise
- Broad social investor pool
- Emphasis on working lands
Calvert Foundation Partnership
Benefits To Conservation Organizations

- Pipeline Development
  - Capacity for outreach to land trusts
- Community Development
  - New audiences
  - New funders
- Capacity Training
  - Through mentorship & Boot Camp “PLUS” model
Calvert Foundation Partnership
Current Status

RLF funding through December. Next steps:

■ Joint fundraise for 2013/4 Calvert pilot:
  ■ Calvert pledged senior investment (<$20M)
  ■ Operating (approximately $300,000)
  ■ Credit enhancement – grants, PRIs & loan guarantees (Year 1: $1.25M; Year 2: $3M)
Calvert Foundation Partnership
Feasibility Funding Leverage

Integration on high-profile Calvert Foundation platform

2-Year Pilot Phase
$20M (C.F. investors) + Operating ($300k) + Credit Enhancements
Calvert Foundation Partnership
Steps To Nationwide Launch

1. 2013 - 2014 Pilot
   ■ Create parameters of portfolio
   ■ Select projects
   ■ Test lending
   ■ Calvert investment < $20M in loans

2. Launch
   ■ Online platform
   ■ Calvert Foundation networks
   ■ Available to all investors
   ■ Denominations as low as $20
THANK YOU!

Story Clark
Principal, Conservation Consulting
storyclark@mac.com
307-733-8673

Chris Larson
Director of Real Assets and Sustainable Agriculture
New Island Capital
clarson@newislandcap.com
707-494-6816

Logan Yonavjak
Conservation Private Capital Group
Loganyon@gmail.com
919-923-7546

Pat Coady
Senior Advisor, Coady Diemar Partners
Pat@coadydiemar.com
202.422.8123
Conservation Private Capital Group

Background

STORY CLARK
Consultant, lecturer and author specializing in innovative conservation finance for land trusts, landowners and foundations.

PATRICK COADY
Founder - Investment-banking firm Coady Diemar Partners, specializing in financing renewable/clean tech companies, and land conservation projects.

CHRISS LARSON
Director of Real Assets and Sustainable Agriculture at New Island Capital Management.

LOGAN YONAVJAK
Staff - Conservation Private Capital Group, formerly Business Development Officer for New Ventures, World Resources Institute.