

# THE ROLE OF THE PRIVATE SECTOR IN WATER TRANSFERS

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December 13, 2011

# **GREENSTONE**

- **Formed in 2010; Offices in San Diego and Phoenix**
- **Composed of water, real estate and farming professionals**
- **Financial capital provided by institutional investors**
- **Purpose: To work with local governments, businesses, and developers to develop incremental, reliable, and sustainable water supplies in the Western United States.**

# **GREENSTONE**

***Greenstone is actively investing in the water sector.***

- Understanding (or trying to understand) the unique investment characteristics of each geographic region
- Looking for local governments interested in working with a private water development company
- Reviewing projects that make sense

# GEOGRAPHIC AREAS OF INTEREST



# **OUR INVESTMENTS**

**To this point, we have completed about a dozen transactions of which most are characterized as:**

- **Various types of stored groundwater credits**
- **Farms with perpetual surface rights or groundwater rights**
- **In addition to water rights, other projects considered include: Off-stream storage, Underground water storage facilities, and Pipelines**

# **OUR VALUE ADD**

- **Project concepting/development**
- **Ability to aggregate assets**
- **Mitigation understanding and experience**
- **Financial capital**
- **Ability to take private sector risks**

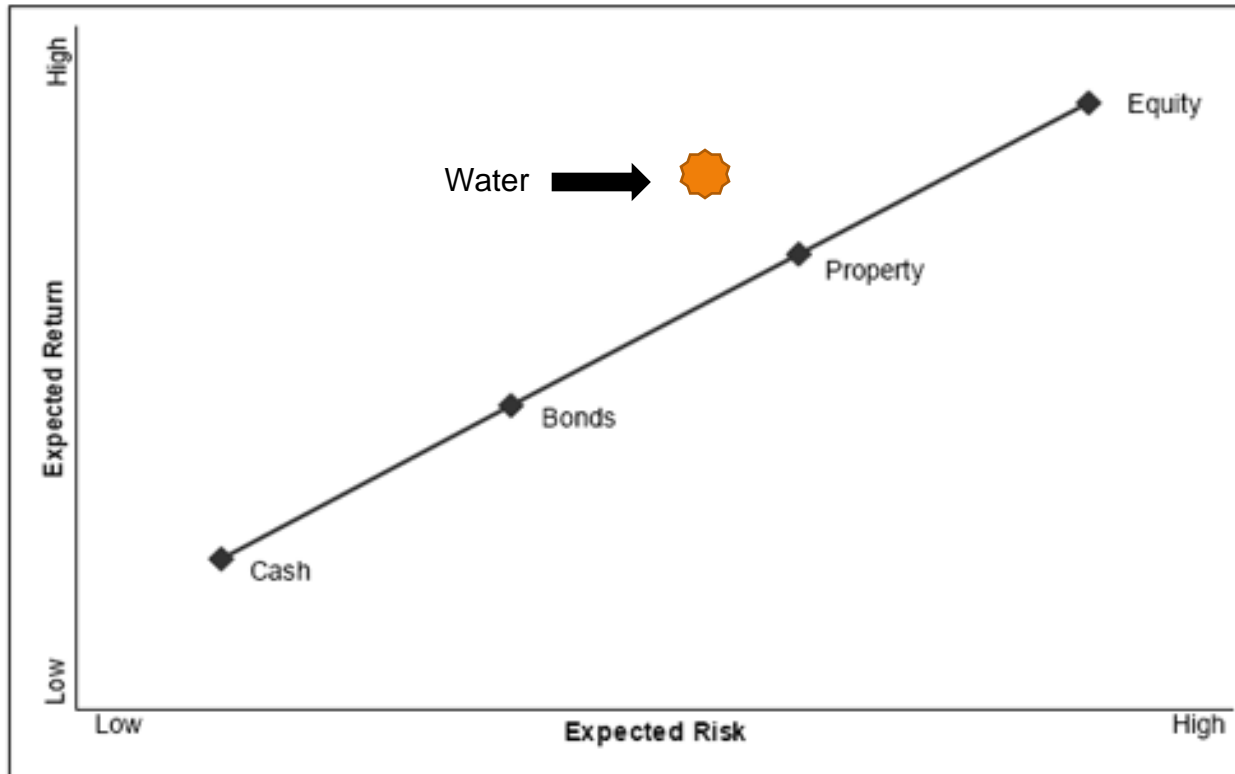
# INSTITUTIONAL INVESTORS

## Investment Goals of Endowment Funds and Pension Funds:

- Invest in assets not well correlated to the stock market
- Avoid the risk that invested funds will be lost
- Obtain a long-term portfolio return commensurate with risks
  - Rule changes
  - Over budget
  - Time value of money

***Investors' perception: Water Has an Asymmetric Return Profile***

# RETURN PER UNIT OF RISK

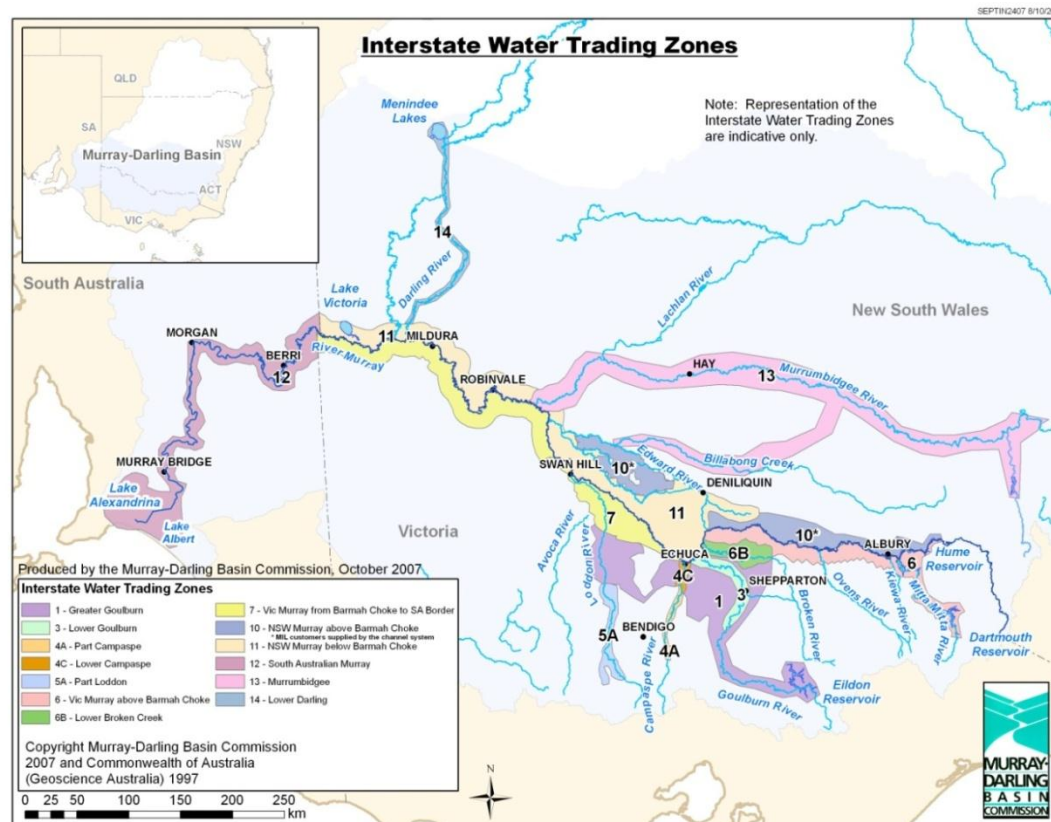


***Expect More Private Investment In The Water Sector.***



# SUGGESTED POLICIES

*Create Geographic Areas Within Your State Where Water Can Be Traded With A High Degree of Certainty And Streamlined Manner.*



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# SUGGESTED POLICIES

*Write a policy statement that embraces private investment in water (i.e. there is an opportunity for profit).*

- We have all heard both sides of this argument...

***Bottom Line: If the private sector is going to invest in water, the public sector must embrace the thought that the private investor should make a profit.***

# MIKE SCHLEHUBER

*CHIEF EXECUTIVE OFFICER*

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- **Career in water**

- Began as a hydrogeologist for an environmental consulting firm in Southern California in the late 1980s
- Joined Vidler Water Company in 1997 and worked to acquire and develop water assets in Arizona, California, Colorado and Nevada
- Following Vidler, worked briefly at Cadiz before joining Summit Global Management as Managing Partner charged with acquiring and developing water assets throughout the western United States and Australia

- **Worked 7 years in public finance putting together numerous bond financings for local governments**

- Gained an appreciation for the challenges faced by local governments in providing services to their constituents while under financial constraints

- **Credentials**

- B.S. in Geology from the University of Notre Dame in South Bend, IN
- M.S. in Geological Sciences from the University of California at Riverside
  - Master of Science thesis, a study of the hydrogeology and geochemistry of the San Jacinto Basin, was published in the *Journal of Hydrology*
- M.B.A from Duke University in Durham, NC
- Earned the designation of Chartered Financial Analyst from the CFA Institute