



Introductory Information

- Pay for Success or Social Benefit Bonds
- First launched in United Kingdom in 2010
- Repayment to investors contingent upon specified social outcomes being achieved
- Encourage innovation to tackle difficult social problems that often have trouble securing Government funding as it may be difficult to rigorously prove their effectiveness. Public-Private Partnership
- Recidivism example: New York State
- Green versus Grey application to DC Water

[Goldman Sachs Presentation - Social Impact Bonds
http://www.goldmansachs.com/our-thinking/impact-investing/massachusetts-social-impact-bond/multimedia/video-01.html](http://www.goldmansachs.com/our-thinking/impact-investing/massachusetts-social-impact-bond/multimedia/video-01.html)

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Summary

- DC Water is structuring an Environmental Impact Bond (EIB) to finance the first project (Rock Creek Project A or "RC-A") in the DC Clean Rivers Project's Green Infrastructure (GI) Program
 - Investors will be repaid based upon the effectiveness of GI in managing the volume of stormwater runoff in RC-A
 - The intended and express purpose of the environmental impact bond (EIB) is to mitigate the financial risk of loss associated with a failure of green infrastructure to manage stormwater runoff as expected
- The expected costs of issuance (COI) are significantly *lower* for the EIB than for a comparable traditional, tax-exempt financing
- The expected all-in true interest cost (TIC) for the EIB is *comparable* to a traditional, tax-exempt financing
- Accordingly, the EIB represents a cost-effective financing solution to manage a portion of the risk associated with implementing GI as a stormwater management practice

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Executed SIBs in the United States (cont'd)

Project	Location	Launch Date	Issue	Service Provider	Payor	Intermediary	Total	Funders	Term
Child Parent Center Pay for Success Initiative	Chicago, IL	October, 2014	Early Childhood Education	Chicago Public Schools Child Parent Center	City of Chicago	Metropolitan Family Services	\$17M	Gottman Sachs Social Impact Fund, Northern Trust Company, Pritzker Foundation, Finnegan Family Foundation	4 years
Massachusetts Chronic Homelessness Pay for Success Initiative	Massachusetts	December, 2014	Homelessness	Massachusetts Housing and Shelter Alliance	Commonwealth of Massachusetts	None	\$3.6M	Corporation for Supportive Housing, United Way of Massachusetts Bay, Santander Bank	6 Years
Cuyahoga Partnership for Family Success Program	Cuyahoga County, OH, USA	December, 2014	Homelessness, Child Welfare	Frontline Service	County of Cuyahoga, Ohio	Cuyahoga PFS, LLC	\$5M	The Reinvestment Fund, The George Gund Foundation, The Cleveland Foundation, Sisters of Charity Foundation of Cleveland, Nonprofit Finance Fund	5 years
Project Welcome Home	County of Santa Clara, CA, USA	August, 2015	Homelessness	Adobe Services	County of Santa Clara	None	\$19M	Several, including Gottman Sachs, Kinage Foundation, and Living Cities	6 Years

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Executed SIBs in the United States (cont'd)

Project	Location	Launch Date	Issue	Service Provider	Payor	Intermediary	Total	Funders	Term
Denver permanent supportive housing	Denver, CO	February, 2016	Homelessness	Colorado Coalition for the Homeless and Mental Health Center of Denver	City and County of Denver	Social Impact Solutions	\$8.6M	Northern Trust, The Denver Foundation, The Pilon Foundation, Laura and John Arnold Foundation, The Colorado Health Foundation	5 years
South Carolina Nurse Family Partnership	South Carolina	February, 2016	Support for first-time mothers	Nurse Family Partnership	State of South Carolina	Social Finance	\$30M	Medicaid, BlueCross BlueShield Foundation, The Duke Endowment, The Boeing Company, Laura and John Arnold Foundation	5 years

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