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# The Problems

## Problem 1

Regions of the West confronting long-term growth have insufficient water supplies to support future population growth.

## Problem 2

Agricultural activities consume and divert up to 80% of water in the Western US each year.





# The Solution



Unlock the value of underutilized water rights by capitalizing on the price differential between agricultural and municipal water.

Identify, acquire, and monetize lower-use water rights by transferring those rights to urban use.

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*Water rights transactions have histories that exceed 100 years in the United States, and the transfer of water rights from water “haves” (typically farmland owners) to water “need-mores” (typically municipalities/cities) will continue.*

How To Invest In Water So We Don't Run Out – Barings Investment Institute

”



# Solution

## Implementation



- 💧 We'll issue a token backed by water rights to fund our acquisitions.
- 💧 Proceeds from the issuance will be used to acquire water assets, creating a portfolio that proportionally back the tokens.
- 💧 The portfolio will utilize available transaction data to create a water rights price index to analyze the historic sales data of water rights.
- 💧 Tokenization unlocks a new way to invest in water rights, making them more accessible and tradable.



# Valuations

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## INDEX MEASURING WATER RIGHTS TRANSACTIONS

The portfolio will utilize available transaction data to create a water rights price index to track portfolio value after new acquisitions and to conduct periodic valuation assessments. The data will be sourced from reputable providers and will ensure a market-reflective valuation of the portfolio.

## ACQUISITION STRATEGY

A pre-defined acquisition formula establishes a maximum purchase price for water rights. This formula ensures acquisitions remain below a specific percentage (e.g. 50%) of comparable transactions within the relevant jurisdiction.

## QUALIFIED APPRAISAL VALUATION

All potential acquisitions undergo a rigorous verification process by a qualified water rights appraiser. This verification confirms alignment with the acquisition formula's criteria, mitigating potential overvaluation.



# Real World Asset Tokenization



- 💧 Real-world assets (RWAs) are tangible, physical assets, like real estate, bonds, or commodities that exist outside the digital realm.
- 💧 The digital certificates or 'smart contracts' that represent a RWA on the blockchain are impervious to alteration or replication and create a secure and transparent record of ownership.
- 💧 RWA tokenization is transforming traditionally illiquid assets like water rights to allow for greater participation in the market and potentially increased liquidity for these assets.



# Why Tokenization

- 💧 Tokenization represents a paradigm shift in the way we think about ownership, investment, and finance.
- 💧 By digitizing real-world assets and enabling fractional ownership, tokenization unlocks new opportunities for liquidity, accessibility, and efficiency.

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*Almost anything of value can be tokenized and tokenization of financial and real-world assets could be the “killer use-case” blockchain needs to drive a breakthrough. We forecast \$4 trillion to \$5 trillion of tokenized digital securities and \$1 trillion of distributed ledger technology (DLT)-based trade finance volumes by 2030.*

- CitiGroup

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# Why Now?

With increasing costs and an inelastic demand, water is a unique commodity that demands attention from investors seeking long-term sustainability and portfolio diversification.

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*...the water systems of the West have come under increasing stress. The ongoing, lengthy drought is partly to blame. In addition, population and economic growth have steadily increased demand for water, at the same time that environmental and social concerns over diversion of water have risen to prominence.*

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**Shopping for Water: How the Market Can Mitigate Water Shortages in the American West**

The Hamilton Project, Stanford Woods Institute for the Environment



# Why Now?

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*Future risks are driven by a wide variety of factors that include population growth, climate change, urban land use, water efficiency adoption, social values, water needs for industry and energy, agricultural conditions, economic conditions, and regulatory oversight. Some of these factors act independently, but most are interconnected.*

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Colorado Water Plan - Executive Summary - 2023

01.

## **INCREASED DEMAND**

A growing population puts more pressure on water resources, with both cities and agriculture needing a consistent supply.

02.

## **CLIMATE CHANGE**

Rising temperatures are leading to earlier snowmelt, reducing spring runoff that typically fills reservoirs. This decreases the amount of water captured during the wet season.

03.

## **PERSISTANT DROUGHT**

Many western areas are experiencing long-term drought conditions, further depleting rivers and reservoirs.



# Financial Projections

## PORTFOLIO ACQUISITION SCENARIO

**Water Rights Acquired in Acre-Feet** 25,000

### Municipal Use Valuation less Development cost

Use Type	Municipal
Qty in Acre Ft.	25,000
Price per Acre Ft.	\$32,500
Value	\$812,500,000

**Ag-Muni Arbitrage Spread** \$406,250,000

**Cash** \$81,250,000

**Goverance tokens** \$81,250,000

**Total Acquisition Cost** \$162,500,000

**Total Tokens Released from Treasury** 16,250,000

**Total Goverance Tokens Released from Treasury** 81,250

### Foot Notes

1. The price per acre-foot is based on appraisal
2. Municipal Future Value (less development costs including administrative fees)
3. Governance Tokens issued are based on the net acquisition cost between cash and percentage of arbitrage spread with value set at convertibility equal to net asset value after tokens recover cash input

## ANNUAL ASSET VALUE

Year	Token Value	Portfolio Value
Year 1	\$25.00	\$406,250,000
Year 2	\$35.00	\$487,500,000
Year 3	\$43.75	\$568,750,000
Year 4	\$59.06	\$650,000,000
Year 5	\$73.83	\$731,250,000
Year 6	\$95.98	\$804,375,000



# Team

**Daniel Kochis** has a long history of closing deals to drive strategic growth. He was integral to Alibaba's first US acquisition, subsequent international acquisitions, and key worldwide strategic partnerships that grew market cap over \$15B. More recently, Mr. Kochis was Head of Global Partnerships at Chainlink, where he was instrumental in positioning the company as the Web3 middleware industry standard, completing 500+ strategic partnerships, translating to over \$8TN in transactional value. Key areas of focus also included blockchain interoperability to bring real world assets on-chain with enterprises such as SWIFT, DTCC, and major banks.

**Brent N. Waller** - Currently, Brent is President and partner of Front Range H2O, a water rights development company with substantial positions in Texas, Colorado, and Wyoming. The past twenty-five years Mr. Waller has invested, developed, and owned projects that include industrial wastewater and municipal water projects, as well as water rights and water pipeline development. Prior to shifting focus to his water related companies for the previous nine years was an executive with a Forbes 100 private investment office of the AG Hill-Hunt family.



# Team

**Dale Leach** - A member of the Fort Collins-Loveland Water District board of directors since 2002. Dale has had extensive experience with a variety of water-related boards throughout the region and has been involved in numerous water court change cases. Having spent over 40 years in the intricacies of water-related issues, Dale specializes in water rights, water systems management, and optimization. Enhancing his expertise in water management was a background in agriculture. Currently, he is the CEO and senior water right specialist for Telesto, an environmental engineering and consulting firm in Fort Collins.

**H. Thomas Monroe** - Mr. Monroe spent more than twenty years in the banking industry. He served in management and ownership roles during this period, as well holding positions as Vice President and CEO of multiple financing entities. His owned and managed groups exceeded \$1.5 billion in lending and financing real estate. In the last decade, he turned his focus towards family investment interests in oil and gas upstream, investments in water reclamation, software technologies and facilities management.



# CONTACT US

The background of the slide is a scenic landscape photograph. In the foreground, there are tall, golden-brown reeds. Behind them is a calm lake reflecting the sky. The far side of the lake features green fields, scattered trees, and distant hills under a blue sky with white clouds. The entire image is overlaid with large, abstract blue shapes: a large semi-circle on the left and a larger, more complex shape on the right that frames the top and right sides of the text.

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