Bond Case Briefs

Municipal Finance Law Since 1971

A New Way to Finance Green City Projects, With a Boost From Foundations.

Atlanta strikes again! The city continues to be an unlikely environmental innovator, with more than a little help from its philanthropic sector. It's made strides in city parks and trails in recent years, and just secured $100 million in state funding for transit projects.

Now the city, along with Baltimore, is rolling out a new twist on the municipal bond that will help build green infrastructure projects, while shifting some of the potential risk or benefit onto private investors. Atlanta and Baltimore are among the first U.S. cities that will use "environmental impact bonds" to pay for sustainability and climate resilience projects, with foundations helping to plan and fund the process in both cases. Atlanta's will be the first such bond that will be publicly offered.

EIBs function much like regular municipal borrowing, but they pay back interest in a variable amounts based on projects' environmental performance. So if a project reduces stormwater runoff by a targeted amount, for example, investors get a bonus, and if it underperforms, they pay a penalty. The idea is provide room to experiment as cities embark on untested projects to make their systems more sustainable and resilient to climate impacts like flooding or storm damage.

In Atlanta's case, the city won the EIB Challenge, which was put on by the Rockefeller Foundation in partnership with impact investing firm Quantified Ventures and city bond platform Neighborly. The challenge was issued to the cohort of Rockefeller's 100 Resilient Cities, and the foundation put up $342,000 toward costs of the program. The bond sale will pay for $12.9 million in green infrastructure projects in a part of town that experiences regular flooding.

In Baltimore, the city is taking out $6 million in environmental impact bonds, with the Chesapeake Bay Foundation paying the same impact investment firm, Quantified Ventures, to manage the deal. Funds will go toward $10 million in planned landscaping projects to reduce stormwater runoff into the Chesapeake Bay.

Both cities are taking a cue from Washington, D.C., which, in 2016, was the first city in the U.S. to try out environmental impact bonds. The water and sewer authority was in the process of building three grey infrastructure tunnels to control stormwater, but used a first-of-its-kind EIB to cancel the third and instead build green infrastructure. The Calvert Foundation was one of the investors in that deal. Other EIBs could go toward energy microgrids, green rooftops, tree canopies, even affordable housing.

Green infrastructure—using advanced landscaping techniques and urban features that absorb stormwater in place instead of channeling it away via filthy pipes and tunnels—is becoming increasingly popular in cities, and among green funders. Some of these infrastructure projects are new territory for municipal departments, which are cautious about where they put tax dollars.

This is just one example of philanthropy trying to close gaps between sustainability projects, including the use of clean energy deployment and private capital. Rockefeller, in particular, is putting a lot of work into creative finance mechanisms, citing trillions of dollars in funds needed to

reach sustainable development goals.

Inside Philanthropy

by Tate Williams

April 2, 2018

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com