Water Rights on the Blockchain

July 17th 2017
ABSTRACT

Blockchain technology is the optimal solution for the decentralized exchange of value and creation of digital assets. Blockchain technology also creates a secure, less expensive and efficient method to exchange ownership of digital assets on a global scale. Bitcoin was the first blockchain digital asset. The popularity of Bitcoin illustrates that digital assets have become an alternative asset for investors.

Our vision is to capitalize on recent technological advancements in the digitization of assets with a particular focus on water rights. We envision an alternative to the traditional capital markets made possible by the ability to create a new class of digital assets. This document will provide readers with clear insight into our strategy for the implementation of decentralized ownership of digital assets backed by a physical store of wealth.

INTRODUCTION

Our mission is to create a digital asset with liquidity that can be exchanged for a variety of digital currencies by creating fractional ownership in actual water rights, removing the financial barrier to entry. Currently, water rights are illiquid assets, which create unnecessary risk by requiring the asset to be held for an unspecified amount of time. Notwithstanding, investing in water rights is the kind of long-term theme that farsighted investors are including in their portfolios.

We will utilize Ethereum’s Smart Contracts and IPFS technology to create less volatile asset backed tokens. AQUA tokens will be issued at the conclusion of our crowdfunding event. The crowdfunding proceeds are intended to be used mainly, but not exclusively, on the acquisition of water rights and development of the AQUA Rights platform. Thus creating a new decentralized digital asset backed by water rights, which can be exchanged on a global scale.
Why Water Rights

The recent devastating drought in the U.S. has taught us a valuable lesson: Water isn’t as plentiful as we think. Water scarcity is a global theme and while water scarcity will not become acute tomorrow, investors with deep pockets and private equity funds continue to plow more money into water rights. Worldwide, the water sector is a $500 billion USD industry and growing. In the next 25 years, up to $25 trillion could be spent on global water according to the Global Water Fund. There is a growing demand for a fixed amount of water. Now is a great time to invest in water as people rethink how they use water and how much they need.

CHALLENGES

Below are a few of the barriers to entry preventing the majority of people from realizing the financial benefits of water rights ownership:

- Water rights are illiquid assets and must be held for an unspecified amount of time.
- Water itself is not (yet) a traded commodity.
- Ownership of water rights generally requires enormous financial commitments.
- Regulatory systems involving water rights ownership can be extremely complex.
SOLUTIONS

While water rights issues are complex, the associated risks are manageable. We will utilize Ethereum’s blockchain tokenization to create AQUA tokens which will represent fractional ownership in actual water rights, removing the financial barrier to entry. Utilizing Ethereum’s token technology will also create liquidity via exchangeability.

ROADMAP

● Phase I: Establish AQUA Rights Platform
● Phase II: Tokenization
● Phase III: Fundraising Events & Token Distribution
● Phase IV: Build Portfolio of Water Rights
● Phase V: Management of the Water Rights Assets

Phase I: AQUA Rights Platform

Creation of the white paper, website, social media accounts and the formation of the legal entity A R Foundation LLC, a Nevada USA organization.

A R Foundation LLC

Similar to existing asset backed tokens, a third party will need to act as the centralized trusted legal entity responsible for the distribution of the tokens, acquisition of physical assets after the successful completion of the fundraising events, management of the reserve assets and the execution of all other off chain operations. Nevada’s favorable environment for blockchain businesses made for an easy choice in the formation of our legal entity A R Foundation LLC.

● Website: AquaRights.com
● Twitter: @AquaRights
● Facebook: Facebook.com/AquaRights
● Instagram: Instagram.com/AquaRights
● GitHub: GitHub.com/AquaRights
Phase II: Tokenization

Token Name & Symbol: AQUA

Minting of AQUA Tokens

We have started the minting of AQUA tokens utilizing Ethereum smart contracts and Solidity programming language by Ambisafe. AQUA tokens will utilize Ethereum’s token technology, which creates liquidity via an exchangeable digital token that is automatically compatible with any wallet or exchange also using this standard token API.

As of July 17th, 2017, a total of 10,000,000 Aqua tokens have been minted. Minted tokens will be stored via Ambisafe Asset Cold Storage. There will be a maximum of 100,000,000 AQUA tokens minted. No additional tokens will be minted after the end of the crowdfunding event. Any unclaimed AQUA tokens at the conclusion of the crowdfunding event will be destroyed.

Worldwide Exchange Listing

We will be listing AQUA tokens with eligible trading platform exchanges worldwide. The AQUA tokens meet all technical requirements and exchange integration can be fast-tracked.

TOKENIZATION BENEFITS

- Affordability of fractional ownership
- Compatibility via a variety of wallets & exchanges
- Liquidity via simplicity of exchangeability
- Accountability with transparency
- Stability of an asset backed token
- Security of the Blockchain
Phase III: CROWDFUNDING EVENTS

The A R Foundation will be accepting contributions to support the genesis of the AQUA Rights platform and portfolio. Contributors may exchange ETHER (ETH) for AQUA Tokens during crowdfunding events via the AquaRights.com website. At the successful conclusion of the crowdfunding events the AQUA tokens will be distributed to contributors. The pledged ETH will be retained in a multi-sig wallet by the A R Foundation and disbursed per the allocation strategy. To ensure transparency, the A R Foundation and its representatives will not acquire AQUA tokens during crowdfunding events.

Visit the AQUA Rights website for Crowdfund Event Details: http://aquarights.com/crowdfunding

Pre-Crowdfund Event - July 31, 2017 to August 15, 2017

The Pre-crowdfunding event will enable early supporters to contribute before the scheduled opening date for the AQUA Rights platform token crowfunding event. There will not be limits on the pledged amount of supporters.

- AQUA Tokens will be offered at a 30% discount during the Pre-crowdfunding event.
- Cap will be set to 10,000,000 AQUA tokens for the Pre-Crowdfunding event.
- Contributors may exchange ETHER (ETH) for AQUA Tokens.

All subscribed early supporters will receive a priority pass to participate before the crowdsale starts.

Crowdfund Event- August 16, 2017 to September 15, 2017

The Crowdfunding event will enable all supporters to contribute to the AQUA Rights platform token crowfunding event. There will not be limits on the pledged amount of supporters. Minted AQUA tokens will be distributed via an Ethereum Smart contact to contributors, based on the amount pledged, following the successful conclusion of the crowfunding event.

- AQUA Tokens will be offered at a discount during the early stages of the Crowdfunding event.
- Cap will be set to 100,000,000 AQUA tokens for the Crowdfunding event.
- Contributors may exchange ETHER (ETH) for AQUA Tokens.

If a minimum pledged value goal of $1,000,000.00 million USD is not achieved, contributions will be returned to the supporters after the close of the crowdfunding event.

Visit the AQUA Rights website for Crowdfund Event Details: http://aquarights.com/crowdfunding
ALLOCATION OF FUNDS:

A minimum of 70% of contributions pledged during the crowdfunding event will be utilized for the acquisition of the physical water rights assets. The amount may be increased based on the total contributions pledged.

The A R Foundation will establish a reserve fund of 15% from the contributions pledged during the crowdfunding event. The reserve fund will be used to settle expenses incurred by the assets, including but not limited to property taxes, management or maintenance fees. Future net income arising from the water rights assets will be retained in the reserve account.

An operating account will be funded with 15% of the contributions pledged during the crowdfunding event. These funds will support the operating expenses until the water rights assets begin to generate an income.

TRANSPARENCY

Transparency will be of the utmost importance. Implementation of cryptographic audit technology shall enable the verification of activities of the A R Foundation via the blockchain. The goal will be to provide maximum transparency while simplifying the due diligence process for token holders.

Key Factors

- Use of contributions from crowdfunding events
- Possession of declared assets
- Tracking of operating expenses
- Proof of reserve accounts
- Allocation of net income from assets
- Updated audits

FUTURE GOVERNANCE

Our goal is to maintain the AQUA Rights platform as decentralized in nature as possible. The A R Foundation may conduct surveys to elicit the opinion of token holders. The outcome of the surveys will be taken into account in decisions made concerning the AQUA Rights platform. However, the results of a survey will not be binding or enforceable by token holders. The A R Foundation reserves the right to take any action or decide any matter at its sole discretion. Only valid token holders will be authorized to participate in a survey.
Phase IV: Build Portfolio of Water Rights

AQUA’s fourth phase will begin the acquisition of the physical water rights. This will entail conducting due diligence on each prospective property. Ideal target assets would already have revenue streams. Legal title for assets will be held in a trust and be documented via smart contracts. Below are a few sample prospects we are currently researching:

**BEAR CREEK RANCH - WYOMING, USA**
Bear Creek Ranch is a unique legacy property located along the western slope of the Big Horn Mountains in Big Horn County, Wyoming. Stretching from the base of the mountains to the Big Horn River, Bear Creek Ranch is comprised of 2,725 deeded acres. Ranging from 4,000 to 8,000 feet in elevation, the ranch’s irrigated pastures, open range lands, creeks, springs and canyons, are home to an abundance of Rocky Mountain wildlife. Bear Creek Ranch represents all facets of a Wyoming legacy ranch with 250 irrigated acres of senior water rights.

**RANCHO CORTES - COSTA RICA**
This 32 acre farm is made up of rolling hills, secondary forest with rivers that run through the property creating waterfalls and swimming holes. The property borders over 150 meters of main public road with electric in place to the entrance of the farm. This farm sits exactly behind the Terraba Grande River. This farm is a must see for any buyer looking in Southern Costa Rica. Water rights are also available.

**CAMBRIDGE - IDAHO, USA**
This property sits in the Weiser River Valley. Surrounded by the snow capped Salmon River Mountains & consists of +/-1250 deeded acres with an additional 40 Acres of BLM. This property has both sides of the Little Weiser River frontage for 1.5 miles. The property includes 600 acres of adjudicated water rights & an additional 500 acres of water rights from Ben Ross Reservoir. The property presently produces 1800 tons of hay.
SAMPLE USE CASE – Asset Generating Income

Bear Creek Ranch

Bear Creek Ranch is located along the western slope of the Big Horn Mountains in Wyoming and is comprised of 2,725 deeded acres with 250 irrigated acres of senior water rights, irrigated pastures, open range lands, creeks and springs.

The Property currently produces 1250 tons of hay per year.

Leasing the irrigated acres for hay production – The estimated income from leasing the 250 irrigated acres could be approximately $75,000.00 per year.

Grazing Rights – Leasing the remaining pastures and open range acreage could generate an additional $30,000.00 per year.

Gross Income – The gross income potential of the asset could be approximately $105,000.00.

Liquidation – Appreciation in value over time may warrant the liquidation of the asset at some point. Proceeds would be reinvested into new assets.

Phase V: Management of the Water Rights Assets

AQUA’s fifth phase will encompass the management of the water rights assets in a cost effective manner to achieve the greatest return. Management activities will include but not be limited to:

● General Business Operations
● Leasing of Assets
● Maintenance of Assets
● Liquidation of Assets
● Acquisition of Assets
● Auditing of Assets
TECHNOLOGY

ETHEREUM

Our choice of Ethereum as the blockchain protocol was influenced by the following:

Ethereum incorporates the blockchain, data distribution and tokens all via the same platform. Ethereum smart contracts provide a means for tokenized assets that are exchangeable digital tokens that are automatically compatible with any wallet, other contract or exchange also using this standard token API.

Some of the world's largest financial software companies, including IBM & Microsoft, have endorsed Ethereum’s technology.

AMBISAFE

AQUA tokens will be minted utilizing Ethereum smart contracts and Solidity programming language by Ambisafe. Minted tokens will be stored via the Ambisafe Asset Cold Storage with multi-sig capabilities which requires multiple confirmations from trusted parties to securely perform management actions.

The Ambisafe Exchange Listing Assistance will ensure to fast track listing of the AQUA tokens on exchanges worldwide.

IPFS

The Interplanetary File System (IPFS) is a peer-to-peer distributed file system. IPFS protocol utilizes blockchain network infrastructure in order to store and share unalterable data. Local files can be added to the IPFS file system, distributed in a decentralized manner, making it available to the world.
TEAM

Our team is composed of experienced entrepreneurs who excel at identifying and developing new opportunities via revolutionary solutions. The founders of the organization have over twenty years of experience working together with a proven track record of building million dollar companies.

CR Rogers - Founder & CEO

Has spent the past 20 years as an entrepreneur during which he founded two companies in unrelated industries. Both businesses achieved over a million dollars in revenue each. Previously served 10 years in the world of finance with a focus in global payment technologies at JCB Co. LTD and First Data Corporation.

Self-praise is for losers. Be a winner. Stand for something. Always have class, and be humble. -- John Madden

Kelly Ames - Founder & COO

Has spent the past 8 years as the Executive Director of non-profit that achieved self-sustainability with a global reach within the first year. With a background in organization management, she brings her knowledge and expertise to several boards as advisory counsel. Previously, spent 15 years as a successful entrepreneur, partnering in several start-up companies with revenues exceeding one million dollars each.

The future belongs to those who believe in the beauty of their dreams.
- Eleanor Roosevelt
CONCLUSION

This whitepaper has been prepared for purposes of offering insight into our strategy for the implementation of removing the financial barrier to entry of physical water rights ownership. In the new digital age, the possibilities of asset back tokens have never been more promising. The Ethereum blockchain allows for the tokenization of assets via smart contracts which can be exchanged securely on a global scale transcending borders. Creating a new decentralized digital asset, the AQUA tokens are backed by physical water rights, independent of liquidity constraints, while value is maintained by the backing asset.

In the next 25 years, up to $25 trillion could be spent on global water according to the Global Water Fund. There is a growing demand for a fixed amount of water, now is a great time to participate in the water industry as people rethink how they use water and how much water they need. We invite you to be a part of the AQUA Rights platform by contributing to the cause.

For additional information please feel free to contact us at info@aquarights.com.
RISK

You should be familiar with the types of financial instruments tokens represent. AQUA tokens are exchangeable, not for speculative investment or refundable. No promises of inherent value are or will be made in respect to the AQUA tokens including no promise of future performance. Under certain market conditions, you may find it difficult or impossible to liquidate tokens.

A sufficient understanding of the functionality, usage, storage, and other material characteristics of Ether token storage (wallets) and blockchain technology systems is recommended. By participating in the crowdfunding events, including the contribution of ETHER to the A R Foundation and receiving tokens, you acknowledge and agree that you understand the risks associated with cryptocurrencies.

DISCLOSURES

AQUA token ownership grants the token holders rights to the AQUA Rights platform. AQUA tokens do not represent any kind of share or equity in the A R Foundation LLC legal entity, does not give any rights on dividend or interest and therefore does not qualify as a security.

The A R Foundation shall have the right, but not the obligation, to repurchase some or all of the AQUA tokens. There shall be no limit to the number of repurchasing events that may be conducted by the A R Foundation. To ensure transparency, the A R Foundation and its representatives, will not acquire AQUA tokens during crowdfunding events.