BIG PICTURE

- Why are you sponsoring an ILF?
- How does this differ from your traditional activities?
WHY DO WE NEED FINANCIAL ASSURANCE

- The 2008 Rule requires it

- LIABILITY TRANSFER
  - Sponsor stands in the shoes of the permittee and is responsible to deliver compensatory mitigation
FA BENIFTS THE SPONSOR

- FA Protects the Sponsor
  - FA should not be thought of as a cost or burden, but rather as an essential tool to protect the Sponsor
  - Limit your financial risk
HOW CAN AN ILF PROVIDE FA?

- Traditional FA Mechanisms
- Contingency Fund
CONTINGENCY FUND

- Contingency amount built into advance credit price.
  - 10% - 30%
  - Sliding Scale or Flat Rate
- Co-Mingled in a Contingency Sub-Account
  - Available to support all/any project
  - Program wide (or service area)
  - Cap or limit
TRADITIONAL FA FROM WORK PARTY

- FA does not have to end with the Contingency Account
- Require traditional FA from the work party
REVISIT FA ADEQUACY

- How do you know if the size of your Contingency Fund is adequate?
  - Revisit (annually) as part of your pricing review with the IRT
Questions?

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