



NFWF

A large flock of birds, likely terns, is captured in flight against a vibrant sunset sky. The birds are silhouetted against the warm orange and yellow light of the setting sun. In the foreground, the dark, vertical stalks of reeds or grasses are visible, partially obscuring the view of the water. The overall scene is a natural, serene landscape.

ILF WORKSHOP FINANCIAL ASSURANCE

July 2016

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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