



Topic: **Reservoir Committee Agenda Item 3-4** **2018 June 21**

Subject: **Phase 2 Participation Agreements**

Requested Action:

For discussion and possible direction to staff regarding ongoing activities to develop the Phase 2 Participation Agreements, and consider the following actions:

Action 1: Consider including the Phase 2 Work Plan, once approved, as an exhibit to the Phase 2 Participation Agreement.

Action 2: Consider if the step-up provision in the Phase 2 Participation Agreement should be based on a select set of signatories or to all signatories to the Phase 2 Participation Agreement.

Detailed Description/Background:

Work Group lead and staff to provide a report on the activities to develop the Phase 2 Participation Agreements.

1. Phase 2 Work Plan: The phase 1 agreement included the detailed work plan as Attachment 1 to Exhibit B. Exhibit B included “requirements” that are similar to what is typically included in a Project Management Plan. The current working assumption being used to prepare the Phase 2 Participation Agreement is the Phase 2 Work Plan would be included as an exhibit, but it is not required to be included as a condition to secure interim financing.
2. Step-up Provision: The Participation Agreement needs to address how the risk will be managed should a participant default. The typical approach is to identify participants who will step up and assume the obligation in exchange for receiving the benefits or share in the Project. The current working assumption being used to prepare the Phase 2 Participation Agreement is that a subset of the signatories to the agreement will be identified in an exhibit to the agreement. An alternative approach is to require all participants agree to step up.

Prior Reservoir Committee Action:

None

Fiscal Impact/Funding Source:

None

Staff Contact:

Jim Watson

Attachments:

None.