

THE RURAL MUNICIPALITY OF EAST ST. PAUL

POLICY & PROCEDURES MANUAL

<i>Reference</i> Planning	<i>Classification</i> Policy
<i>Subject</i> Irrevocable Letter of Credit Policy	<i>Pages</i> 2
<i>Authority</i> Council	<i>Effective Date</i> September 4, 2013
<i>Approved</i> Resolution #395/2013	<i>Index</i> PLA-108

PURPOSE

The purpose of this policy is to determine the amount of Letter of Credit when required through a Development Agreement for any future subdivisions or developments in the Rural Municipality of East St. Paul.

DEFINITIONS

Works – all installation of municipal services is included in a Development Agreement as agreed between a developer and the Rural Municipality of East St. Paul.

PROCEDURE

- 1) The Developer must provide to the Municipality an Irrevocable Letter of Credit from a chartered bank in Canada or Manitoba Credit Union covering labour, material, and maintenance in favour of the Municipality, in form satisfactory to the Municipality, for the purpose of ensuring due compliance with the provisions of a Development Agreement.
- 2) The Irrevocable Letter of Credit shall cover a percentage of the total contract value or estimate of the work as determined by the Developer Engineer and approved by the Municipal Engineer.
- 3) The Irrevocable Letter of Credit shall remain in force for a period of thirty-six (36) months from the date of the Development Agreement.
- 4) The Irrevocable Letter of Credit shall include an automatic renewal clause.
- 5) The percentage amount of the Irrevocable Letter of Credit shall be requested by the municipality and be based on the following criteria:
 - a) Under \$1,000,000.00 value of works – 100% of the total contract value or estimate
 - b) Between \$1,000,001.00 and under \$2,000,000.00 value of works – 50% of the total contract value of the estimate.

- c) Over \$2,000,001.00 value of works – 35% of the total contract value of the estimate.
- 6) The amount of the Irrevocable Letter of Credit may be reduced according to the requirements of the Development Agreement as agreed between a developer and the Rural Municipality of East St. Paul.