LETTERS OF CREDIT/GUARANTEE

Standards Required

1. The Letter of Credit can be for a limited term or it can have an automatic renewal/extension clause. With an automatic renewal/extension clause **there must be a clause requiring the financial institution to notify the City of St. Albert in writing by registered mail at least 30 days prior to the expiration of the security if the security will not be renewed.**

2. The credit must be "irrevocable".

3. **The reference to the project in which the Letter of Credit applies must be as follows**:

   (a) Development Agreement

   "Covering all obligations, terms, and conditions under the Development Agreement as amended, extended, or renewed for _____ _____."

   (b) Capital Recreation Contribution Agreement

   "Covering all obligations, terms, and conditions, under the Capital Recreation Contribution Agreement as amended, extended, or renewed for _____ _____."

   (c) Development Permit

   "This Letter of Credit is to cover all obligations, terms, and conditions under the Development Permit as amended, extended, or renewed for Development Permit No. _____."

   (d) Subdivision or Bareland Condominium Approval

   "This Letter of Credit is to cover all conditions under the Subdivision/Bareland Condominium Approval for _____ _____."

   (e) **Owner/Permit/Customer Link** (used where the recipient of the development permit and entity providing the letter of credit are not the same)

   This Letter of Credit is to cover all obligations, terms, and conditions under the Development Permit as amended, extended, or renewed for Development Permit No. _____ issued to _____ on land owned by _____.

4. Letters of Credit will be accepted from any Chartered Bank, Credit Union or from ATB Financial.

5. There must not be any restrictions on the City's ability to demand on the Letter of Credit.

6. Performance Bonds will not be accepted.

7. 100% cash deposits will be accepted as security, but with no payment of interest.

Reductions in Letters of Credit

1. Approval must be requested through the City's Planning and Engineering Services Department. All Letter of Credit reductions will be made in accordance with Council Policy C-P&E-03 Letter of Credit/Security. If it is determined that the Letter of Credit can be reduced, the Engineering Department will correspond with you to offer the reduction. It is up to you to contact your bank to have the credit amended.

2. Amended or new Letters of Credit provided to the City must be as per the aforementioned criteria.

Remittance to the City

1. Please send all Letters of Credit to:

The City of St. Albert
5 St. Anne Street
St. Albert, AB T8N 3Z9
Planning & Engineering Services

We have included this checklist to help ensure that the letter of credit you submit is accepted by the City of St. Albert.

- ❑ Is the credit irrevocable?
- ❑ Have you used the proper subject line as per item 3?
- ❑ There are NO conditions or restrictions that will hinder the City's ability to demand the security.
- ❑ Partial drawings are permitted?
- ❑ Can the City draw on this letter at an Edmonton or area branch?
- ❑ The letter is not transferable or assignable?
- ❑ The uniform customs and practice clause is stated?
- ❑ If letter of credit goes over two pages is the letter of credit # on page 2?

The answer to all of the above points should be yes, if not you should be aware that the letter of credit would most likely be returned to you for correction.