



## RURAL MUNICIPALITY OF ST. ANDREWS POLICY AND PROCEDURES MANUAL

<b>POLICY NAME:</b> Letter of Credit (or Cash-in-Lieu) Procedure Policy	<b>POLICY NUMBER:</b> EVD-03
<b>POLICY MANUAL SECTION:</b> Environmental Development Services	<b>RESOLUTION NUMBER:</b> 39-2017
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### LETTER OF CREDIT (OR CASH-IN-LIEU) PROCEDURE POLICY

#### Purpose

The purpose of this policy is to provide a procedure for how a letter of credit (or cash-in-lieu) amount is determined when preparing a development agreement related to a subdivision application.

#### Policy

- 1a) If a development proponent proposes to sell and transfer lots at the Winnipeg Land Titles office prior to constructing municipal works provided for in a development agreement, the development proponent shall provide a letter of credit (or cash-in-lieu) covering 100 percent of the municipal works.
- 1b) If a development proponent agrees to construct the municipal works as provided for in a development agreement within one year of executing such an agreement and further agrees that no lots will be transferred (they can be pre-sold) at the Winnipeg Land Titles office until the works are substantially completed, the development proponent shall provide a letter of credit (or cash-in-lieu) covering 66 percent of the municipal works.
- 2) Until the municipal works are 100% complete as certified by the municipal engineer, the letter of credit (or cash-in-lieu) value will increase on a yearly basis at a rate comparable to the Consumer Price Index.

#### Procedure

- 1) The development proponent shall provide to the municipality a professional registered engineer's estimate or a contractor's quote, for all of the municipal works outlined in the draft municipal development agreement.
- 2) The municipality will have the engineer's estimate or the contractor's quote confirmed as reasonable with the municipal engineer.
- 3) The development proponent shall indicate to the municipality whether the letter of credit (or cash-in-lieu) amount will be either Option 1a or Option 1b.

- 4) The letter of credit (or cash-in-lieu) component of development agreement will be drafted to reflect the request of the development proponent.
- 5) Subject to approval by Council, the letter of credit (or cash-in-lieu) component of the executed development agreement will either provide for Option 1a or Option 1b.
- 6) The letter of credit (or cash-in-lieu) amount may be reduced at the sole discretion of the municipality as the municipal works are being installed.
- 7) The development proponent shall request in writing that the municipality consider reducing the letter of credit (or cash-in-lieu) as the municipal work progresses.
- 8) Any municipal costs associated with reducing the letter of credit (or cash-in-lieu), including costs of the municipal engineer, shall be paid for by the development proponent.