



PROCEDURES PD01-P1

Letters of Credit

		APPROVALS:	
Related Policy:	Development Agreement Security Policy C-PD01	CAO	_____
Prepared By:	Planning and Development Services	General Manager	_____
Effective Date:	_____	Manager	_____
Previous Revision Date:	New	LAS Endorsement:	<u>gm</u> _____
Function:	Planning and Development		

PURPOSE

Policy C-PD01 shall be supported with the following procedures where a Letter of Credit has been submitted to Planning and Development Services as the form of security identified under a signed Development Agreement between a developer and the County.

ACTION STEPS

All original Letters of Credit to the benefit of Parkland County in accordance with *Council Policy C-PD01 – Development Agreement Security* shall be placed in the custody of Financial Services in accordance with the following procedures.

1. When the developer chooses to provide security in accordance with Policy C-PD01 in the form of an irrevocable and unconditional Letter of Credit issued by a chartered bank or the Treasury Branch, the Letter of Credit shall:
 - a. be for an initial term of no less than one (1) year; auto renewals are preferred;
 - b. be renewed by the developer at least thirty (30) days prior to its expiry and delivered to the Manager of Planning and Development Services as many times as is necessary until all Final Acceptance Certificates (FACs) have been issued by the Manager of Engineering Services, or designate;
 - c. be automatically extended without amendment for one (1) year from the present or any future expiration date unless at least sixty (60) days prior to any such expiration date, the bank shall notify Parkland County in writing by registered mail (c/o Manager of Planning and Development Services) that it intends not to extend the Letter of Credit;
 - d. have an expiry date which falls on a weekday and which is not a statutory holiday;
 - e. provide that partial draws are allowed and shall state that the Letter of Credit is to be available as security for any and all obligations whatsoever of the developer under the Development Agreement; and
 - f. submitted to the Manager of Planning and Development Services who will review the Letter of Credit against these procedures.
2. When a Letter of Credit has been received and accepted by the Manager of Planning and Development Services, the original and all accompanying correspondence, including a copy of the executed Development Agreement will be forwarded to Financial Services, along with any instructions concerning the same.

3. Planning and Development Services will keep a copy of all the material for its files in order to administer security in all other aspects. Administer means initiating those actions which Parkland County is legally entitled to take and which are itemized in the various Letters of Credit. Examples are assignments, drawings, additions, reductions and extensions.
4. As custodian, Financial Services will maintain a master list of all active Letters of Credit and shall issue such list from time to time to the organization as the occasion demands.
5. The Letters of Credit shall be kept in a vault and filed in alphabetical order while accompanying correspondence is maintained in a separate location by Financial Services.
6. Financial Services will release to Planning and Development Services Letters of Credit in accordance with its terms upon receiving specific instructions to do so from Planning and Development Services. A Letter of Credit must be returned to the issuer for cancellation when it is no longer required.

RESPONSIBILITY

The Manager of Planning and Development Services shall evaluate any Letter of Credit received by Parkland County as security under Policy C-PD01 and determine its compliance with these procedures, prior to accepting and processing the Letter of Credit.

Jointly, the Manager of Planning and Development Services and the Manager of Financial Services are responsible for the development, implementation, monitoring, and evaluating these procedures.