



URBAN DEVELOPMENT INSTITUTE- OKANAGAN CHAPTER

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City of Kelowna
1435 Water Street
Kelowna, BC, V1Y 1J4

Attention: Doug Gilchrist, City of Kelowna

Subject: Expanding Acceptance of Surety Bonds as Alternative to Letter of Credit

UDI Okanagan is appreciative of the fact that after discussions with UDI, the City of Kelowna has agreed to accept Surety Bonds as an alternative form of security to a Letter of Credit for works and services on developments.

It has recently come to our attention, however, that not all departments within the City of Kelowna are currently accepting Surety Bonds. While the City of Kelowna has worked with a Security Bonding company called Marsh Canada to arrive at acceptable terms for works and services security, the City is not accepting Surety Bonding for Development Cost Charges (DCCs) security, Landscape Bonding and perhaps others.

For this reason, we are now requesting that the City examine the opportunity to expand its acceptance of Security Bonding regardless of what the security is for. This would create consistency across all City departments.

Surety Bonds provide flexibility for developers and could potentially lower costs. This in turn can equate to lower development and housing costs, especially during these challenging times of increasing DCCs and construction costs. This type of Bond also provides the municipality with the required security, so there is no added risk to the municipality nor is there an added administrative burden. In addition, other municipalities such as Calgary and Edmonton currently accept Surety Bonds for items beyond only works and services such as for DCCs.

We encourage the City to accept this form of Bond for DCCs and other forms of security, providing additional options for developers to bring housing to the community. We understand that some within the City might have concerns with Surety Bonding for items other than works and services and we would appreciate the opportunity to meet with the City, along with representatives from a Surety Bonding company to discuss this further and gain a better understanding of the concerns and see if they can be addressed. We believe that by working together we can come to a positive resolution that would be beneficial to both parties.

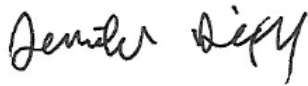
Thank you in advance for your consideration.

Sincerely,

URBAN DEVELOPMENT INSTITUTE OKANAGAN CHAPTER

Jennifer Dixon, Executive Director of UDI Okanagan

Rich Threlfall, Chair of UDI Okanagan

Handwritten signature of Jennifer Dixon in blue ink.Handwritten signature of Rich Threlfall in blue ink.