

Development Agreement

DEVELOPMENT STAGE X

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SCHEDULES

SCHEDULE I -	SITE PLAN
SCHEDULE II -	WATER, SANITARY SEWER, STORM SEWER AND ROADS
SCHEDULE III -	LANDSCAPING AND FENCING
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SCHEDULE VI -	IRREVOCABLE LETTER OF CREDIT

MEMORANDUM OF AGREEMENT made in duplicate day of , 2013.

BETWEEN:

THE CITY OF SPRUCE GROVE, a Municipal Corporation of the Province of Alberta (hereinafter called "the City"),

OF THE FIRST PART,

And

"DEVELOPMENT COMPANY"

A body corporate, having its head office at

The **"CITY OF DEVELOPMENT COMPANY"** in the Province of Alberta

(hereinafter called "the Developer"),

OF THE SECOND PART,

WHEREAS the Developer is the registered and equitable owner of those lands situated in the City of Spruce Grove, Province of Alberta outlined in heavy black on Schedule I attached hereto (hereinafter called the "Said Lands");

AND WHEREAS the Developer has applied for a redistricting of the Said Lands to **"LAND USE DISTRICT eg R-1D"**.

AND WHEREAS Council requires confirmation that necessary infrastructure and servicing are available or will be constructed or contributed to by the Developer;

AND WHEREAS if redistricting is approved for the Said Lands and if the Developer seeks a subdivision of the Said Lands and if such subdivision is approved, the City and the Developer agree that the terms of the within Agreement will become effective and apply and bind the Developer and the City;

AND WHEREAS upon this Agreement becoming effective, the Developer has agreed to install and construct Municipal Improvements to service the Said Lands in accordance with the terms, conditions and provisions herein contained;

AND WHEREAS the parties upon entering into this Agreement provided for the development of the Said Lands, and agree at the same time to other commitments necessary to integrate the Said Lands with facilities within the City;

AND WHEREAS the development of the Said Lands will create a need to expand municipal facilities in areas other than the Said Lands proposed by the Developer;

NOW THEREFORE in consideration of the premises and mutual terms, covenants and conditions to be observed and performed by each of the parties hereto, the City agrees with the Developer and the Developer agrees with the City as follows:

I. INTERPRETATIONS

1. "**Adjoining Land**" shall include contiguous land, adjacent land and all parts of a parcel of land only a part of which is actually adjoining or adjacent to any other land.
2. "**Benefited Lands**" means land whether owned by either of the parties to this Agreement or any other person or body corporate which, because of the construction of Oversize and/or Boundary Municipal Improvements (in the Said Lands), has had or will have its value enhanced.
3. "**Boundary Municipal Improvements**" shall mean Municipal Improvements constructed on the perimeter of the Said Lands.
4. "**Carriageway**" shall mean the width of any road measured from the face of one curb to the face of the opposite curb, or in the case of graveled lanes or roads the width of gravel at the surface from shoulder to shoulder.
5. "**Construction Completion Certificate**" shall mean an assurance in writing issued by the Engineer that construction of the Improvement has been completed in accordance with this Agreement.
6. "**Consulting Engineer**" shall mean the Consulting Professional Engineer, Engineers or Landscape Architect (for landscape infrastructure) retained by the Developer at the Developer's expense.
7. "**Contributing Hectares**" are those hectares remaining in the Said Lands after deducting Municipal and Environmental Reserve Lands.
8. "**Dwelling Unit**" shall mean a legally authorized self contained room or self-contained rooms provided with sleeping, cooking and toilet facilities intended to be used or being used as a residence for one or more persons living together as a single housekeeping unit.
9. "**Essential Services**" shall mean all those Municipal Improvements defined under Article I, Clause 13, (a), (b), (c), (d), (e) and (f) of this Agreement.
10. "**Final Acceptance Certificate**" shall mean an assurance in writing issued by the Engineer that the improvement and maintenance has been completed as herein required.

11. **"Landscape Plans"** shall mean Plans and specifications as prepared by the Developer, indicating the landscaping of all lands as may be required by the City, either within or adjacent to the Said Lands, including but not limited to berms, buffer strips, utility lots, boulevards and recreation and playground areas, and included in such Landscaping Plans shall be details for uniform fencing and such recreational equipment and facilities as may be required within the development area which may serve the residents who reside in the development area, all of which will be subject to the approval of the Engineer.
12. **"Municipal Development Standards"** shall mean the standards and specifications set out and contained in Schedule V hereto annexed and attached for the design, construction and installation of Municipal Improvements in and adjacent to the Said Lands, including any alterations to or amendments to such standards and specifications which may be agreed upon in writing by the City and the Developer, and as well shall include all the conditions imposed by the City.
13. **"Municipal Improvements"** shall mean and include:
 - a. Water mains including all fittings, valves, pressure reducing valves, hydrants and other related appurtenances.
 - b. Water connections from water mains to the property of each lot in accordance with municipal specifications.
 - c. Sanitary sewer mains including all manholes and other related appurtenances.
 - d. Sanitary sewer connections from the sanitary mains to the property of each lot in accordance with municipal specifications.
 - e. Storm sewer system including pipe, catch basins, culverts, manholes, ditches, swales and other related appurtenances.
 - f. Storm water management facilities.
 - g. Concrete sidewalks and asphalt trails.
 - h. Concrete curbs and gutters.
 - i. Roads with gravel base and asphalt surface.
 - j. Lanes with gravel base and asphalt surface.
 - k. Street lighting with underground wiring.
 - l. Underground power distribution.
 - m. Underground telephone distribution.
 - n. Underground cable T.V. distribution.
 - o. Natural gas distribution mains.
 - p. Landscaping, including uniform fencing and subdivision identification signs.
 - q. Traffic signs and street name signs.
 - r. Third Order Alberta Survey Control Monuments complete with survey ties.

- s. Mail boxes; including concrete pad. (coordination of site locations with Canada Post)
 - t. Transit Stops.
14. "**Offsite**" shall mean any area, place, construction or work or improvement required to service the Said Lands with Municipal Improvements but not actually within the boundaries of the Said Lands.
 15. "**Oversize**" shall mean the extra size and/or depth of underground Municipal Improvements excluding water mains and/or the total cost of extending underground Municipal Improvements excluding water mains to the boundaries of the Said Lands which are required to service lands other than the Said Lands.
 16. "**Plans**" shall mean Plans and specifications stamped "Reviewed" by the Engineer for the Municipal Improvements required to service the Said Lands in accordance with the Municipal Engineering Standards.
 17. "**Prime Rate**" shall mean the Prime Rate of interest quoted by the City's primary financial institution at Spruce Grove, Alberta on the first day of each month in which the rate is to be applied, as the Prime Rate of interest for Canadian dollar commercial loans made in Canada.
 18. "**Public Reserve Land**" shall include roads, lanes, streets, parks, utility lots, walkway lots, boulevards and ornamental parks and all land which the Developer is obliged to transfer to or place in the name of the City by reason of the provisions of the Municipal Government Act and the Subdivision and Development Regulation in force in the Province.
 19. "**Said Lands**" mean the lands outlined in heavy black on Schedule I attached hereto.
 20. "**Security**" shall mean an Irrevocable Letter of Credit issued by a chartered bank or the Treasury Branch.
 21. "**Sewer Outlet Acceptance Point**" shall mean the point designated on Schedule II as such or some other point on the perimeter of the Said Lands which has been designated and agreed to in writing by the parties hereto with the approval of the Engineer, at which point the City will accept for disposal all the sanitary sewage waste from the Said Lands.
 22. "**Storm Water Management Facility**" shall mean a storm water pond used for controlling the rate of storm water discharge and storm water runoff quality from a specified area.
 23. "**Surface Improvements**" shall mean all those Municipal Improvements defined under Article I, Clause 13, (g), (h), (i), (j), (q), (s) and (t) of this Agreement.
 24. "**The Engineer**" shall mean the General Manager of Planning and Infrastructure or his designate as employed or retained by the City.

25. "**Water Inlet Acceptance Point**" shall mean the point designated in Schedule II on the perimeter of the Said Lands which has been designated and agreed to in writing by the parties hereto and approved by the Engineer at which point the City will deliver water to the Said Lands.
26. "**Working Days**" shall mean any day, other than a Saturday or Sunday or a Statutory or Civic Holiday, when atmospheric and/or ground conditions are such that the Contractor is able to work, on one or more of the main work items, at least seven (7) hours during the period between 7:00 a.m. and 10:00 p.m. local time.

II. SUBDIVISION PLAN

1. The Developer shall at his own expense cause a Plan of Subdivision of the Said Lands, to be prepared and approved by the City and all other necessary approving authorities and in accordance with the law in that respect and in accordance with the requirements imposed upon the Developer by the City. Should the Developer propose to amend, change or phase the subdivision of Said Lands, an amendment to the Development Agreement will be required.
2. For the purposes hereof, approval of the plan of subdivision shall be deemed to have been obtained by the signing of the final Plan of Subdivision by the General Manager of Planning and Infrastructure of the City or his designate.
3. Forthwith upon approval of the Plan of Subdivision of the Said Lands, the Developer shall cause the same to be registered at the Land Titles Office for the Northern Alberta Land Registration District.

III. MUNICIPAL IMPROVEMENTS PLANS

1. The Developer or Consulting Engineer shall, at its own expense, prepare and submit overall Municipal Improvements Plans for the Said Lands attached hereto as Schedule II and III illustrating:
 - a. water mains and sanitary sewers including sizes;
 - b. storm sewer systems and roadways including carriageway widths, curbs and gutters, sidewalks;
 - c. landscaping including fencing, tree types, shrub types, seed mixes, etc.
2. Subject to Article XIII Clause 2, the Developer or Consulting Engineer shall, at its own expense and in accordance with good engineering practice, prepare and submit a complete comprehensive set of Plans and specifications for all Municipal Improvements, to the Engineer for the Said Lands for review prior to the commencement of construction of that stage of development and the Engineer shall not unduly delay commenting on or examining the Plans and specifications.

3. These Plans and specifications shall be consistent with the overall Municipal Improvements Plans and in strict conformance with the Municipal Development Standards attached hereto as Schedule V unless approved otherwise in advance in writing by the Engineer.

IV. CONSTRUCTION AND INSTALLATION OF MUNICIPAL IMPROVEMENTS

1. Subject to Article IV, Clause 2, the Developer agrees to commence and carry through to completion the construction and installation of all Municipal Improvements within and to the Said Lands in accordance with the Plans submitted to and stamped Reviewed by the Engineer pursuant to Article III, Clause 2., and in accordance with the Municipal Development Standards attached hereto in Schedule V.
2.
 - a. The Developer agrees that it shall complete the Surface Improvements, excluding the second lift of asphalt on roads, within any stage approved under the provisions of Article IV, Clause 2., within 120 Working Days of the date of the execution of the Development Agreement, unless an extension of time is granted by the Engineer as set forth in writing.
 - b. If an extension is granted pursuant to Article IV(3)(a), the Developer shall make its Purchasers aware of this requirement and the terms and conditions of any such extension at the time any given lot so affected is sold.
 - c. It is understood that the asphalt paving on roads will be placed in two (2) lifts with the second lift to be placed in the calendar year prior to issuance of a Final Acceptance Certificate, or as may be mutually agreed in writing.
3. The Developer agrees to construct or cause the construction and installation of Municipal Improvements to be constructed in good and workmanlike manner and during the course of such works to minimize damage to or interference with existing Municipal Improvements necessarily affected by carrying out such work and upon completion of such work to restore all damaged Municipal Improvements to the condition, as nearly as practicable, in which they existed prior to the commencement of construction of the Municipal Improvements by the Developer.
4. The Developer agrees at all times during the construction or installation of the Municipal Improvements, and except as authorized by the Engineer in writing, to maintain or to provide alternative means of providing services to premises receiving service through existing Municipal Improvements necessarily disrupted by the Developer in carrying out the construction or installation of the Municipal Improvements, and without restricting the generality of the foregoing, the Developer shall maintain physical access to such premises for garbage removal and police and fire protection.

5.
 - a. The Developer agrees to permit free and uninterrupted access to the Engineer to any part of the Said Lands for the purpose of making inspections and taking samples of materials used in the construction or installation of the Municipal Improvements or for the purposes of testing soil or ground conditions.
 - b. The Developer agrees to solely bear all costs incurred if the Municipal Improvements installed do not conform in all respects with the Plans and specifications stamped Reviewed by the Engineer and the Engineer has ordered that the Municipal Improvements be replaced or altered by the Developer to conform to the Plans.
6. The Developer agrees to appoint an accredited testing company to carry out such tests as are reasonably required, at the Developer's expense, and, upon request, provide copies of the test results to the Engineer.
7. The Developer and the City mutually agree that in a case of conflict between the body of this Agreement and the Municipal Development Standards attached hereto as Schedule V, the body of this Agreement shall take precedence,
8. It is understood and agreed between the parties hereto that the Developer shall complete all Essential Services and construct all weather, all season access as set out in the Municipal Development Standards to the satisfaction of the Engineer prior to the issuance of a Showhome Agreement or a Development Permit for any development within the Said Lands.
9. At the discretion of the Engineer, the Developer agrees to install new Alberta Survey Control Monuments or replace any existing monument disturbed by the Developer's activities to ensure an approximate density of 300 to 500 meters within the boundaries of the Said Lands and also to provide survey ties to the said Monuments all to the satisfaction of the Director of Surveys.
10. The Developer agrees that if a temporary turnaround is deemed necessary by the Engineer for effective traffic movement that it will be constructed to a temporary standard by the Developer to the Engineer's satisfaction. Concrete barrier curbs or equivalent shall be installed by the Developer to prevent construction or other vehicle traffic from traveling on undeveloped areas.

11. The developer agrees to submit to the City an Erosion and Sedimentation Control Plan for review as part of the Plans submitted pursuant to Article III, Clause 2. This plan should define all procedures to minimize erosion and sedimentation from entering receiving watercourses and other areas that may arise from construction activities including but not limited to the following:
 - a. Mud tracking onto adjacent properties and streets
 - b. Silt and debris washing into receiving watercourses
 - c. Windblown dust
 - d. To minimize this issue the developer agrees to the following:
 - e. Ensure construction and vehicular traffic enters and exits from a designated point where measures have been undertaken to minimize tracking of mud and debris.
 - f. Undertake erosion control measures that include silt fencing, sealing entrances to watercourses, constructing sumps or temporary management facilities to minimize erosion and sedimentation to receiving watercourses.
 - g. Ensure all temporary and permanent facilities, including catchbasins are maintained in a clean and operational condition.

V. CONTRACTS

1. The City shall look solely to the Developer for the carrying out of this Agreement. The Developer is the Prime Contractor pursuant to the Occupational Health and Safety Act for the purposes of the work performed to carry out this Agreement. The City has no obligation to look to any other party for performance of the Developer's obligations. This clause is not subject to arbitration. However, any contract by the Developer for the performance of all or any part of the construction and installation of Municipal Improvements on the Said Lands shall provide that:
 - a. the Developer and the Contractor shall indemnify and save harmless the City from and with respect to any damage, claims or demands whatsoever arising out of the performance of any work undertaken by the Developer or Contractor or arising in any way from the negligence of the Developer's or Contractor's servants, agents, or employees;
 - b. the Contractor shall comply with the provisions of the Workers' Compensation Act for the Province of Alberta;
 - c. the Contractor shall allow the Engineer access to the work for the purpose of inspection;
 - d. The Contractor shall coordinate with City forces and others to facilitate the installation of utilities and shall protect such utilities from damage.

VI. CONSTRUCTION COMPLETION CERTIFICATES, MAINTENANCE AND FINAL ACCEPTANCE CERTIFICATES

1. A Construction Completion Certificate will be required by the Developer from the City for each Municipal Improvement or group of Municipal Improvements to be constructed and installed by the Developer; namely:
 - a. Underground Utilities (Sanitary and storm sewers, water distribution systems including service connections and storm water management facilities for utility purposes);
 - b. Surface Improvements (Paved Roads, paved Lanes, sidewalks, curbs and gutters, catch basins and concrete or asphalt walkways);
 - c. Landscaping (Municipal reserve (MR), school reserve (SR), boulevards, turf, utility lots, playgrounds complete with improvements/equipment, uniform fencing, and trees or shrubs and Storm Water Management Facility).
2. Prior to making application for either a Construction Completion Certificate or Final Completion Certificate for sanitary sewers, the Developer agrees at his expense, to check all the sanitary sewer lines with a television camera and provide the results of that inspection to the Engineer for review for deficiencies.
3. The Developer, upon the completion of each improvement or group of improvements as set out in Clause 1 of this Article, shall make application to the Engineer for the issuance of a Construction Completion Certificate. No such application will be considered by the Engineer unless:
 - a. it is requested in respect of all of the Said Lands, or
 - b. it is accompanied by a certificate from a Professional Engineer and / or a Landscape Architect certifying that the Municipal Improvements are constructed in accordance with and in compliance with this Agreement, and
 - c. it is received by the Engineer no less than 14 days prior to inspection.Provided these conditions are met, the Engineer, subject to the performance of all conditions, terms and provisions herein contained to be observed and performed by the Developer at the date of making such application, shall, within thirty (30) days:
 - d. issue a Construction Completion Certificate if satisfied upon inspection that the improvements have been constructed and installed in accordance with this Agreement and are operational within the whole of the Said Lands, or
 - e. issue a Construction Completion Certificate, with the acknowledgment of minor defects or deficiencies as recorded by the Consulting Engineer and signed by the Engineer at or near the time of inspection. All minor defects or deficiencies must not, in the opinion of the Engineer, impair the operation of the improvements of which the Developer is making application for Construction Completion

Certificate. All minor defects and deficiencies must be rectified prior to making application for Final Acceptance Certificate or as determined by the Engineer, or
i.) notify the Developer in writing of all terms, conditions and provisions required to be observed or performed by the Developer prior to the issuance of a certificate.

Provided further, that if the Engineer shall fail to issue the Construction Completion Certificate or notify the Developer of the cause, thereof, the improvements shall be deemed to have been completed in accordance with the Plans and to be operational, and the maintenance period shall commence upon the expiration of the thirty (30) day period. Notwithstanding anything herein contained, if adverse conditions prevent the Engineer from completing an inspection of the improvements within 30 days of application for a Construction Completion Certificate, the City shall, as soon as conveniently possible, complete the inspection and, if satisfied upon carrying out the inspection that the improvements had been constructed in accordance with the terms hereof, the Certificate shall be predated to the date of application therefore.

4. If the Municipal Improvements do not comply with the Plans, or are not operational, or the Developer has failed to comply with any terms hereof, the Developer shall correct all the defects and deficiencies in the improvements or comply with the terms hereof, as the case may be, and shall resubmit his application for a Construction Completion Certificate in accordance with Article VI, Clause 3 above.
5. For the purposes of this Article, water and sewer systems, including storm sewer systems, shall not be deemed to be operational unless they are free of all obstructions and foreign material including, without restricting the generality of the foregoing, rocks, silt and gravel, and the water system has been inspected and sterilized to the satisfaction of the Engineer.
6. During the maintenance periods pursuant to this Agreement the Developer shall maintain the Municipal Improvements to a reasonable level to the satisfaction of the Engineer. This maintenance shall include but not limited to street cleaning, snow removal etc. to provide reasonable access for residents, emergency vehicles, garbage trucks, etc. Should the Developer not maintain Municipal Improvements to a reasonable level, the City will undertake any necessary work on behalf of the Developer and submit costs to the Developer accordingly. The Developer shall forthwith pay to the City any such costs. The Developer shall maintain all Municipal Improvements constructed to the standard to which they were constructed, reasonable wear and tear excepted, for the period commencing upon the issuance of a Construction Completion Certificate and continuing for the periods specified below for each Municipal Improvement; namely:

- a. Essential Services (Underground utilities including Storm Water Management Facilities).....one (1) year
 PROVIDED FURTHER that notwithstanding the issuance of the Final Acceptance Certificate for such services, the Developer shall, as a condition precedent to the issuance of a Final Acceptance Certificate for Surface Improvements, repair all damage to roads caused by subsidence of such services, and without limiting the generality of the foregoing the Developer shall recompact the trench and re camera the sewer lines if such action is deemed necessary by the Engineer;
 - b. Surface Improvements, as well as concrete or asphalt walkways and catch basins.....two (2) years
 Provided that the final lift of asphalt is placed prior to FAC.
 - c. Landscaping
 - i.) Trees, shrubs, turf (grass seed and sod).....two (2) years
 - ii.) Entrance Features, masonry pillars, retaining walls.....two(2) years
 - iii.) Fencing (located on private property).....no maintenance period following CCC
 - iv.) Fencing (located on City property).....one (1) year
 - v.) Site Furniture.....no maintenance period following CCC
 - vi.) Trails, paved surfaces and pads (asphalt, gravel, concrete, paving stone).....two(2) years
7. The Developer shall, prior to Final Acceptance Certificate, provide to the City "as constructed" record drawings, (as well as in digitized auto cad and PDF) of each improvement. Further, said "as constructed" record drawings, are a condition precedent to the issuance of the relevant Final Acceptance Certificate.
8. Upon application by the Developer, received by the Engineer at least fourteen (14) days prior to the expiration of the maintenance period for the Municipal Improvements, the Engineer shall, at the expiry of the maintenance period:
- a. issue the Final Acceptance Certificate if satisfied that the Municipal Improvement has been constructed and installed and maintained in accordance with this Agreement and is operational within the whole of the Said Lands.
- PROVIDED FURTHER, that if the Engineer shall fail to issue the Final Acceptance Certificate or notify the Developer of the cause thereof within 30 days following the receipt of the application fro the Final Acceptance Certificate, the improvements shall be deemed to have been maintained as required and the Final Acceptance Certificate issued therefore.

From and after the issuance of a Final Acceptance Certificate for a Municipal Improvement, the City shall assume full ownership and responsibility for the Municipal Improvement to which the Final Acceptance Certificate applies unless a deficiency arises with an underground Municipal Improvement directly attributable to the Developer, contractor or builder prior to occupancy, which shall be rectified at the sole expense of the Developer.

9. In the event that a Final Acceptance Certificate is not issued upon application because there are defects or deficiencies in the improvements, the Developer shall rectify all defects and deficiencies or comply with the terms hereof, as the case may be, and thereafter shall resubmit his application for a Final Acceptance Certificate. The maintenance period upon work to rectify major defects and deficiencies shall be the same periods as set out in Article VI (7) of this Agreement.

VII. USE OF PUBLIC RIGHTS OF WAY BY DEVELOPER

1. The City agrees to permit the Developer to use the City owned lands within the Said Lands, or lands to be vested in the City upon registration of the Plan of Subdivision, for the purposes of constructing and installing the Municipal Improvements herein required to be constructed, installed and maintained by the Developer, such rights to commence upon the date that the Plans for the Municipal Improvements have been stamped Examined and to continue until the Final Acceptance Certificate for the Municipal Improvements installed has been issued by the City provided:
 - a. that the performance of such work shall be done under the supervision of the Engineer whose requirements shall be strictly followed,
 - b. that the Developer shall do as little damage as possible in the performance of such work, and will cause as little obstruction to such public places as possible,
 - c. that upon completion of such work the Developer shall restore all such public places to a condition and state of repair equivalent to that which prevailed prior to the performance of such work, including, but not limited to, cleaning streets of mud, dirt and debris, where necessary the replanting or replacement of trees and shrubs and shall maintain such restored portions of such public places, including such replaced or replanted trees and shrubs for a period of one (1) year thereafter, ordinary wear and tear expected,
 - d. that the Developer shall indemnify and save harmless the City from and against all losses, costs, claims, and suits, or demands of any nature which may arise by reason of the performance of the work by the Developer in any such public place.

VIII. INDEMNITY AND SECURITY

1. The Developer shall indemnify and save harmless the City from any and all losses, costs, damages, actions, causes of action, suits, claims and demands, resulting from anything done or omitted to be done by the Developer or its agents or contractors in pursuance or purported pursuance of this Agreement.
2. The Developer shall continuously carry comprehensive liability insurance with coverage of not less than Two (2) Million Dollars per occurrence in such form as shall meet the reasonable requirements of the City and such liability insurance can only be cancelled at the end of the Maintenance Period, or upon issuance of the Final Acceptance Certificate. The City shall be a named insured under such liability insurance. The Developer shall also carry such insurance as would a reasonable Developer to cover their activities.
3. Upon execution of this Agreement by the parties, to ensure to the City full compliance by the developer with the terms, covenants and conditions of this Agreement respecting the construction and installation of said Municipal Improvements and the maintenance of the same, the Developer shall deliver to and deposit with the City Security as hereinafter prescribed as follows:
 - a. For Developers (including Developers who are managing developments under different company names), whom in the opinion of the Engineer, do not have pervious development agreement default or performance issues, and are undertaking other developments within the City at the time of the execution of this development agreement:
 - i.) if the Developer has entered into a minimum of three development agreements with the City within the previous five years prior to the execution of this development agreement and have Security in place for other developments within the City that exceeds fifty percent (50%) the value of the Municipal Improvements within Said Lands will deposit with the City Security as hereinafter prescribed to a value equal to ten percent (10%) of the estimated costs of the Municipal Improvements for Said Lands plus fifty percent (50%) of the Developer Charges identified on Schedule IV of this Agreement. The Security, unless drawn upon, will be returned to the Developer upon the issuance of all Final Acceptance Certificates by the City.
 - ii.) If the Developer has entered into a minimum of three development agreements with the City within the previous five years prior to the execution of this development agreement and have Security in place for other developments within the City that is less than fifty percent (50%) the value of the Municipal Improvements within Said Lands will deposit

with the City Security as hereinafter prescribed to a value equal to twenty five percent (25%) of the estimated costs of the Municipal Improvements for Said Lands plus fifty percent (50%) of the Developer Charges identified on Schedule IV of this Agreement. The Developer may apply to the City, upon issuance of a Construction Completion Certificate for Surface Improvements, for a reduction to ten percent (10%) of the estimated costs of the Municipal Improvements plus fifty percent (50%) of the developer charges identified on Schedule IV of this Agreement. The Security retained by the City, unless drawn upon, will be returned to the Developer upon the issuance of all Final Acceptance Certificates by the City.

iii.) If the Developer has not entered into a minimum of three development agreements with the City within the previous five years prior to the execution of this development agreement will deposit with the City Security as hereinafter prescribed to a value equal to fifty (50%) of the estimated costs of the Municipal Improvements for Said Lands plus fifty percent (50%) of the Developer Charges identified on Schedule IV of this Agreement. The Developer may apply to the City, upon issuance of a Construction Completion Certificate for Surface Improvements, for a reduction to ten percent (10%) of the estimated costs of the Municipal Improvements plus fifty percent (50%) of the Developer Charges identified on Schedule IV of this Agreement. The Security retained by the City, unless drawn upon, will be returned to the Developer upon the issuance of all Final Acceptance Certificates by the City.

b. For Developers, whom in the opinion of the Engineer, have previous development agreement default or performance issues will deposit with the City Security as hereinafter prescribed to a value equal to one hundred percent (100%) of the estimated costs of the Municipal Improvements for Said Lands plus one hundred percent (100%) of the Developer Charges identified on Schedule IV of this agreement. The Developer may apply to the City, upon issuance of a Construction Completion Certificate for Surface Improvements, for a reduction to ten percent (10%) of the estimated costs of the Municipal Improvements plus one hundred and fifty percent (150%) of the estimated cost of completing the construction of Municipal Improvements as required by the Plans plus one hundred percent (100%) of the Developer Charges identified on Schedule IV of this Agreement. The Security retained by the City, unless drawn upon, will be

returned to the Developer upon the issuance of a Final Acceptance Certificate by the City.

- c. The Engineers opinion as to the applicable Security provision or determining the required Security shall be final.
 - d. The City will not return all of the Security in any of the above noted options until Final Acceptance Certificate has been issued and the Developer has paid all Developer Charges outlined on Schedule IV of this Agreement.
 - e. The estimated cost of Municipal Improvements shall be determined by the Engineer based upon detailed construction cost estimates provided by the Consulting Engineer. In the event the Developer does not agree with the estimated costs of such Municipal Improvements as determined by the Consulting Engineer and as accepted by the Engineer, he may appeal the decision of the Engineer to the City Manager who shall then determine the estimated cost of the said Municipal Improvements. In the further event the Developer does not agree with the determination of the City Manager as to the estimated costs of the said Municipal Improvements, the Developer may appeal the decision of the City Manager to the City Council. The decision of the City Council as to the estimated costs of the said Municipal Improvements shall be final and binding on the Developer.
4. The said Security as above referred to shall be maintained in full force and effect during the period prior to the issuance of a Construction Completion Certificate and evidence of renewal thereof shall be produced to the Engineer. After the issuance of a Construction Completion Certificate the provisions of Article VIII, Clause 6, (b) shall apply.
 5. Any Irrevocable Letter of Credit shall be in the form set out in Schedule VI to this Agreement and shall contain the following terms and conditions:
 - a. a statement that the said Irrevocable Letter of Credit is issued in favour of the City;
 - b. an acknowledgement by the issuing bank that the City shall be entitled to draw on the said Irrevocable Letter of Credit in accordance with the provisions of this Agreement, and an Undertaking by the issuing bank to promptly honour and pay draws made by the City.
 6.
 - a. Any Security herein required to be deposited by the Developer may be required to be increased or decreased within thirty (30) days of each anniversary of the execution of this Agreement throughout the currency of this Agreement, if it shall appear to the City that the Security deposited is excessive or insufficient in

relation to the costs or protection to the City, for which Security has been provided.

- b. The decision as to the amount of increase or decrease in any Security as aforesaid shall be determined in the first instance by the Engineer, provided that the decision of the Engineer may be appealed to the City Manager.
7. In the event of a Default by the Developer, the City may make one or more demands for payment as obligee under the Security.

IX. EASEMENTS AND UTILITY RIGHTS OF WAYS

1. The Plans as approved by the Engineer shall designate right of ways of widths to meet the needs of the City and of utility companies, for the supply of natural gas, power and telephone service and cable television services to the Said Lands and for the sanitary sewer, water and storm drainage systems.
2. Forthwith upon registration of the Plan of Subdivision in the Land Titles Office, the Developer shall grant to the City, easements or grants of right of ways for such purposes and shall register or cause to be registered such easements or grants of right of ways contemporaneously with the registration of the Plan of Subdivision. The easements or rights-of-way shall be registered on each affected land title.
3. Such easements or grants of right of ways shall provide that the City shall have the right either:
 - a. to assign all or part of the rights thereby granted to the operators of the respective utilities, or
 - b. to grant permits or licenses to install, repair and replace gas, power and telephone lines and the drainage system.

X. OVERSIZE AND BOUNDARY MUNICIPAL IMPROVEMENTS

1. The Developer acknowledges that Municipal Improvements on the Said Lands may require over sizing to serve not only the Said Lands but to also provide adequate capacity to service lands other than the Said Lands (which other lands, as identified by the Engineer, are herein referred to as "Benefited Lands").
2. In the event that the Developer is required to construct Oversize Municipal Improvements on the Said Lands, then the parties hereto agree that,
 - a. The Developer and the Engineer shall mutually agree, in writing, on the area and description of the land outside the Said Lands ("Benefited Lands") which will be serviced by the Oversize installation on the Said Lands;

- b. The Developer shall submit a copy of the calculations for the Oversizing requirements as well as a statement certifying that the Oversizing is required and that the specified size is sufficient to service the Said Lands and the "Benefited Lands".
 - c. To qualify for Oversizing cost recoveries, the Developer shall, prior to the issuance of a Final Acceptance Certificate by the Engineer for the Municipal Improvements, submit to the Engineer, for ratification, calculations of the Oversize cost benefit to any parcel of in the Benefited Lands.
3. Any such Oversize cost benefit for Oversize installations shall be prorated over the area of the Benefited Lands outside the Said Lands and the ratification of the Oversize costs by the Engineer shall be final and binding on the parties hereto and shall form the basis for charge to the owner or developer of the Benefited Lands.
 - a. The City shall advise the owners of the "Benefited Lands" that Municipal Improvements have been Oversized to accommodate the development of their lands with such notification identifying the particular Oversized Municipal Improvements as well as the associated base costs which the Developer of the Said Lands would be entitled to recover from the Benefited Lands owner and/or developer.
4. Any reference in this Agreement or in this Article to the construction of Oversize Municipal Improvements constructed by the Developer on the Said Lands shall be construed to mean either on or off the Said Lands and shall be constructed for the purpose inter alia of serving the Said Lands.
5. The Developer shall be entitled to recover a share of the cost of all Boundary Municipal Improvements installed by the Developer which benefit an Adjoining Land as determined by the Engineer according to the extent of benefit derived by the Adjoining Land. The extent of that share shall be determined by the Engineer, acting reasonably, taking into account the extent of the benefit derived by the Adjoining Land and applicable engineering and development industry standards. This recovery shall be payable by the owner or developer of the Adjoining Land in accordance with the payment provisions referenced in Clauses 4 and 5 of this Article.
6. In the calculation of recovery costs for both Oversize and Boundary Municipal Improvements the Developer shall be entitled to a markup of fifteen percent (15%) on the actual Oversize or Boundary Municipal Improvements construction costs to cover engineering and overhead. In addition, the Developer shall be entitled to carrying costs calculated from the date of issuance of the Final Acceptance Certificate for the particular Oversize or Boundary Municipal Improvements to the date of the payment of the Oversize or Boundary Municipal Improvements recovery costs by the benefiting lands.

The aforesaid carrying costs shall be calculated annually using the Prime Rate on the anniversary date of the Final Acceptance Certificate with interest compounded annually. Carrying costs shall only be applicable for a maximum of five (5) years from the date of issuance of the Final Acceptance Certificate after which date the recovery costs shall remain fixed.

7. Prior to permitting the owners or developers of the Benefited Lands to connect in any way to the Oversize installations, the City shall use its best efforts to require the owners or developers of the Benefiting Lands to pay their proportionate share of the Oversize Municipal Improvements or provide evidence that cost recovery obligations to the Developer of the Said Lands regarding the Oversize Municipal Improvements have been satisfied. Insofar as the City is legally able, it shall require the owners or developers of the Benefited Lands to pay their proportionate share of the Boundary Municipal Improvements or provide evidence that cost recovery obligations to the Developer of Said Lands regarding Boundary Municipal Improvements carried out by the Developer of the Said Lands have been satisfied before permitting the Benefited Lands or any portion thereof to be subdivided.

XI. LEVIES AND DEVELOPER CONTRIBUTIONS

1. OFFSITE LEVIES

As acknowledgement that existing or future municipal infrastructure provides benefit to the development of the Said Lands and/or that development of the Said Lands may require expansion of certain municipal infrastructure, the Developer agrees to pay the City Offsite levies for each contributing hectare within the Said Lands for the following:

- a. Arterial Road System
- b. Water Supply, Transmission and Storage Facilities
- c. Trunk Sanitary Sewer Systems
- d. Trunk Storm Sewer Systems

The amount of such Offsite Levies shall be in accordance with the rates established by Council by Bylaw or resolution and as calculated in Schedule IV of this Agreement.

2. DEVELOPER CONTRIBUTIONS

As acknowledgement that existing municipal infrastructure including certain facilities provide benefit to the development of the Said Lands and/or that development of the Said Lands may require expansion of certain infrastructure and facilities, the Developer agrees to make contributions for each contributing hectare within the Said Lands to the City for the following:

- a. Neighborhood Park Development
- b. District Park Development
- c. Recreation Facilities
- d. Administration Studies
- e. Land Acquisition
- f. MR – Cash in Lieu

The amount of such developer contributions shall be in accordance with the rates established by Council by Policy or resolution and as calculated in Schedule IV of this Agreement.

3. It is mutually agreed that the Offsite Levies and Developer Contributions set out in Clauses 1 and 2 of this Article will be paid as follows:
 - a. 10% due prior to the execution of this development agreement;
 - b. 30% due upon 8 months after the execution of this development agreement;
 - c. 30% due upon 16 months after the execution of this development agreement; and
 - d. 30% due upon 24 months after the execution of this development agreement.

The amounts payable are indicated in Schedule IV attached hereto. It is further agreed that interest at Prime Rate plus three percent (3%) will commence accruing on any amounts remaining unpaid thirty (30) days after invoices have been rendered.
4. It is mutually agreed that the Offsite Levies and Developer Contributions set out in this Article will remain unchanged unless authorized by City Council when granting extension on payment terms.
5. Amounts remaining unpaid 120 days from invoice date will be considered a default under this development agreement and if no extension is granted from City Council then appropriate steps will be taken to collect outstanding amounts. The Developer must apply for an extension from City Council prior to the 120 day period expiring. If no extension is granted from City Council then appropriate steps will be taken to collect outstanding amounts, including but not limited to:
 - a. Drawing of funds from the Developer Letter of Credit;
 - b. Issuance of a Stop Work Order;
 - c. Refusal of Development Permits;
 - d. Placing a lien on Said Land.
6. In the event that City Council grants an extension for the payment of Offsite Levies and Developer Contributions, the Developer agrees that such extension will include a carrying cost at Prime Rate of interest applied on any unpaid balance for which an extension has been granted; PROVIDED further that City Council in granting an extension for the payment of Offsite Levies and Developer Contributions may also require the Developer to

provide an irrevocable Letter of Credit to the City in an amount equivalent to the Offsite Levies and Developer Contributions for which an extension has been granted. Such irrevocable Letter of Credit shall be in favour of the City, unconditional, and in a form approved by the Engineer.

XII. OTHER CHARGES TO BE BORNE BY THE DEVELOPER

1. "Other" costs to be paid by the Developer shall include:
 - a. Engineering Costs.
All reasonable and justifiable charges or accounts rendered to the City in respect of this Agreement or its enforcement by Consulting Engineers that may be engaged by the City from the time Plans are submitted until final acceptance of all Municipal Improvements
 - b. Legal Costs
All reasonable and justifiable legal charges or accounts rendered to the City in respect of this Agreement by solicitors from the time of application for subdivision until Final Acceptance of all Municipal Improvements;
 - c. Cost of Additional Work
Cost of additional work performed or of work repaired or redone by reason of orders and direction by the Engineer under the terms of this Agreement;
 - d. Cost of Insurance and Security
Cost of providing the Security and insurance required to be provided by the Developer under the terms of this Agreement;
 - e. Cost of Preparing Easement Documents
Cost of preparation of an easement or utility right of way documents to be provided by the Developer including cost of registration of same.
2. Interest on Overdue Payments
Unless otherwise specified herein, the Developer shall pay interest to the City upon all amounts required to be paid to the City commencing thirty (30) days after the City's account is rendered. Interest shall be calculated at Prime Rate plus three percent (3%).

XIII. LANDSCAPING

1. The City and the Developer acknowledge that the Developer's minimum requirements for Landscaping shall be as per Schedules III and V. Landscaping in excess of these requirements shall be at the discretion of the Developer.

2. The Developer agrees to submit Landscaping Plans to the Engineer prior to issuance of Construction Completion Certificate of the Surface Improvements. The agreed upon Landscape Plans will be included as an amendment to Schedule III of this agreement.
3. The Engineer agrees to process and review the Landscaping Plans to the Developer within 30 day of submission.
4. In the event the Engineer and the Developer fail to agree on the requirements for landscaping, the terms of Article XVII shall apply.
5. The Developer agrees to complete the landscaping within Said Lands according to the approved Plans prior to the issuance of a Final Acceptance Certificate for Surface Improvements for Said Lands.
6. If existing trees or natural areas within Said Lands are to be retained, the Developer agrees to erect protection fencing around the drip line of all protected trees prior to any grading or development activity. Where a buffer area has been established in an arborist report for a tree stand or in a natural areas assessment for a wetland or other water body, protection fencing shall be located around the outside of the buffer area.
7. Where an arborist report or natural areas assessment has been conducted for any portion within Said Lands, the Developer agrees to adhere to the identified mitigation measured throughout the development process and until such time that a Final Acceptance Certificate for Surface Improvements has been issued.

XIV. MUNICIPAL IMPROVEMENT SERVICING PUBLIC PROPERTIES

1. The Developer shall bear the full cost of Municipal Improvements benefiting dedicated school and park sites within the Said Lands and shall install and construct any necessary Municipal Improvements to service such school and park sites, all to the extent identified on the Plans.
2. With respect to any other site for which the City is to acquire title within the Said Lands, the City shall pay the Developer an appropriate pro rata share as calculated and approved by the Engineer of the cost of Municipal Improvements which benefit such other sites.

XV. MINIMUM LOT DEVELOPMENT STANDARDS

1. The Developer agrees that prior to the City granting Development and Building Permits that all requirements contained in the Land Use Bylaw must be satisfied.

XVI. DEFAULT BY THE DEVELOPER

1. In the event that the City claims that the Developer is in default in the observance and/or performance of any terms, covenant or condition of this Agreement (other than the terms, covenants and conditions of Article VI hereof), the City shall give the Developer written notice of such claimed default with such notice requiring the Developer to rectify the same within a thirty (30) day period from the date of the written notice.
2. If the Developer denies that it is in default as claimed in such notice, the Developer shall immediately request a reference to arbitration pursuant to the provisions of Article XVII hereof. If the Arbitrator confirms the claimed default, the Developer shall, notwithstanding the provisions of subparagraph 1 hereof, have a period of thirty (30) days from the receipt of the ruling of the Arbitrator within which to rectify such default. If the said default is not rectified the City may complete and rectify such default in the work and shall be entitled to invoice the Developer under the provisions of Article VIII hereof and make demands as obligee on the Security. Time shall be of the essence hereof.
3.
 - a. In the event that the City claims that the Developer is in default in the observance and performance of the terms, covenants and conditions of Article VI of this Agreement, the City shall give the Developer notice in writing of such claimed default, and shall by such notice either require the Developer to rectify such default with five (5) days of the receipt of such notice or notify the Developer that the City intends to rectify such default at the Developer's cost and expense.
 - b. If the Developer denies that it is in default as claimed in such notice, the Developer shall immediately request a reference to arbitration pursuant to the provisions of Article XVII hereof.
 - c. If the Arbitrator confirms that the Developer is in default as claimed by the City, and if the City by its notice of claimed default has required the Developer to rectify same, the Developer shall have a period of five (5) days from receipt of the decision of the Arbitrator within which to rectify the default.
 - d. If the Arbitrator confirms that the Developer is in default as claimed by the City, and if the City by its notice of claimed default has elected to rectify the default as the Developer's cost and expense, the City shall proceed to rectify the default at the Developer's cost and expense immediately.
 - e. Notwithstanding anything to the contrary herein, in the event that the Engineer in his absolute discretion considers it necessary to undertake any immediate work for the repair of any of the said paved or unpaved public roads, water and sewer lines and storm drainage system, in a situation the Engineer considers to be an emergency, the Engineer shall be entitled to cause such work to be done at the

Developer's cost and expense without notification to the Developer; PROVIDED THAT upon completion of the said emergency repair work, the City shall give notice in writing at the earliest possible date to the Developer describing the nature of the work and advising that an invoice will be forthcoming.

4. The decision of the Arbitrator in any reference respecting a claimed default on the part of the Developer shall be final and binding upon the City and the Developer and shall not be the subject of any action or proceeding in any court.
5. In the event that:
 - a. A confirmed default by the Developer has not been rectified by the Developer in accordance with the foregoing provisions;
 - b. A confirmed default by the Developer has been rectified by the City in accordance with the foregoing provisions and the Developer fails to pay the cost and expense of such rectification within the five (5) days after receipt from the City of an account thereof;
 - c. Emergency repair work has been done to the paved or unpaved public roads, water and or sewer lines and/or storm drainage system by the City in accordance with the foregoing provisions and a default on the part of the Developer has been confirmed as rendering such repair work necessary and if the Developer fails to pay the cost and expense of such repair work within five (5) days after receipt from the City of an account thereof;

The City may invoke the provisions of Article VIII hereof and make demands as obligee under any Security provided by the Developer pursuant to the requirements of this Agreement.

XVII. ARBITRATION

1. Subject to the provisions of this Agreement, if any dispute or difference between the parties shall arise under this Agreement, either party may give to the other notice of such dispute or difference and require that such dispute or difference be referred to arbitration.
2. Arbitration hereunder shall be by reference to one arbitrator, with relevant qualifications, appointed by the parties. If the parties fail to agree upon an arbitrator, then, within five (5) days of the receipt of notice from the other party an arbitrator with relevant qualifications shall be appointed by a Justice of the Court of Queen's Bench upon application of either party.
3. All charges, fees and expenses of the Arbitrator will be borne and paid by the City or Developer, or proportionately by both the City and the Developer, depending upon their respective fault as found by the Arbitrator.

4. The foregoing provisions shall not authorize any reference to arbitration as to any matter or questions which under this Agreement is expressly or by implication required or permitted to be decided by the City or the Engineer, or as to the grounds upon which, or the mode in which, any opinion may have been formed or discretion exercised by the City or the Engineer.
5. Neither party hereto shall be liable to any claim in respect of any such dispute or difference until the liability and the amount of liability in respect of same shall, if not admitted, have been referred to and determined by arbitration, the award under which shall be a condition precedent to liability of any such part or to any right of action against any such party in respect of the claim.

XVIII. COMPLIANCE WITH LAW

1. The Developer shall at all times comply with all valid Federal and Provincial legislation and regulations and City bylaws, resolutions, regulations and standards.
2. This Agreement is not a Development Permit or other authorization issued by the City.
3. Where anything provided for herein cannot lawfully be done without the approval or permission of any authority, body, official, person or board not within the jurisdiction and control of the City the obligation to do it does not come into force until such approval or permission is obtained PROVIDED the parties will without delay, do all things necessary by way of application or otherwise in an effort to obtain such approval or permission.

XIX. STOP WORK ORDER

1. The Engineer may:
 - a. exercise such supervision of the Developer, their engineers, contractors, servants, agents or employees, and of the performance of the work as the Engineer may deem necessary and advisable to ensure full and proper compliance by the Developer's undertakings to the City, and to ensure the proper performance of the work;
 - b. reject any unsatisfactory design, material or work;
 - c. order that any unsatisfactory work be re executed at the Developer's cost;
 - d. order the re execution of any unsatisfactory design and the replacement of any unsatisfactory material, at the Developer's cost, as the Engineer may deem necessary to insure the proper performance of the work;
 - e. order that the performance of the work or part thereof be stopped until his said orders can be obeyed;
 - f. order the testing of any materials to be incorporated in the work; and the Developer shall comply with the said orders and requirements of the Engineer

unless the Developer shall take issue with any such order or requirement, in which case the Developer shall request in writing that such issue be arbitrated in accordance with the provisions of Article XVII herein, AND PROVIDED FURTHER that the work shall stop until such arbitration has taken place;

- g. Issue a stop order pursuant to s.645 of the *Municipal Government Act, RSA 2000, C.M-26*.

XX. LAW OF ALBERTA APPLICABLE

- 1. The validity and interpretation of this Agreement, and of each Article and part thereof, shall be governed by the laws of the Province of Alberta.

XXI. FURTHER ASSURANCE

- 1. Both parties shall exercise and deliver such further documents and assurance and do all things necessary to give effect to the true intent of this Agreement.

XXII. WAIVER

- 1. A waiver by either party hereto of the strict performance by the other of any covenant or provision of this Agreement shall not of itself constitute a waiver of any subsequent breach of such covenant or provision or of any other covenant provision or terms of this Agreement.

XXIII. NOTICES

- 1. Any notice to be given to the Developer hereunder may be delivered to the office of the Developer at:

“DEVELOPMENT COMPANY NAME”

“DEVELOPMENT COMPANY STREET ADDRESS”

“DEVELOPMENT COMPANY CITY ADDRESS”

“DEVELOPMENT COMPANY POSTAL CODE”

- 2. Any notice to be given to the City hereunder may be delivered to:

General Manager of Planning and Infrastructure
City of Spruce Grove
315 Jespersen Avenue
Spruce Grove, Alberta
T7X 3E8

XXIV. ASSIGNMENT

1. This agreement shall not be assignable by the Developer without the written approval of the City which shall not be unreasonably withheld, provided, without restricting the generality of the foregoing, the Developer shall only assign his entire interest within the Development Agreement and such assignment shall be subject to the City making arrangements with the Assignee satisfactory to the City, in which the City shall be sole judge to secure payment of the assignee of the expense to be borne by the Developer under this Agreement.
2. The City will assist the Developer in providing information to mortgage companies regarding the installation of Municipal Improvements.

XXV. CAVEAT

It is hereby agreed and understood that the City may file a Caveat against the Said Lands in order to protect its interest in the within Agreement, provided that the City covenants at the request of the Developer, to postpone any Caveat filed hereunder in favour of any mortgage(s) or other encumbrance which provides financing for the required servicing and development of the Said Lands by the Developer.

XXVI. SPECIAL CLAUSES

Notwithstanding anything contained herein the Developer and the City jointly agree:

"SPECIAL CLAUSES VARY WITH EACH DEVELOPMENT AGREEMENT"

This AGREEMENT shall ensure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties hereto have affixed their corporate seals by hands of their proper officers in that behalf on the day and year first above written.

THE CITY OF SPRUCE GROVE

PER: _____

PER: _____

“DEVELOPMENT COMPANY NAME”

PER: _____

PER: _____

SCHEDULE VI

Form of Irrevocable Letter of Credit

{Date}

City of Spruce Grove
(Address)

Attention:

Dear Sirs:

RE: STANDBY LETTER OF CREDIT NO. _____

We hereby authorize you to draw on the {issuing Bank's name} (the Bank), {location}, {City, Province} for the account of {name of customer} (the Customer) up to an aggregate amount of \$_____.

Pursuant to the request of the Customer, we the Bank, hereby establish and give the {name of the municipality} (the Municipality) and Irrevocable Letter of Credit in favour of the Municipality in the above amount which may be drawn on by the Municipality at any time and from time to time, upon written demand for payment made upon us by the Municipality, which demand we shall honour without enquiring whether the Municipality has the right as between the Municipality and the Customer to make such demand, and without recognizing any claim of the Customer, or objection by the Customer to payment by us.

This Letter of Credit we understand relates to an Agreement between the Customer and the Municipality dated _____ and referred to as the {name of project}.

The amount of this Letter of Credit may be reduced from time to time as advised by notice in writing to us from time to time by the Municipality.

It is a condition of this Letter of Credit that it shall be deemed to be automatically extended without amendment from year to year from the present or any future expiration date hereof, unless at least 30 days prior to any such expiration date, we notify the Municipality in writing by registered mail, that we elect no to consider this Letter of Credit to be renewable for any additional period.

We engage with the Municipality that all drawings presented under or in compliance with, the terms of this credit will be duly honored on delivery of documents as specified, if present the counters of the bank, on or before {expiry date}, or any automatically extended date as hereinbefore set forth.

Except so far as otherwise expressly stated, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision) International Chambers of Commerce (Publication No. 400).

Countersigned

Authorized Signature