

City of Alachua Policy

Non-Residential Account Deposits

Bond/Irrevocable Letter of Credit in Lieu of Cash Deposit:

A non-residential customer may elect, in lieu of a cash deposit to secure the payment of utility bills, to post a Payment Bond issued by a surety insurer authorized to do business in this state as surety or post an Irrevocable Letter of Credit issued by a financial institution or similarly accredited professional party acceptable to the City. Such bond or financial assurance shall be issued in an amount in accordance with and as required by Section 38-62 of the City of Alachua Code of Ordinances. This alternative is only available for deposits of more than \$5,000. The City reserves the right to review existing deposits and payment status of any customer at any given time and increase or decrease security requirements to ensure that an adequate security deposit is maintained with the City.

The alternative to a cash deposit shall stay in effect until the account is closed and all amounts due to the City are paid in full. The customer shall be responsible for renewing and providing renewal information to the City a minimum of sixty (60) days prior to expiration of any surety or irrevocable letter of credit. If, at any time, an alternative to a cash deposit lapses, expires or is cancelled while the account is active, the customer shall post a cash deposit in an equal amount within three (3) business days of the date of lapse, expiration or cancellation. The burden of maintaining and meeting deposit/surety requirements is that of the customer and the City will discontinue provision of utility services to a customer in default without notice.

A Payment Bond or Irrevocable Letter of Credit submitted to the city in lieu of a cash deposit must be on a form substantially in accordance with the following and meet the requirements and criteria of the corresponding instructions.

(BANK LETTER HEAD)

IRREVOCABLE LETTER OF CREDIT NO: _____

DATE OF ISSUE:
ISSUING BANK:

EXPIRATION DATE:
AMOUNT:

APPLICANT:

BENEFICIARY: City of Alachua
15100 NW 142nd Terrace
Alachua, FL 32615

We hereby issue this irrevocable standby letter of credit in favor of the City of Alachua (Beneficiary) which is available against City of Alachua drafts drawn on _____(Bank) bearing the clause: "Drawn under _____(Bank) irrevocable standby letter of credit number _____" accompanied by the following documents;

- City of Alachua signed declaration addressed to our counters _____ (Bank name and address) stating: "The amount of the drawing under this credit represents funds due from and remaining unpaid for thirty days for utility services by City of Alachua (Beneficiary) in that payment has not been effected as per the credit terms of the account established for _____ (Principal).
- Copy of unpaid invoices or other business records evidencing the debt.
- Drafts drawn under this irrevocable standby letter of credit must be accompanied by the original irrevocable standby letter of credit.

It is a condition of this letter of credit that it shall be deemed automatically extended without amendment for one year from the present or any future expiration date unless sixty (60) days prior to such expiration date, we notify you in writing, by certified mail, that we elect not to renew this letter of credit for any additional one year period.

We hereby undertake to honor all drafts drawn under and in compliance with the terms of this irrevocable standby letter of credit presented to us by the beneficiary.

Authorized Signature

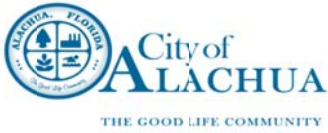
Print Name

Title

Irrevocable Letter of Credit Instructions:

- The form must be printed on the issuing financial institution's letterhead bearing its name and address and in a form substantially consistent with that currently in use by the City of Alachua (City).
- The form must contain an issuing number for the Letter of Credit.
- The Irrevocable Letter of Credit must be signed by an officer of the financial institution.
- The utility provider, City of Alachua, must be listed as the beneficiary with the address of 15100 NW 142nd Terrace, Alachua, FL 32615.
- The dollar amount of the Irrevocable Letter of Credit must be equal to the amount of security deposit required
- The Irrevocable Letter of Credit must have a fixed expiration date of at least one (1) year.
- The Principal named on the Irrevocable Letter of Credit must be the exact name as it appears on the CITY account.
- The business account holder must be registered, authorized to do business in Florida and be an active entity as reflected in the records of the Florida Department of State. Accordingly, the business is the CITY customer and must be the owner or the bona fide lessee of the property that receives the service. The business must possess a current CITY Local Business Tax Receipt.
- The CITY reserves the right to review existing deposits and payment status of any customer at any given time and increase or decrease surety requirements to ensure that an adequate security deposit is maintained with the CITY.
- Retain a copy for your records.
- Mail original to:

City of Alachua
Attn: Utility Billing
PO Box 9
Alachua, FL 32616-0009



Bond Number _____

SURETY BOND

KNOW ALL BY THESE PRESENTS, That _____ (Customer's Name) of _____ (Customer's Address) as Principal and _____ (Surety's Name) of _____ (Surety's Address) as Surety, are held and firmly bound unto the City of Alachua, a Florida municipality in Alachua County (CITY), as Obligee, in the full sum of _____ (\$ _____) Dollars, we bind ourselves, our successors and assigns, jointly and severally, firmly by these presents.

WHEREAS Principal has requested CITY to supply electric service to: _____ located at _____; and

WHEREAS CITY requires a cash deposit or Surety Bond in the amount of \$ _____ which payment or Surety Bond is required by Section 38-62 of the City of Alachua Code of Ordinances and Utility Billing Policy to secure it from the accumulation of unpaid bills for utility services rendered; and

WHEREAS Principal desires to furnish this Surety Bond in lieu of a cash deposit;

NOW, THEREFORE, the condition of this obligation is such that if Principal shall promptly pay all amounts which may be due by Principal to CITY for utility services in Principal's name at any or all premises, then this obligation shall be void; otherwise it shall remain in full force and effect.

The liability of Surety under this Bond shall not be discharged or affected by (i) any waiver, extension or modification of Principal's obligations to Obligee and regardless of whether Principal is proceeded against first or at any other time, or (ii) the failure of Obligee to notify Surety of nonpayment or waiver, extension or modification of Principal's obligations to Obligee.

Surety will pay within thirty (30) days of written demand for payment by CITY of delinquent utility bills of Principal.

It is hereby agreed that this obligation is effective beginning _____, for a period of twelve (12) months and that this Bond shall automatically renew for successive twelve month period(s) thereafter; provided, however, this Bond may be cancelled provided Surety gives Principal and Obligee sixty (60) days written notice prior to the expiration of the then current period. Such cancellation notice shall be sent by certified mail to City Alachua, P.O. Box 9, Alachua, Florida, 32616, Attn: Utility Billing Supervisor. Such cancellation shall not affect any liability incurred or accrued under this Bond prior to the effective date of such cancellation.

In addition to all other amounts payable hereunder, Surety shall reimburse Obligee for all costs and expenses (including attorney fees) that Obligee incurs in the enforcement of the provisions of this Bond.

IN WITNESS WHEREOF, Principal and Surety have signed and sealed this Surety Bond as of the _____ day of _____, 20_____.

Principal: _____ Surety: _____
Signature: _____ Attorney-In-Fact: _____ (Seal)
Title: _____ Signature _____

ACCEPTED: City of Alachua
Location: _____ Name: _____
Title: _____ Date: _____

ISSUED BY:
Insurance Agency: _____
Address: _____ City: _____ State _____ ZIP _____

Surety Bond Instructions:

- Include social security or tax identification number of applicant 99Customer/ Principal).
- All information and signatures are required.
- Corporate Officer, or other authorized representative, must sign the Surety Bond for the Principal and enter title of signatory.
- Submit Surety Bond to insurance company for completion. The Surety Company selected must be rated **C (per Weiss Ratings, Inc.) or higher** for City of Alachua acceptance. This rating is monitored to ensure the minimum rating is maintained throughout the life of the bond.
- The CITY reserves the right to review existing deposits and payment status of any customer at any given time and increase or decrease surety requirements to ensure that an adequate security deposit is maintained with the CITY.
- Surety company mail original copy to:

City of Alachua
Attn: Utility Billing
PO Box 9
Alachua, FL 32616-0009