

**LETTER TO  
INDUSTRY  
LTI#00000014**

**DATE:** March 2, 2015

**DCSM REFERENCE:** Article 2-703.3 Letters of Credit  
**Article**

**SUMMARY OF  
ISSUE/TOPIC:** Acceptable Financial Institutions for Letters of Credit.

**EFFECTIVE DATE:** Immediately

**POLICY /  
REQUIREMENTS /  
GUIDELINE:** Changing wording of Article 2-703.3 of the City of Manassas Design  
Construction and Standards Manual (DCSM) from:

**2-703.3 LETTERS OF CREDIT**

Letters of Credit meeting the following minimum conditions will be accepted:

The ability of the issuing institution to provide satisfactory performance guarantees shall be assessed by Development Services. One comment of this assessment will be the criteria reported in the latest publication of a Bank Insight Service, "Quarterly Ratings for Banks and Savings and Loan Associations" or by other recognized bank rating services as approved by the Development Services Manager. Standby Letters of Credit will be accepted only from issuers assigned a Quarterly Peer Group Rating of 80 to 99 in the latest issue of the publication. The City will not accept a rating of less than 91% if the current quarterly rating is in decline from the previous three (3) quarters. Issuers of Standby Letters of Credit offered in support of extension requests for Agreements that have expired, must also be assigned a Peer Group Rating of 80 to 99 in the latest issue of that publication. The City will not accept a rating of less than 91 if the last quarterly rating is in decline from the previous three (3) quarters. Notwithstanding the above, the Development Services Manager may accept a Letter of Credit issued by a non-qualifying bank, where such bank causes to be issued to the City of Manassas as beneficiary an additional Letter of Credit of equal value from a qualifying institution.

To:

**2-703.3 LETTERS OF CREDIT**

Letters of Credit (LOC) submitted for both new bonding agreements as well as LOC's offered in support of extension requests for agreements that have expired must meet the following minimum conditions:

The ability of the issuing institution to provide satisfactory performance guarantees shall be assessed by Development Services. One performance measure of this assessment will be the criteria reported in the latest publication of a Bank Insight Ratings, as outlined in their "Quarterly Depository Ratings for Peer Group" or by other recognized bank rating services as approved by the Development Services Manager. Standby Letters of Credit will be accepted only from issuers assigned a Quarterly Peer Group Rating of 50 to 99 in the latest issue of the publication. The City will not accept a rating of less than 61% if the current quarterly rating is in decline from the previous three (3) quarters. The issuing institution must have a physical location that may be drawn upon within the State of Virginia. Notwithstanding the above, the Development Services Manager may accept a Letter of Credit issued by a non-qualifying bank, where such bank causes to be issued to the City of Manassas as beneficiary an additional Letter of Credit of equal value from a qualifying institution.

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**BACKGROUND:**

This Article had been changed during the City's DCSM revision in 2014. Unfortunately, the interpolation of the previous Peer Group Ratings from "Sheshunoff" to the current "Bank Insight Rating" had created a business environment that was restrictive and stifled economic opportunity. It is important to note that the new acceptable peer group values are temporary until further studies can be conducted.

**CONTACT:**

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**MANGER APPROVAL:**

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