



POLICY MANUAL

POLICY NUMBER: FINANCE-016

SUBJECT: Securities for Subdivision and Development Services

POLICY STATEMENT: (Purpose/Objective)

The purpose of this policy is to ensure that monies to guarantee the installation of services will be available to the City when required. This policy will provide guidelines which will direct the form in which these securities will be accepted by the Municipality.

This policy is to be interpreted and applied in accordance with the requirements of the Municipal Act, 2001 ("the Act") and any regulations passed thereunder ("the regulations"). Terms used in this policy have the meanings applicable to those terms in the corresponding sections of the Act and the regulations.

RELATED POLICY PROCEDURES/GUIDELINES:

Where financial security is required by The Corporation of the City of Brantford (City) as a term of any contract, the following forms of security shall be accepted:

1. Letters of Credit

- Must be in prescribed form that is acceptable to the City Solicitor.
- Must be issued by a Schedule I Bank, Schedule II Bank, Schedule III Bank or Trust Company with a minimum DBRS (Dominion Bond Rating Service or an equivalent rating by one of the other rating services such as Canadian Bond Rating Service, Moody's, Standard and Poors, Fitch) rating A (low) (or equivalent) or a Credit Union providing that the Credit Union is verified as a member of the Central I Credit Union, is rated as A (low) (or equivalent) or higher, and has a head office in Ontario.

- The Letter of Credit to be provided to the City, issued by the financial Institution shall be irrevocable and shall be in the form and on the terms of the “Irrevocable Letter of Credit” template attached hereto as Appendix A.
- It is a condition of the Letter of Credit that it shall be deemed to be automatically extended for one (1) year from the present or any future expiration date hereof, unless thirty (30) days prior to any such date the issuer of the Letter of Credit shall notify the City in writing that they elect not to consider the Letter of Credit renewed for any such additional period.
- The Letter of Credit will permit partial drawings or releases.

2. Cash Deposit

- Cash is an acceptable form of security in the form of a certified cheque or electronic funds transfer.
- The deposit will be held in a non-interest bearing account.
- Partial drawings or releases on deposits held will be permit.

3. Surety Bond

- Surety Bonds are an acceptable form of security for Subdivision and Development agreements only where the language, in the associated agreement, permits Surety Bonds. These Agreements entered into between the land owner and the City of Brantford include, but are not limited to, Plan of Subdivision, Site Plan, External Works Agreement, Joint Service Agreement, Consent Agreement.
- The Surety Bond guarantees the assumption of responsibility for payment of security in the event of a default of an agreement.
- The Surety Bond must be in prescribed form that is acceptable to the City Solicitor.
- The Surety Bond must be issued by a Canadian surety provider having a minimum DBRS (Dominion Bond Rating Service or an equivalent rating by one of the other rating services such as Canadian Bond Rating Service, Moody's, Standard and Poors, Fitch) rating A (low) (or equivalent).
- The issuing company shall be incorporated in Canada for no less than ten (10) years and issue surety bonds in Canadian dollars.
- The issuing surety provider must be an active institution monitored by the Office of the Superintendent of Financial Institutions (OSFI).
- When a surety provider ceases, in the opinion of the City, to meet all or any requirements of this policy, the City may, at its discretion, require a new security to be provided immediately. If the new security is not provided in a timely manner, the City may draw on the original Surety Bond.
- The Surety Bond to be provided to the City, issued by the surety provider shall be irrevocable and shall be in the form and on the terms of the “Surety Bond” template attached hereto as Appendix B.
- The City may, in its discretion decline a Surety Bond for any reason.
- It is a condition of the Surety Bond that it shall be deemed to be automatically extended for one (1) year from the present or any future expiration date hereof, unless thirty (30) days prior to any such date the provider of the Surety Bond shall notify the City in writing that they elect not to consider the Surety Bond renewed for any such additional period.

- The Surety Bond will permit partial drawings or releases.

Date of Enactment: December 14, 2022	Related By-law Number/Staff Report Number: By-law Number XXX-2022
Review and Amendment Dates: December 14, 2022	Department Responsible for Review: Finance
Date of Next Review: 2027	Applicable Legislation/Legislative Authority: Municipal Act