



POLICY

POLICY STATEMENT

The City of Barrie remains committed to maintaining affordability and responding effectively to the needs of the business community. The Surety Bond Policy takes a balanced approach by recognizing the critical role that securities for outstanding obligations play in protecting the municipality, minimizing risk to existing taxpayers, and ensuring that the interests of the development and business communities are also appropriately considered.

SCOPE

The policy applies to all financial securities.

PURPOSE/APPLICATION

This Policy establishes the rules and procedures for the administration and use of Surety Bonds as an acceptable form of security.

The purpose of this policy is to provide clear guidance for the acceptance and administration of Surety Bonds as an alternative form of security.

This policy aims to:

- Support economic growth and housing supply by improving developer liquidity;
- Maintain appropriate protection for the municipality and taxpayers;
- Align with industry best practices and standards.

DEFINITIONS

For the purpose of this Policy, the following terms shall have the meaning as ascribed to them:

Principal: The party whose obligation is guaranteed (i.e. developer).

Security: An amount of funds required to be provided by the Principal, which will be returned upon full performance of an Agreement to the satisfaction of the City. The security may be drawn upon, at the City's discretion, in the event of a breach of any Agreement obligations, to satisfy any outstanding obligations to the City or third parties, or as otherwise deemed necessary by the City.

Surety: The party that assumes the obligation if the Principal cannot.

Surety Bond: A three-party agreement in which a surety company guarantees to the municipality (Obligee) that the developer (Principal) will fulfill its obligations.

Surety Provider: A company licensed to issue surety bonds in Ontario and holding a minimum rating of A– from a recognized credit rating agency. Recognizing that different providers may have varying rating methodologies, the City reserves the sole discretion to assess the Surety Provider's bond rating to ensure that it generally conforms to this standard.



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SPECIFIC POLICY DETAILS

1. General

1. The municipality will accept Surety Bonds in lieu of or in combination with cash deposits and/or Letters of Credit to satisfy financial security requirements, subject to the terms outlined in this policy.
2. The Surety Bond must be issued by an acceptable Surety Company in a form satisfactory to the municipality's legal counsel and Director of Finance/Treasurer.

Conditions for Acceptance

To be accepted, a Surety Bond must:

1. Be irrevocable and callable on demand;
2. Be issued for 100% of the required security amount, unless otherwise approved by the municipality;
3. Remain in force until the municipality has released the security in accordance with the applicable agreement;
4. Be in a form acceptable to the municipality's legal counsel.

Review and Approval

1. All proposed Surety Bonds must be reviewed and approved by the Director of Finance/Treasurer or designate before acceptance;
2. The municipality reserves the right to request replacement security (e.g cash or Letter of Credit) if the Surety Company's rating falls below the acceptable standard or if the Surety Company is otherwise determined to be in default.

Responsibilities

1. Director of Finance/Treasurer or designate: Responsible for reviewing and approving all Surety Bonds and maintaining a registry of active securities;
2. Development Services department: Responsible for ensuring that appropriate security is in place prior to execution of agreements and before any works commence;
3. Legal Counsel: To review and approve the form of the Surety Bond.

ADMINISTRATION

The Finance Department shall administer this policy.



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LEGISLATIVE AND ADMINISTRATIVE AUTHORITIES

This policy is authorized under the *Municipal Act, 2001*, as amended. Specifically:

- **Section 224 (b)** which describes the role of Council including the development and evaluation of policies and programs of the municipality.

This policy also ensures that the City is positioned to comply with the requirements of Section 70.3.1 of the Planning Act and Ontario Regulation 461/24.

UPDATE OF POLICY

This policy, once passed by Council, may be amended by staff for the purpose of minor updates, clarifications, and further explanations. If significant amendments are required, the changes will be submitted to Council for consideration/approval.

REFERENCES AND RELATED POLICIES/DOCUMENTS/FORMS

Municipal Act

Development Charges Act

Planning Act and Ontario Regulation 461/24

Securities Policy

DEPARTMENT CONTACTS

Legislative and Court Services Department

Wendy Cooke, City Clerk/Director of Legislative and Court Services x4560

Finance Department

Colleen Smith, Interim Director of Finance x5128

Craig Gillespie, Senior Manager of Corporate Finance and Investments x5347

Marc Villeneuve, Supervisor of Development Charges x4503