


| | | | |
|---|---|----------------------------------|--|
|  | FINANCE TREASURY STANDARD Performance Bonds | | |
| | Owner: Corporate Finance | Issue Date: 2021/07/01 | Next Review Date: 2025/07/01 |
| | Approved By: Chief Financial Officer or designate | | |

1.0. **STANDARDS AND PROCEDURES**

- 1.1. These Performance Security Standards and Procedures (the "**Procedures**") are governed by Finance in conjunction with, and under the authority of, the Performance Security Policy (hereinafter the "**Policy**").
- 1.2. Law is responsible for the administration of all Performance Bonds accepted by The City.
- 1.3. All Performance Bonds accepted by The City of Calgary (hereinafter "**The City**") shall be directed to Law for central administration and management.
- 1.4. The commercial terms and conditions of Performance Bonds, including the necessary guarantee amounts and triggering conditions, are the responsibility of the business unit and should be set according to internal risk tolerances and standards. These standards are not defined in this document.

2.0. **APPLICABILITY**


- 2.1. These standards apply to Performance Bonds accepted by The City, unless otherwise directed and approved by Council or if an exception has been approved per section 4.0.
- 2.2. All applicable existing Performance Bonds will be updated through ongoing negotiations and amendments to meet the Policy and Procedures.

3.0. **DEFINITIONS**

- 3.1. "**Performance Bond**" means a bond issued by a surety company that guarantees a party's performance or maintenance of its obligations under an agreement.
- 3.2. "**Principal**" means the company that has requested the Performance Bond to be issued.
- 3.3. "**Surety Company**" means a firm or insurance company that guarantees a Principal will carry out an obligation to a third party.

4.0. **EXCEPTIONS**

- 4.1. Any exceptions to the Procedures require approval by an authorized person, as outlined within section 5.0.
- 4.2. Law shall coordinate the exceptions process, including seeking approvals, providing supporting recommendations, and ensuring the creation and maintenance of

| | | | |
|---|---|----------------------------------|--|
|  | FINANCE TREASURY STANDARD Performance Bonds | | |
| | Owner: Corporate Finance | Issue Date: 2021/07/01 | Next Review Date: 2025/07/01 |
| | Approved By: Chief Financial Officer or designate | | |


appropriate documentation of such exceptions.

- 4.3. All exceptions under the Policy or Procedures must be documented in writing and retained for two years following the expiration of the Performance Bond.
- 4.4. To support a request for an exception, the requester must prepare a memorandum outlining the request with a detailed rationale in support of the request.

5.0. PERFORMANCE BOND STANDARDS

- 5.1. Performance Bonds are subject to the following standard terms and conditions, unless a formal request to the contrary has been received and approved (section 4.0):

| Standard | Authority to approve Exceptions to Standards | Guidance |
|--|---|---|
| Performance Bonds shall be for a minimum amount of \$100,000. | Leader, Risk Management | Smaller amounts may not justify the expense of receiving, amending, storing, and managing Performance Bonds |
| Any Surety Company used for a Performance Bond must have an A.M. Best rating or equivalent of A- or better and a financial factor size category 7 or better. | Manager, Risk Management | |
| Performance Bonds must meet all standard terms and conditions contained within the Performance Bonds Template. | Leader, Risk Management | |

| | | | |
|---|---|----------------------------------|--|
|  | FINANCE TREASURY STANDARD Performance Bonds | | |
| | Owner: Corporate Finance | Issue Date: 2021/07/01 | Next Review Date: 2025/07/01 |
| | Approved By: Chief Financial Officer or designate | | |

6.0. **ROLES & RESPONSIBILITIES**

6.1. *Principals are responsible for:*

- 6.1.1. Selecting a Surety Company to guarantee its obligations under the Performance Bond; and
- 6.1.2. Forwarding the finalized Performance Bond to The City.

6.2. *Business units are responsible for:*


- 6.2.1. Creating the requirements for a new or amended Performance Bond;
- 6.2.2. Issuing and soliciting proposed agreements including Performance Bonds to the Principals; and
- 6.2.3. Engaging with Law, seeking advice and approval on terms of agreement regarding Performance Bonds, including the form of the Performance Bond.
- 6.2.4. Engaging with Corporate Finance, seeking advice or approval (if required) on the payment and security mechanisms in the agreement, including Performance Bonds.

6.3. *Surety companies are responsible for:*

- 6.3.1. Guaranteeing that a Principal will carry out its obligation to The City.

6.4. *Law is responsible for:*

- 6.4.1. Receiving Performance Bonds directly from the Principals;
- 6.4.2. Reviewing received Performance Bonds to ensure that the standard, approved form has been used and that all necessary amounts and approvals are correct;
- 6.4.3. Reviewing received Performance Bonds for which the approved form has not been used;
- 6.4.4. Obtaining Certificates of Authenticity for digitally-submitted bonds;
- 6.4.5. Maintaining the Performance Bond documentation submitted to The City; and
- 6.4.6. Creating, updating and approving the standard forms to be used for Performance Bonds at The City.
- 6.4.7. Subsections 6.4.1, 6.4.2, 6.4.4, and 6.4.5 do not apply to Performance Bonds required under development agreements or required as conditions of development permit or subdivision.

| | | | |
|---|---|----------------------------------|--|
|  | FINANCE TREASURY STANDARD Performance Bonds | | |
| | Owner: Corporate Finance | Issue Date: 2021/07/01 | Next Review Date: 2025/07/01 |
| | Approved By: Chief Financial Officer or designate | | |

6.5. *Treasury, Corporate Finance Projects is responsible for:*

6.5.1 Engaging with business units to advise on the requirements for Performance Bonds in an agreement.

APPENDIX A: ATTACHMENTS

Refer to attached documents.



Performance
bonds_multi year.pc



Performance
bonds_template.pdf



development-agree
ment-surety-bond.pdf