

Title: Security Deposit Policy		Policy No: 5.07 Supersedes: 5.07, 5.14, 5.15
Effective Date: May 3, 1993	Amended Date: July 29, 2025	Review Date: July 29, 2026
Policy Statement: Where the City requires a Security Deposit as a guarantee for development charge (e.g., development cost charges and amenity cost charges) installment payments, or to ensure the satisfactory completion of required development or non-development related works, the following will guide the forms of security acceptable to the City.		
Purpose: The purpose of this Policy is to ensure that any security received adequately mitigates risk to the City.		
Scope: This Policy applies to all entities that are required to provide the City with a Security Deposit for either development charge installments or to ensure the completion of required works as part of a development or non-development project.		
Definitions: Security Deposit means a deposit held by the City in the form of Cash, Irrevocable Letter of Credit, or a Surety Bond to guarantee the completion of certain obligations of contract, application works, delivery of assets, and/or the protection of City infrastructure by a developer/builder (the "Applicant"). Cash Security means deposits provided to the City in the form of cash, certified cheque or bank draft. Irrevocable Standby Letter of Credit (Letter of Credit) means a letter issued by a Canadian chartered financial institution which meets this Policy's requirements and serves as a guarantee for payments to be made. Project Manager means the City staff member assigned to manage a project or file that requires an Applicant or Contractor to provide the City with a Security Deposit.		

On Demand Surety Bond (Surety Bond) means a policy issued by a Canadian insurance company. For clarity, a Surety Bond is an agreement between three parties, while a traditional policy is an agreement between two. A surety agreement involves the principal (i.e., the Applicant), the surety (i.e., the issuer of the bond, like an insurance company), and the obligee (i.e., the City of Maple Ridge).

Interest means the rate of interest paid on Cash Securities. For certainty, this rate is set at 0.5% per annum and will be accrued annually as simple interest.

Letter of Indemnity (Letter of Assurance) means a formal document where one party assures another party that they will fulfill certain obligations or requirements. May also be referred to as an Indemnification Agreement.

Procedure:

1. Cash Securities will be accepted up to a maximum of **\$200,000** per applicant. Simple interest will be accrued on Cash Securities as of the date of acceptance of the Cash Securities by the City and paid to the Applicant when the Security Deposit is released in full. The City will issue tax information slips to the Applicant as required by Canada Revenue Agency for interest earnings in excess of \$50 in the year interest is paid.
2. If the City holds any Cash Securities prior to this Policy being amended and adopted by Council, then those previously collected Cash Securities will accrue simple interest from the date of this Policy's adoption.
3. Interest will not be paid on any portion of the Cash Security that the City needs to draw on to address any deficiencies on the part of the Applicant.
4. A Letter of Credit that meets the requirements of the City and is in a form acceptable to the City will be accepted where Securities are required.
5. A Surety Bond that meets the requirements of the City and in a form acceptable to the City will be accepted where a Security Deposit is required under a Servicing Agreement or under the *Provincial Development Cost Charge and Amenity Cost Charge (Installments) Regulation* as amended from time-to-time. For certainty, where a Provincial enactment imposes criteria for a Surety Bond, the bond must meet those criteria and any other criteria imposed by the City (where permitted).
6. The City does not accept Letters of Indemnity as Security Deposits.
7. To mitigate risk for the City, it is the responsibility of managing departments to ensure that documentation validating the purpose for the security, the basis of determining the amount of

security, the total security value, and appropriate authorization for the required securities is complete prior to the acceptance of the securities.

8. To minimize the likelihood of the City incurring additional costs to complete works, when calculating the security value, the managing departments should consider timing for the delivery of the asset or service being performed and the financial risks and costs associated with non-compliance or non-performance events which may require the City to complete the works.
9. Securities must be linked to set deliverables within a project to distinguish between multiple items of securities held for the same development.

Managing departments are responsible for ensuring that each security **is only used** for the original intended purpose for which it was collected and that no security is transferred or used to cover another obligation of the Applicant.

10. The Finance Department will maintain a database of all securities held by the City and their purpose.
11. The Finance Department will review securities prior to acceptance to verify that they meet the requirements of the City and any applicable Provincial enactments.
12. Project Managers of managing departments will oversee the City's relationship with the Applicant throughout the life cycle of the security.
13. Project Managers will manage securities held by the City to ensure that when triggers to reduce or release a security are met, appropriate and timely action is taken, appropriate supporting documentation substantiating the amount of the release is prepared and submitted, and that requests to reduce or release a security are appropriately approved by the Project Manager and the managing department Director.
14. Managing departments that request a reduction or release of a security are responsible for validating that the underlying requirements have been met by the Applicant and that appropriate documentation to substantiate the reduction or release has been received by the City from the Applicant and stored in a secure electronic or central filing system, for review and audit, prior to submitting the request to the Finance Department.
15. The City will draw on securities if the Applicant fails to deliver on the original agreement, including any works, services, or deliverables set out in the agreement, or incurs damage to City property. Such draws may only be authorized by the Project Manager and the managing department Director and supported by appropriate documentation.

16. From time-to-time Applicants may submit a request to the City to replace a security with a different security type. Regardless of the replacement type, the original security will only be released once the replacement has been reviewed and accepted by the City.

17. The City will charge an administration fee as set out in the Maple Ridge Fees and Charges Bylaw, as amended from time-to-time each time an Applicant exchanges or replaces a security deposit with a new security deposit.

Administration:

18. This Policy will be administered by the Director of Finance or their designate.

(Administration Only)	Signature	Date Signed
Resolution No.:		
		