

**POLICY TITLE: Interest Payment Policy on Cash Securities Regarding Development Agreements**

POSITION RESPONSIBLE FOR TASK: Manager of Capital Budgets and Development

POLICY NO: PP-XXXX

LAST REVISION DATE: March 18, 2011

EFFECTIVE DATE: July 1, 2011

MANAGER REVIEWED: Joe Spiler

TO BE REVIEWED: 7/1/2016

MAINTENANCE RESPONSIBILITY: Senior Financial Development Analyst, Capital Budgets and Development

**I GENERAL**

The Interest Payment Policy on Cash Securities Regarding Development Agreements, identifies a uniform level of service for the allocation of interest payments in relation to specific security deposits.

**II BACKGROUND**

The City of Hamilton, similar to all municipalities, requires security deposits from developers to ensure that infrastructure work within their sub-division or site plan is completed according to City standards. The required securities are deposited with the City, by way of a Letter of Credit, through the developer's bank or actual tender (cash). The responsibilities associated with the required infrastructure would be noted in development agreements between the developer and the City. As the work is completed, City staff verify that the developer is refunded his security in phases or in whole. Prior to amalgamation, each former municipality within the former Regional Municipality of Hamilton-Wentworth did not pay interest on cash securities for the length of time held. The former City of Hamilton and the Regional Municipality of Hamilton-Wentworth did pay interest. Post-amalgamation, staff continued these practices with regards to inherited securities. Cash security deposits, under the new City of Hamilton, were allocated interest. The Audit and Administration Committee Report CM09014, 09-009 recommended a uniform level of service with regards to interest payment policies.

### III POLICY

That interest payments with respect to cash securities relating to Development Agreements (Sub-division, Site Plan, Lot Grading) be applied accordingly:

1. 0% interest to be applied on existing Cash Security balances after July 1, 2011, (refer to Table 2 of Report FCS11029).
2. Effective July 1, 2011, 0% interest rate to be applied on all new cash securities provided to the City, by outside parties, regarding lot grading agreements, sub-division agreements, site plan agreements, etc.
3. Cash Security reduction procedure:
  - Photocopy cheque
  - Check taxes are up-to-date
  - Obtain security reduction request from project manager or co-ordinator
  - Check file for any freezes on reductions or clauses that state reduction not available.
4. Currency to be in Canadian dollars.