Bond Agreements & Infrastructure Agreements



Orleana Waters Development

What is a Bond Agreement?

- The bond is a guarantee to ensure the terms of a contract are fulfilled. If the contracted party fails to
 fulfill its duties according to the agreed upon terms, Council can claim against the bond to recover
 financial losses or a stated default provision.
- A bond will protect against disruptions or unlikely events during a construction project. Through construction this will protect Council from any suppliers that fail to complete their work or if the project fails to meet the contract's specifications.
- Council will accept bonds in the form of bank guarantees to complete the works that are given. The
 bonds are not released or reduced until the works are completed, to the reasonable satisfaction of
 Council. If the developer defaults on any conditions, bonds shall be retained by Council to cover
 construction / maintenance / defects liability of works.

What is a Bank Guarantee?

- A Bank Guarantee is an alternative to providing a cash deposit or bond directly to Council. It is an
 unconditional undertaking given by the bank, on behalf of the developer, to pay the recipient of the
 guarantee the amount of the guarantee on written demand.
- Bank Guarantees require security in the form of cash held on deposit with the bank.

Infrastructure Agreement

- When the developer is required to undertake works to facilitate the construction of the development that are external to the site or not covered in the development plan then they must enter into an infrastructure agreement for the works.
- An agreement (i.e. Infrastructure Fund) can be entered between a developer and the Council to
 cover the ongoing operational and maintenance costs associated in new land developments that may
 include non-conventional landscape works.



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Process

• The following diagram summarises the indicative steps to enter binding agreements with Council to deliver infrastructure and public works.

LAND PURCHASED **PRELIMINARY DISCUSSION WITH COUNCIL TO DISCUSS REQUIREMENTS** UNDERTAKE DESIGN OF THE WORKS LODGEMENT FOR **INFRASTRUCTURE** IF THERE ARE ANY **DEVELOPMENT EXTERNAL WORKS AGREEMENT** APPROVAL BY COUNCIL **2 X BANK GUARANTEES** TO BE PROVIDED TO COUNCIL **CARRY OUT PROPOSED WORKS COUNCIL APPROVAL + CERTIFICATE OF PRACTICAL COMPLETION OF WORKS COMPLETION, RETURN OF 1 X** (PRACTICAL COMPLETION) **BANK GUARANTEE** COUNCIL APPROVAL + **REVIEW OF WORK CERTIFICATE OF FINAL AFTER 12 MONTHS COMPLETION, RETURN OF 1 X** (FINAL COMPLETION)



BANK GUARANTEE