

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.

