



May 26, 2021

Hamilton City Hall
71 Main Street West
Hamilton, ON L8P 4Y5

Chair and Members of the Audit, Finance and Administration Committee:

RE: The Adoption of Modern Pay on Demand Surety Bonds in Hamilton

Starward Homes is a fourth-generation residential construction company that has been building homes in Hamilton for 115 years.

Under the current process, we are required to submit Letters of Credit through our banks to satisfy the development requirements. We are encouraged by the recommendations proposed by the West End Home Builders' Association and the *Mayor's Task Force on Economic Recovery* that the City would be able to accept surety bonds as financial security for projects to secure municipal agreements.

The change from a Letter of Credit to a Surety Bond will allow us to reinvest our equity more quickly into additional future developments rather than leaving equity in completed projects due to the requirement of cash collateralizing outstanding Letters of Credit at the completion of a development. Since the finalization of letters of credit can sometimes take 5 or more years after the closing of the final residential units in a development, we often have a significant amount of equity tied up in cash security for completed projects.

Given that the Pay on Demand surety bonds have the same benefits and security as a letter of credit, the City of Hamilton will continue to have the required security from developers such as Starward but they will also have the benefit of professional underwriting that is carried out by licensed bonding companies which will ensure that the developer is qualified to fulfill its obligations under the municipal agreement.

We fully support the City's adoption of this recommendation and look forward to the implementation of this as an alternative to the traditional Letter of Credit.

Sincerely,

A handwritten signature in blue ink, appearing to be "BC", written over a faint circular stamp.

Brandon Campbell
President
Starward Homes Group of Companies