City of Hickory Performance Guarantees (Bonds)

1. Types of Financial Guarantees Accepted.
    a. Cash or certified check.
    b. Letters of Credit from a financial institution, such as a bank or credit union licensed to do business in the State of North Carolina
    c. Surety Bond from an agency such as Traveler's.

2. Initiation of Process
    a. Builder / developer contacts the City's Planning Department to discuss the opportunity for providing a performance guarantee for specific elements of required infrastructure to move the project further forward before putting those in place. During this discussion the builder / developer is asked to provide a list of what specific items they wish to bond.

       Note: Not all types or stages of infrastructure can be covered by a performance guarantee. Examples are operational utility systems and adequate access for fire and emergency services. These are only examples, and this topic needs to be discussed in more detail with city staff.

3. Internal Review Process
    a. The City's Public Services Department (Public Woks and Public Utilities) is contacted by the Planning Department to review what is being requested by the builder / developer to determine how far along the construction of the infrastructure is, and whether what is being requested is acceptable to be bonded on a temporary basis.

    b. If the request is found to be reasonable, the Planning Department will ask the builder / developer to provide plans, specifications, contracts, quotes, etc. which show the costs of the items they wish to bond. This information is shared with the City Engineer who conducts a review to verify information provided is reasonable in comparison to what has already been constructed on site. If everything is acceptable the Planning Director is notified.

4. Formal Agreement Process
    a. The builder / developer is required to provide the City of Hickory with a Performance Guarantee in one of the three forms listed. The guarantee must be 125% of the estimated cost of completing the work being requested. Letters of Credit and Surety Bonds must be in favor of the City of Hickory.

    b. Each guarantee must be accompanied by an agreement document provided by the City of Hickory. The agreement lists the duration of the agreement (1-yr typical), the infrastructure items covered, those persons or entities responsible and other terms. The document must be signed by a representative who has the legal ability to sign on behalf of any organization, business, corporation, etc. they claim to have. Documentation of such ability must be provided.

    c. After all signatures have been provided on the agreement, all bonds, estimates, contacts, etc. have been received; the agreement process has concluded.

5. Post Agreement
    a. Once the agreement has been completed the builder / developer can request a certificate of occupancy (C/O) or record a final plat for any property subdivision. After this has occurred the builder / developer can move forward with occupying a building, selling lots or building houses, while they work toward completion of the bonded infrastructure.

    b. A performance guarantee agreement may be reduced (drawn down) during the period of the agreement, should the Planning Director, after consultation with other city staff, find ample work complete to a state where funds could be drawn down to an amount only necessary to cover what remains.

    c. Time extensions can be granted if the builder / developer provides documentation showing the cost of the bonded work has not increased, a revised financial guarantee is provided, and the agreement is updated. This is contingent upon a steady progression toward the completion of work.

6. Conclusion
    a. After all work covered by the guarantee has been completed, inspected, and shown to meet or exceed the standards of the city, the builder / developer can request to be released from the agreement.
    b. Once this request has been received and the city has verified all requirements have been satisfied, the city will return the original surety along with a written determinization from the Planning Director indicating builder / developer has fulfilled their obligations.