



CITY OF LAREDO

ENGINEERING DEPARTMENT

Subdivision Ordinance

Section 2-4 Performance Bonds

The City Planner shall not file or cause to be filed an approved plat for record until a written report is received from the City Attorney and City Engineer stating whether either of the following conditions have been met by the owner:

1. Construction of Improvements: All necessary improvements have been constructed. All such construction shall be inspected while in progress by his duly authorized representative. A certificate of such officer stating that the construction conforms to the specifications and standards contained in or referred herein must be presented to the Director of Planning before the recordation of the plat.
2. Security in Lieu of Construction:

(i) **Surety Bond**

The owner has filed with the City Attorney, a surety bond, payable to the City of Laredo, on a form provided by City, from a surety bonding company, licensed to do business in the State of Texas, and having a Best AAA rating. The bond shall be in the amount adequate to cover the entire cost, as estimated by the City Engineer of installing all necessary improvements and guaranteeing the installation thereof within the time estimated by the City Engineer for completion of the improvements. The adequate amount of the bond will be based on the estimated cost of the improvements on the latest date stated for installation of the same, and not on the actual date of the surety bond. A bond shall specifically state that it shall remain in full force until such improvements are made by the owner and accepted by the City of Laredo.

(ii) **Letter of Credit**

The owner has filed with City Attorney, on a form provided by the City an irrevocable letter of credit in an amount adequate to cover the entire cost, as estimated by the owner and approved by the City Engineer, of installing all necessary improvements. The adequate amount of the letter of credit will be based on the estimated cost of the improvements on the latest date stated for installation of the same, and not on the actual date of the letter of credit.

Requirement:

- a) Irrevocable Letter of Credit from the Bank (Original)

(iii) Escrow Account

The owner has placed on deposit, cash or other instrument made payable to the City of Laredo, which instrument is readily converted into cash at face value, either with the City of Laredo or in escrow with a bank. The use of any instrument other than cash and, in the case of an escrow account, the bank with which the funds are to be deposited shall be subject to the approval of the Planning Commission. The amount of the cash or other deposit shall be at least equal to the cost of the improvements as estimated by the subdivider and approved by the City Engineer of installing all required improvements on the latest date stated for installing the same, and shall not be based on the cost of installing the same on the date that the cash or other instrument is deposited with the City or the bank.

Requirements:

- a) Trust Agreement Executed (Original)
- b) Complete Request for Taxpayer Identification Number and Certification (Form W-9)
- c) Cashier's Check amount being equal to the cost of the improvements as estimated by the Developer and approved by the City Engineer for the construction of the specified improvements in the above project.

(iv) In the case of an escrow account, as provided in (iii) above, the owner shall file with the City Attorney an agreement between the financing bank and himself, guaranteeing the following:

(a) That the funds of said escrow account shall be held in trust until released by the City Attorney, as construction is approved by the City Engineer, and may not be used or pledged by the owner as security in any other matter during the escrow period, and,

(b) That in the case of a failure on the part of the owner to complete said improvements within the agreed time limits, then the bank shall immediately make the funds in said accounts available to the City for use in the completion of those improvements.

(v) If one of the above three (3) types of security be filed by the owner, the City Engineer shall inspect the construction of the improvements while in progress, and he shall inspect each improvement upon completion of construction. After final inspection, he shall notify the owner and the City Attorney in writing as to his acceptance or rejection of the construction. He shall reject such construction only if it fails to comply with the standards and specifications contained or referred to herein. If he rejects such construction, the City Attorney shall on direction of the Planning and Zoning Commission proceed to enforce the guarantees provided in this ordinance.

(vi) As to replats of property less than one block, the Planning and Zoning Commission shall have discretion as to the type of securities to be posted by the owner.

(vii) For properties within the floodplain and where a map revision is proposed, a surety bond, letter of credit, or escrow account as outlined in sections, i, ii, iii above, provided that said security, letter of credit, or escrow account shall be double the estimate of the drainage improvements and shall remain in effect until such time that the improvements are complete. Upon completion of improvements, a letter of credit shall be put up in the amount equivalent to the estimate of the drainage improvements until such time as the Letter of Map Revision (LOMR) is approved by the Federal Emergency Management Agency (FEMA).

General information:

Complete documents related to the above shall be submitted to the City of Laredo Engineering Department in order to process a plat for recordation.

The following are examples of documents to be used for reference purposes only which are required to file an approved plat for recordation.

All applicable fees related to water availability, annexation, water meter(s), park improvements, street lights, plat recordation, fire, other(s) shall be paid to the respective department including Utilities Department, Parks & Recreation Department, Traffic Safety department, Fire department, and/or Planning Department.

Should you have any other general questions please contact our office at (956) 791-7346 or visit our website for more information. www.cityoflaredo.com/Engineering/index.html

Irrevocable Letter of Credit No: _____
Name of Bank, Trust Company, or Agent Address

To: City of Laredo
1110 Houston Street
Laredo, Texas 78040

Date: _____

Gentlemen:

At the request of _____ (Subdivider) we hereby open in favor of the City of Laredo our Irrevocable Letter of Credit for sum or sums not exceeding _____ (\$ _____) available by your demand on us and documents specified below:

A signed statement by the City Engineer that the funds drawn under this Letter of Credit are needed to pay for the completion of all or any of the following improvements:

<u>TYPE OF SITE IMPROVEMENTS</u>	<u>ESTIMATED COST</u>
Streets	\$ _____
Lot Site Grading	\$ _____
Storm Drainage System	\$ _____
Storm Water Pollution Prevention	\$ _____
Sanitary Sewer Collection	\$ _____
Water Distribution System	\$ _____
Total Construction	\$ _____
Engineering (10%)	\$ _____
Testing (3%)	\$ _____
TOTAL	\$ _____

In conjunction with _____ (Subdivision) and further that _____ (Subdivider) has failed to complete the work stated. Such demands will be honored if presented at this office on or before expiration date of this letter of credit, such date being _____.

Executed on this _____ day of _____, 20_____.

Attest: _____

Bank or Trust Company

Title: _____

Authorized Agent (Printed)

Authorized Agent (Signature)