

ORDINANCE NO. 2023-_____

**AN ORDINANCE TO AMEND THE PRAIRIE GROVE MUNICIPAL
CODE REGARDING LETTERS OF CREDIT FOR IMPROVEMENTS.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PRAIRIE
GROVE, ARKANSAS, THAT:**

Section One: Title. This Ordinance shall be known as the 2023 Subdivision
Improvements Amendment.

Section Two: Section 15.16.03 Amended. Section 15.16.03 of the Prairie Grove
Municipal Code shall be amended to read as follows:

15.16.03 Guarantees in lieu of installed improvements.

The planning commission may approve the final plat of a subdivision prior to the installation of all
the required improvements if the subdivider:

- A. *Deposits cash or a surety bond.* Such deposits of cash or a surety bond with the city shall be in
an amount equal to the estimated cost of the improvements as determined by the city engineer
and city council for the entire subdivision or portion thereof. Upon satisfactory completion of
the improvements, the subdivider may withdraw any deposit made; or
- B. *Provide an irrevocable letter of credit.* Such letter of credit must be provided by a bank listed
pursuant to A.C.A. §19-8-105. The amount of such letter of credit shall be equal to the
estimated cost of the improvements as determined by the city engineer and city council for the
entire subdivision or portion thereof. The term for such letter of credit shall be 36 months and
shall not be renewable. If all improvements are not completed within 35 months of the date of
issuance of the letter of credit, the subdivider shall be in default and the city will make claim on
the letter of credit in an amount estimated to provide completion of all unbuilt improvements.
Such letter of credit shall be in substantially the same form as Attachment 1 hereto.

Section Three: Effective Date. This Ordinance shall become effective 60
days following its posting unless an Emergency Clause is affixed.

Section Four: Change in Security. Persons who currently have a cash or surety
bond on file with the City may replace such with an irrevocable letter of credit.
The expiration of any such letter of credit shall be 36 months from the date they

posted their cash or surety bond and default shall occur 35 months from such date.

Section Five: Repealing Clause. Ordinances or parts thereof in force at the time that this ordinance shall take effect that are in conflict herewith, are hereby repealed.

Section Six: Saving Clause. Nothing herein shall be deemed to affect any rights or obligations existing at the time of the passage of this ordinance.

Section Seven: Severability Clause. In the event any portion of this ordinance is declared inoperative or invalid as a result of a statute or judicial decision, then only that portion expressly so declared to be inoperative or invalid shall be affected thereby and all other provisions hereof shall remain in full force and effect.

Approved this 19th day of June 2023.

David Faulk, Mayor

(Attest)

Christine Kelly, Clerk

ATTACHMENT 1

SAMPLE LETTER OF CREDIT

City of Prairie Grove
955 E Douglas Street
Prairie Grove, AR 72753

Issue Date: _____

Expiration Date: _____ (36 months
following issue date)

Ref: (insert subdivision name)

We hereby issue in your favor this Irrevocable Standby Letter of Credit, which is available by presentation of your draft at sight for the amount stated herein drawn on [Bank Name] accompanied by the following documents:

1. Beneficiary's signed statement reading as follows:
"I, the undersigned, an authorized signer for the City of Prairie Grove, hereby certify that _____ has failed to complete or adequately maintain improvements located at _____. As such, the amount of the draft hereby presented is due and owing to us."
2. Original Letter of Credit, together with any amendments.

Special Conditions:

This Letter of Credit is not renewable.

Partial drawings are permitted.

We hereby engage with the Beneficiary that documents and drafts drawn under and in compliance with the terms of this Standby Letter of Credit will be duly honored. Drafts drawn under this credit must be endorsed and must contain the clause "Drawn under [Bank Name] Letter of Credit No _____ dated _____, 20xx". Drafts must be accompanied by the original of this Letter of Credit and any amendments hereto.

This Letter of Credit expires on the stated expiration date. Any documents or demands for payment must be received by us at the office of [Bank Name], [Bank Address].

This Irrevocable Standby Letter of Credit is subject to the International Standby Practices 1998 (ISP98), International Chamber of Commerce Publication No. 590.

For questions regarding this Letter of Credit, please contact the [Contact} at [Contact Info]