
MERCEDES CITY COMMISSION
REGULAR MEETING
AUGUST 5, 2025 – 6:30 PM
MERCEDES CITY HALL – COMMISSION CHAMBERS
400 S. OHIO AVE., MERCEDES, TX 78570

“At any time during the course of this meeting, the City Commission may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the City Commission under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at any time during the course of this meeting, the City Commission may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code.”

- 1. Call Meeting to Order**
- 2. Establish Quorum**
- 3. Invocation**
- 4. Pledge of Allegiance**
- 5. Open Forum**
- 6. Presentation**
 - a. Proclamation for UTRGV
 - b. Update on Texas Water Development Board Reporting
 - c. Condemned Properties Update by Alvaro De Leon
 - d. Presentation by Arredondo, Inc regarding lights
- 7. Ordinances/Resolutions**
 - a. Approval of Resolution 2025-18 adopting the City of Mercedes Water Conservation Plan
 - b. Approval of First Reading of Ordinance 2025-19 approving the Final Project Plan for TIRZ No. 2
 - c. Approval of First Reading of Ordinance 2025-20 approving the Tri-party Agreement for TIRZ No. 2
 - d. Approval of First Reading of Ordinance 2025-21 approving the Reimbursement Agreement for San Jacinto Enterprises as it relates to TIRZ No. 2
 - e. Approval of First Reading of Ordinance 2025-22 approving the Reimbursement Agreement for Olivarez Organization as it relates to TIRZ No. 2
 - f. Approval of First Reading of Ordinance 2025-23 approving the draft interlocal agreement with the County as it relates to TIRZ No. 2
- 8. Consent Agenda**
 - a. Approval of Minutes for Meeting(s) held July 15, 2025
 - b. Second and Final Reading of Ordinance 2025-17 amending Garage, Patio, Yard Sale Ordinance
 - c. Second and Final Reading of Ordinance 2025-18 amending Cross-Connection Control, Backflow Prevention, and Irrigation System Installation (TCEQ)
- 9. Management Items:** Present, discuss, consider and possibly take action regarding:

- a. Approval to accept the Voluntary Annexation Petition filed for Salvador Roel Garcia and Jeffrey Adam Bryant
- b. Approval of Budget Amendment for Equipment Maint./Sidewalk Repair
- c. Discussion and Possible Action to Approve a Memorandum of Agreement (MOA) Between the City of Mercedes and FEMA for Participation in the Integrated Public Alert and Warning System (IPAWS)
- d. Approval of the City of Mercedes Policy on the Use and Notification of FEMA IPAWS
- e. Approval of amend the City of Mercedes Personnel Policy Manual Chapter 13. Dress Code
- f. Consideration and possible action to solicit bids for Energy Consultants

10. Bids/Contracts

- a. Approval of Agreement with Galindo Auctions, LLC for Auctioneering Services

11. Executive Session: Chapter 551, Texas Government Code, Section 551.071 (Consultation with Attorney), Section 551.072 (Deliberation regarding Real Property), Section 551.074 (Personnel Matters) and Section 551.087 (Economic Development)

- a. Discussion with City Manager regarding personnel matters - Section 551.074
- b. Consultation with Attorney regarding update on litigation - Section 551.071
- c. Consultation with Attorney regarding Project WTP2 - Section 551.087
- d. Discussion regarding Project M30 - Section 551.087

12. Open Session

- a. Possible Action pertaining to executive session item A
- b. Possible Action pertaining to executive session item B
- c. Possible Action pertaining to executive session item C
- d. Possible Action pertaining to Executive Session item D

13. Adjournment

Notice is hereby given that the City Commissioners of the City of Mercedes, Texas will meet in a Regular Meeting on Tuesday, August 5, 2025 at 6:30 PM. Said meeting will be conducted in the Commission Chambers of the City Hall located at 400 S. Ohio, Mercedes, Texas for the purpose of considering and taking formal action regarding the items listed above. This notice is given in accordance with Vernon's Texas Codes Annotated, Texas Government Code, Section 551.001 et. Seq.

WITNESS MY HAND AND SEAL OF THE CITY THIS 1ST DAY OF AUGUST, 2025.

ATTEST:


 Joselynn Castillo, City Secretary
 Time of Posting: 5:30 P.M.

ACCESSIBILITY STATEMENT

The City of Mercedes recognizes its obligations under the Americans with Disabilities Act of 1990 to provide equal access to individuals with disabilities. Please contact the City Manager's Office at (956) 565-3114 at least 48 hours in advance of the meeting with requests for reasonable accommodations, including requests for a sign language interpreter.



Office of the MAYOR CITY OF MERCEDES



Proclamation

WHEREAS, The University of Texas Rio Grande Valley is celebrating its 10th anniversary in August 2025; and

WHEREAS, known for its broad range of academic programs, affordable tuition, and supportive campus environment, The University of Texas Rio Grande Valley is an award-winning institution that has conveyed more than 60,000 degrees since opening its doors in 2015; and

WHEREAS, Significant accomplishments during the university's first decade of operation include adding 42 new bachelor's, master's, doctoral, and professional degree programs and an increase in research expenditures of nearly 600 percent; ongoing student success is reflected in the university's record-breaking enrollment, retention, and graduation rates; and

WHEREAS, this exemplary institution made historic strides in medical education when it opened the only school of medicine in South Texas in 2016, and it has since expanded quality health care services in the region with 25 clinical care sites throughout the Rio Grande Valley; and

WHEREAS, the University of Texas Rio Grande Valley opened the state's first School of Podiatric Medicine in 2022 and will further expand student opportunities with the opening of the region's first comprehensive academic cancer and surgery center in 2025 and the state's second School of Optometry in 2027; and

WHEREAS, in 2021, the university's Student Government Association executed a student referendum that would enhance campus life by adding a Division I Football Championship Subdivision team and other programs, and in the fall of 2025, the football team will kick off its inaugural season and establish the first Division I college football program at the university and in the region; and

WHEREAS, The University of Texas Rio Grande Valley has earned national acclaim for its commitment to value, social mobility, and economic impact and has been ranked the number one university in Texas in 2023 and 2024 by Washington Monthly magazine and the number one best public university in Texas for value and social mobility by The Wall Street Journal; the school has further gained recognition as a community engaged university by the Carnegie Foundation;

NOW, THEREFORE, I, Oscar D. Montoya Sr., Mayor of the City of Mercedes, Texas by virtue of the authority vested in me and on behalf of the City Commissioners Dr. Ruben J. Saldana, Dr. Jacob C. Howell, Joe Martinez and Armando Garcia do hereby proclaim and commemorate the 10th anniversary of the University of Texas Rio Grande Valley and extend to its leaders, faculty, and staff congratulations on a decade of success and best wishes for the future.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Mercedes to be affixed this 5th day of August, 2025.

CITY OF MERCEDES

ATTEST:

**OSCAR D. MONTOKA SR.,
MAYOR**

**JOSELYNN CASTILLO,
CITY SECRETARY**

RESOLUTION NO. 2025-18

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF MERCEDES, TEXAS, ADOPTING THE WATER CONSERVATION PLAN FOR THE CITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Mercedes recognizes the importance of conserving water resources to ensure a reliable and sustainable water supply for current and future generations; and

WHEREAS, the City has developed a Water Conservation Plan in accordance with the guidelines and requirements established by the Texas Commission on Environmental Quality (TCEQ) and the Texas Water Development Board (TWDB); and

WHEREAS, the Water Conservation Plan sets forth goals, strategies, and best practices for reducing water consumption, minimizing waste, and promoting public awareness of water conservation; and

WHEREAS, the City Commission finds it in the best interest of the residents of the City of Mercedes to formally adopt the Water Conservation Plan;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MERCEDES, TEXAS THAT:

SECTION 1. The Water Conservation Plan, attached hereto as *Exhibit A* and incorporated herein for all purposes, is hereby adopted as the official Water Conservation Plan for the City of Mercedes, Texas.

SECTION 2. The City Manager or designee is authorized to implement and submit the adopted plan to the appropriate state agencies, and to take any actions necessary to carry out the intent of this resolution.

SECTION 3. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED this ____ day of _____, 2025.

ATTEST:

Oscar D. Montoya Sr., Mayor
City of Mercedes, Texas

Joselynn Castillo, City Secretary

WATER CONSERVATION PLAN

CITY OF MERCEDES, TEXAS

Water CCN No. 12811 | PWS ID No. TX1080007
July 2025

1.0 INTRODUCTION

System Profile

The City of Mercedes delivers potable water service to approximately 16,732 residents through more than 5,100 active metered connections across a 15-square-mile service area. The City operates under Surface Water Right No. 823-A and runs one surface water treatment plant with a design capacity of 5.0 MGD. Our water source is the Rio Grande, accessed through Hidalgo County Irrigation District No. 9.

2.0 WATER CONSERVATION PLAN ELEMENTS

2.1 Specific, Quantified 5- & 10-Year Goals

Target Year	2024 (Baseline)	2030 Goal	2035 Goal
Total GPCD	116	105	95
Residential GPCD	65	58	55
Water Loss GPCD	14	11	8

These goals build on 2024 baseline data and represent achievable reductions through targeted conservation measures.

2.2 Metering Devices

We test all production and distribution meters annually and maintain them within ±5% accuracy standards. Qualified contractors perform production meter testing to ensure reliable system performance.

2.3 Universal Metering

Every customer connection includes metering. We test residential and commercial meters annually and replace them according to AWWA M6 standards. We prioritize meters older than 10 years or showing >2% inaccuracy for replacement. This comprehensive meter replacement program ensures accurate billing and minimizes apparent losses.

2.4 Authorized and Apparent Water Loss

We track water loss monthly and report findings to the City Commission. System flushing and tank overflows are logged and classified as authorized use. We maintain records in Excel and compile data through our billing software. Our staff actively monitors for leak detection and unauthorized use, including theft.

2.5 Leak Detection and Repair

City personnel receive training to identify and report leaks during routine operations. Our proactive leak detection program combines manual inspections with pressure zone analysis. We prioritize high-loss areas for pipeline replacement to reduce system-wide losses.

An AMI pilot program is underway to enhance leak detection capabilities. These smart meters deliver near real-time water usage data and automated leak alerts, strengthening the City's ability to reduce water loss and promote efficient consumption.

2.6 Master Meters

The City monitors all source meters annually. Staff maintains Excel records for all diverted water and reviews this data against retail billing reports to identify discrepancies.

2.7 Public Education and Outreach

Current Conservation Promotion:

- Monthly bill inserts featuring conservation tips
- Conservation literature for new customers
- TWDB and TCEQ public education materials
- Social media posts and local news broadcasts

Planned Outreach Expansion:

- Community workshops and school programs focused on water conservation
- Enhanced social media presence with seasonal campaigns
- Promotion of the WaterSmart customer portal (planned)
- Conservation kit distribution at City events

The WaterSmart platform will enable residents to monitor their usage online and discover potential savings opportunities.

2.8 Increasing Block Rate Structure

The City uses an inclining block rate structure adopted through Ordinance 2022-08. Rate increases will continue through 2026 to encourage efficient water use. (See Appendix B for the complete rate ordinance.)

2.9 Raw Water Operations Plan

The City stores raw water in on-site reservoirs and pumps it to the surface water treatment plant. Raw water is never distributed directly to customers.

2.10 Enforcement and Adoption

The Mercedes City Council will adopt this Plan and integrate it into the City's utility regulations. Enforcement measures include penalties for wasteful practices and delayed leak repairs.

2.11 Regional Coordination

The City will submit this Plan to Region M (Rio Grande Regional Water Planning Group) through the Lower Rio Grande Valley Development Council to ensure alignment with the regional water plan.

2.12 Plan Review and Update

Staff will review and update this plan by July 2030, or sooner if TWDB or TCEQ regulations require modifications.

2.13 Contract Requirements

All future wholesale water contracts will include conservation plan provisions per 30 TAC 288.5. Secondary customers must also comply with conservation provisions if water is resold.

2.14 Best Management Practices (BMPs)

Current and Planned BMPs:

- **Universal meter replacement program** - Ongoing accuracy improvements
- **WaterSmart software and customer portal** - Usage tracking (planned)
- **AMI pilot program** - Kamstrup/Nicor meters implementation
- **High-volume user audits** - Beginning FY 2026
- **Xeriscaping demonstration site** - Proposed at City Hall
- **Reclaimed water project** - Exploratory phase with HCID #1

Each BMP supports conservation goals by reducing water loss, encouraging customer accountability, and optimizing system-wide usage.

2.15 Implementation Schedule

- **2025:** Continue metering upgrades and launch AMI pilot program
 - **2026:** Begin high-volume user audits
 - **2027–2029:** Expand public outreach and implement WaterSmart software
 - **2030:** Plan update and review of goal achievements
-

APPENDICES

Appendix A: Drought Contingency Plan

The City of Mercedes Drought Contingency Plan outlines staged response measures, public notification processes, and enforcement mechanisms during drought conditions. This plan is attached as a separate document in compliance with 30 TAC §288.20 and serves as an official component of this conservation plan.

Appendix B: Water Rate Ordinance

Ordinance 2022-08, detailing the City's inclining block water rate structure, is included in this appendix.

ORDINANCE NO. 2025-19

AN ORDINANCE APPROVING THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES, TEXAS; AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT.

WHEREAS, the City Council of the CITY OF MERCEDES, by adoption of Ordinance # 2024-22, created Reinvestment Zone Number Two, CITY OF MERCEDES, Texas; and

WHEREAS, the Board of Directors of the Reinvestment Zone Number Two has approved and recommended approval of the Project Plan and Reinvestment Zone Financing Plan (the “Project Plan”) attached hereto for the development of said Zone; and

WHEREAS, before the City and the Board of Directors of the Reinvestment Zone Number Two may implement the Project Plan, the City Council must approve the Project Plan and determine whether said Project Plan is feasible and in conformance with Chapter 311, Texas Tax Code, and the City of Mercedes master plans; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MERCEDES, TEXAS;

Section 1. That the findings contained in the preamble of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That Council does hereby find the Project Plan is feasible, in conformance with the City’s planned development, and also conforms to the requirements set forth in Chapter 311, Texas Tax Code.

Section 3. That the Project Plan and Reinvestment Zone Financing Plan attached hereto for Reinvestment Zone Number Two, CITY OF MERCEDES, Texas is hereby approved.

PASSED AND ADOPTED this 5th day of August, 2025.

ATTEST:

Oscar D. Montoya Sr., Mayor

Joselynn Castillo, City Secretary

**TAX INCREMENT REINVESTMENT ZONE NUMBER
TWO, CITY OF MERCEDES, TEXAS**

FINAL PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN

AUGUST 5, 2025

TAX INCREMENT REINVESTMENT ZONE (TIRZ)
NUMBER TWO, CITY OF MERCEDES, TEXAS

FINAL PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN

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I. Introduction

The purpose of the a increment reinvestment zone (the “Zone” or “TIRZ”) is to finance construction of public facilities and infrastructure necessary to catalyze residential and/or commercial development and redevelopment within the Zone’s boundary, to incentivize development with public funds, and to catalyze collateral development and tax base expansion as a result of TIRZ-assisted development.

Expenditures associated with the design, construction, and in some instances, maintenance of public facilities and public infrastructure, as well as other specific project related costs, are funded by tax increment revenues derived from increases in property values following new residential and commercial development, and the ad valorem taxes levied on the new value. Sales tax collections within the zone may also be used to finance project costs.

The residential development plan calls for lot preparation and construction of approximately 225 acres of land into approximately 650 lots, with two to three different price points, and in two multi-year phases. The total acreage includes public right of way to be improved. The project also contemplates the undertaking of public roadway improvements to Mile 2, which roadway serves the area’s growing population and will connect the two parcels of land within the TIRZ.

Executive Summary

The development is being undertaken by a two parties who have a history of shared development projects. Jacinto Garza, Owner of San Jacinto Enterprises, and Joe Olivarez, owner of Olivarez Organization, LLC, (the “Developers”), will partner again to undertake development of just over 225 acres of land, currently in the Mercedes extra territorial jurisdiction. The land will be developed into residential lots, and the developers will contract with a number of local homebuilders to convert the raw land into approximately 650 new homes. In addition, the Developer will also construct improvements to Mile 2 Road, to both widen and improve the roadway to accommodate the anticipated increase in automobile traffic generated by the residents purchasing homes in the subdivisions, and including some improvements to the intersection at Mile 2 Road where it intersects with Mile 9 Road on the southern portion of the zone’s proposed boundary.

The Developers are seeking reimbursement of the public infrastructure costs for the both the residential infrastructure needed to render the land able to be developed, and also including the public roadway infrastructure referenced above. The Zone’s Project Plan and Reinvestment Zone financing plan will include Interest carry costs to finance both reimbursements for carry costs of the developer as well as debt service costs for any tax exempt bonds that might be sold to reimburse the same, or loan facilities should debt be authorized and issued to repay the developer for these costs. Inclusion of Chapter 380 powers in the TIRZ project plan will enable some portion of the future increments to be used in some instances to stimulate commercial development projects. Any such expenditures will be coordinated with the CITY OF MERCEDES.

Detailed costs for the project, and time lines associated with the development of each phase of the project are in the exhibits section of this plan.

Map 1 depicts the location of the Proposed Tax Increment Reinvestment Zone No. 2.

B. The Developers are requesting that the CITY OF MERCEDES, and HIDALGO COUNTY (“the County”) participate in the tax increment financing zone to help finance public infrastructure improvements, interest carry on the borrowing, and to enable the TIRZ to provide reimbursements pursuant to approved reimbursement agreement(s) for approved costs within the zone. The duration of the zone is projected to be thirty four (34) years, with the zone being in existence through calendar year 2059. The City and County’s last year’s payment will be made from tax increments collected for tax year 2059, unless the reinvestment zone pays all project costs prior to that date. Unless the reinvestment zone creation ordinance and the project plan and reinvestment zone financing plan are amended, the zone would terminate by operation of law upon final payment of reimbursements to the developer for privately financed infrastructure costs set forth in this Plan, or December 31, 2059.

C. The Cost of the Project, including public infrastructure improvements and related capital costs, estimated developer (or bond) interest, drainage, detention, creation costs, and costs for administration of the zone is estimated to total approximately \$95.2 Million at this time. The Developer is seeking reimbursement of the public infrastructure costs associated with the development project including improvements to Mile 2 Road as referenced above, interest associated with the expenditures for those components of the project, which interest revenues may also be used for tax exempt bonds, should bonds be authorized and issued to repay the developer for these costs.

The creation of a local government corporation (Redevelopment Authority) is also proposed to facilitate development of the TIRZ, and provide the mechanism for issuance of tax exempt bonds to repay development costs as the revenues to support the debt service on the bonds are sufficient to amortize the bonded indebtedness.

D. All capital costs associated with the development will be financed with private capital, either borrowed or from revenues of the Developer. It is the intent of the Developer to enter into an agreement with the TIRZ/ Redevelopment Authority to receive reimbursement for investments made in the reimbursable project costs and public infrastructure facilities from revenues generated by the TIRZ.

II. PROJECT PLAN

A. Overview

Tax increments generated within the zone will provide the funding necessary to finance either grants or reimbursements for infrastructure costs needed to undertake the project, which would not otherwise be developed due to the high cost of developing raw land completely lacking utility service and drainage infrastructure. This development will help significantly increase the CITY OF MERCEDES and Hidalgo County’s tax base, catalyze job creation, and generate additional revenues to the City and County general funds, and promote the economic development of both jurisdictions.

The Project Plan in this Part II and the Reinvestment Zone Financing Plan in Part III (collectively the “Project Plan and Reinvestment Zone Financing Plan”) provide for the funding of all “project costs of the zone”, as well as associated engineering fees, legal fees, financial services fees, creation costs, interest, and costs of administration for the project.

Public Infrastructure costs.

See Table 1 for a detailed breakdown of current estimates for infrastructure and other reimbursable projects in the entire development,

III. REINVESTMENT ZONE FINANCING PLAN

A. Introduction

The Reinvestment Zone Financing Plan (the “ Financing Plan”) addresses funding for identified project components, and including public improvements on the Project, that will be financed or repaid to the Developer by the TIRZ.

The Zone will include the development of two distinct phases of residential development. The existence of the zone is contemplated to be through Tax Year 2059, unless the project costs are paid prior to that date. The development of the project will be performed by the Developer directly, and by contractors and home builders the developer will bring to the development. Infrastructure costs associated with the improvements to Mile 2 Road will also be financed by the Developer and reimbursed by the zone

B. Public Infrastructure

The municipal facility costs and public infrastructure improvements associated with the residential development and related with the interest for all phases of development are currently estimated to be approximately \$95.2 Million. The majority of the costs will be financed with private capital, and reimbursed over time by the Zone pursuant to an agreement with the Developer from tax incremental revenues generated as a result of the tax base expansion in the Zone. A summary of those costs is provided in Table 1. As the development is contemplated to take between eight to ten years, it is anticipated that some costs, once incurred will be higher as prices for materials continue to increase.

C. Plan of Finance

1. Taxable value of the land in the proposed zone as captured by the Hidalgo County Appraisal District for Tax Year 2024 totals \$3,802,165. Value is anticipated to grow to an estimated \$538.6 Million by Tax Year 2059.

2) Taxing Units

It is contemplated that the CITY OF MERCEDES will participate with 70% of the respective current approved tax rate, and Hidalgo County will participate with 50% of its current M&O Rate only. Currently those rates total \$0.775 for the City and \$0.287 for the County. Schedule C in the Exhibits reflects the valuation assumptions based on development over time. The City will retain 30% of the new taxes generated for its own debt service. Schedule D in Exhibits reflects the estimated revenues generated by each jurisdiction over time.

3) TIRZ Bonds

Bonded indebtedness to accelerate repayment to the developer for infrastructure and public facilities project costs is planned, subject to the approval by the City Council. At the time of approval, the tax incremental revenues from the Zone would be pledged to the debt service, and would be the sole source of revenue for payment of bonded indebtedness. All proceeds of bonds would be used first to pay off developer debt, with surplus revenues then available to finance project plan costs yet to be paid. Bonds would be sold by a local government corporation created to manage the implementation of the zone project plan and issue of tax exempt contract revenue bonds or loan facilities at the appropriate time.

4) Economic Feasibility

A build-out schedule and tax revenue analysis was prepared by Calderon Economic Development Strategies, LLC, as part of the preliminary assessment of the Zone. The schedule in that analysis constitutes the economic feasibility study and demonstrates that it is feasible to finance the Zone Project Costs set forth in this Plan based on the proposed tax rates for participation by both the City and the County, and also based on the proposed zone life of 34 years. It is anticipated that the reinvestment zone will fund approximately 87% of the zone's infrastructure / project costs, including interest.

5) Chapter 380 Authority

The reinvestment zone will have Authority granted under Chapter 380, Texas Local Government Code. The Zone Board of Directors, with the consent of the CITY OF MERCEDES City Council, may elect to use that authority to finance projects to facilitate development in the zone.

Table 1

Mercedes TIRZ #2 – Reimbursable Project Costs					
Category	Subdivision #12 (1)	Subdivision #16 (1)			Total
ROW for Roads/ drainage	\$871,354	\$463,146			\$1,334,500
Surveys/ topos, staking +	\$186,400	\$173,680			\$360,080
Engineering	\$914,428	\$1,029,500			\$1,943,928
Offsite Water Distribution System		\$1,537,300			\$1,537,300
Water Lines	\$1,706,400	\$2,034,985			\$3,741,385
Water supply corp dev fees	\$467,570	\$355,000			\$822,570
Sanitary Sewer	\$2,826,800	\$4,763,342			\$7,590,142
AEP Electrical	\$150,000	\$320,000			\$470,000
Irrigation Line removal	\$30,000	\$14,000			\$44,000
Subdivision Road	\$5,538,764	\$4,363,660			\$9,902,424
Erosion mitigation	\$146,520	\$66,300			\$212,820
Drainage/detention	\$2,579,485	\$1,535,056			\$4,114,541
Fencing/landscaping in public POW	\$973,800	\$551,300			\$1,525,100
Dev. Fees/ Subdivision Adm.	\$26,840	\$26,840			\$53,680
Tap Fees	\$51,300				\$51,300

Reimbursable Project Costs continued

County Inspection / Utility Fees	\$8,000	\$12,000			\$20,000
Inspection/testing	\$654,348	\$588,400			\$1,242,748
City Park Fees	\$235,500	\$152,500			\$388,000
Public Road improvements	\$1,500,000				\$1,500,000
Creation Costs					\$120,000
Interest Carry (2)					\$40,000,000
Project administration -7 years (3)	\$2,800,000	\$2,800,000			\$5,600,000
Contingency	\$1,858,815	\$1,319,448			\$3,178,263
Chapter 380 project funding					\$3,000,000
TIRZ / RA Administration (4)					\$2,500,000
Total	\$23,526,324	\$22,106,457			\$91,252,781
(1) Projected costs are best estimates based on today's cost. Actual reimbursement of these items will be based on independently audited actual costs.					
(2) Interest paid will depend on a) audited amounts paid for project costs while payments are "as you go, or on the capital cost for tax exempt bonds when sold.					
(3) Project cost will finance admin management of multiple contractors involved in both the residential project and the public road improvements undertaken by the Developer					
(4) Redevelopment Authority management including legal, bookkeeping, auditing, and RA/Zone managing					

Legal Compliance / Chapter 311, Texas Tax Code

Existing and Proposed Uses of Land (Texas Tax Code § 311.011(b)(1)):

Existing Conditions: Existing land uses within the Zone include predominately undeveloped, vacant land. Overall the area lacks adequate infrastructure including water, wastewater and drainage facilities, and a sufficient roadway network. **Maps 2 and 3** depict existing conditions.

Surrounding Land Uses: Land surrounding the proposed Zone is completely undeveloped. The aerial view shown in **Map 2** shows surrounding land uses.

Proposed Land Use: As stated above, the proposed land uses will accommodate the development of construction of a mixed use residential development.

Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances (Texas Tax Code § 311.011(b)(2)):

All construction will be done in conformance with existing building code regulations of the CITY OF MERCEDES, and where necessary, HIDALGO COUNTY. There are no proposed changes of any City or County development codes or ordinances, master plans, or building codes.

Estimated Non-Project Costs (Texas Tax Code § 311.011(b)(3)):

The project costs referenced in **Table 1** are inclusive of project costs to be financed by the Zone. The costs that would otherwise be project costs but are derived from other parties, such as the CITY OF MERCEDES, HIDALGO County, the Texas Department of Transportation, or private sources, are non-project costs. Funding identified in **Table 1** for improvements will be leveraged to acquire non-project funding.

Method of Relocating Persons to be Displaced, if any, as a result of implementing the Plan (Texas Tax Code § 311.011(b)(4)):

There will be no persons displaced as a result of implementing the plan. The land has been and will be vacant at the time of zone creation.

Estimated Project Costs (Texas Tax Code § 311.011(c)(1)):

Table 1 lists the estimated project costs for the Zone including administrative expenses. As set forth in this Plan, the dollar amounts are approximate and may be adjusted based on actual costs incurred by the Developer(s) by the Board of Directors of the Zone. The financing costs are a function of project financing needs and will vary with market conditions from the estimates shown on **Table 1**.

Proposed Kind, Number, and Location of all Proposed Public Works or Public Improvements to be Financed by the Zone (Texas Tax Code § 311.011(c)(2)):

These details are described throughout the Plan, including but not limited to roadway construction, stormwater conveyance and management systems, water, wastewater improvements, sidewalks, lighting, signage, landscaping, improvements and upgrades to local Rights of Way located within and abutting the Zone. The cost of proposed improvements is detailed in **Table 1**.

Economic Feasibility (Texas Tax Code § 311.011(c)(3)):

As stated earlier, the lack of any infrastructure to support development of the property substantially retards its development and presents an economic and social liability for the CITY OF MERCEDES. These conditions substantially impair and arrest the sound growth of the City. Further the area meets the statutory test for creation as it has an inadequate sidewalk and street layout, and lacks the necessary infrastructure to support development. Given these conditions, the area would benefit greatly from a Tax Increment Reinvestment Zone, which facilitates street and necessary infrastructure improvements, making the area more appealing to residential development. Build out assumptions for residential and commercial development are provided in **Schedules A and B**.

The City and the Zone find that the development plan is feasible. as projected Estimated revenues will be sufficient to finance reimbursement for all of the project costs. **Schedules C and D** constitute incremental revenue estimates for this Plan.

Estimated Amount of Bond Indebtedness; Estimated Time When Related Costs or Monetary Obligations Incurred (Texas Tax Code § 311.011(c)(4), § 311.011(c)(5)):

Issuance of notes and bonds by the Zone may occur as tax increment revenues allow. The value and timing of the issuance of notes or bonds will correlate to debt capacity as derived from the projects and revenue schedules included in **Table 1** and **Schedules C and D**, as well as actual market conditions for the issue and sale of such notes and bonds.

Methods and Sources of Financing Project Costs and Percentage of Increment from Taxing Units Anticipated to Contribute Tax Increment to the Zone (Texas Tax Code § 311.011(c)(6)):

Methods and sources of financing include the issuance of notes and bonds, as well as collaborations with developers and other entities for grant funding and public private partnerships. Tax increments will consist of contributions from the City and County. This figure is calculated as follows:

City contribution = $\$0.775 / \$100 \times 70\%$;

County Contribution= $\$0.287 / \100 of assessed valuation,
representing 50% of the County M&O tax rate.

These participation rates may change over time.

Current Total Appraised Value of Taxable Real Property (Texas Tax Code § 311.011(c)(7)):

As of January 2024, the current certified appraised value of taxable real property in the proposed zone is \$3,802,165.

Estimated Captured Appraised Value of Zone During Each Year of Existence (Texas Tax Code § 311.011(c)(8)):

It is projected that taxable property values in the Zone will increase to

approximately \$538.6 Million by 2059. **Schedules C and D** shows the annual captured value of these increases in property value during the existence of the Zone.

Zone Duration (Texas Tax Code § 311.011(c)(9)):

The zone as proposed will terminate on December 31, 2059. The Zone may terminate at an earlier time designated by subsequent ordinance, or at such time, as all project costs, bonds, and interest on bonds have been paid in full.

EXHIBIT 1

Metes and Bounds

Parcel 1



QUINTANILLA, HEADLEY AND ASSOCIATES, INC.

Consulting Engineers ★ Land Surveyors

Engineering Firm Registration No. F-1513
Surveying Firm Registration No. 100411-00
Municipal & County Projects ★ Subdivisions ★ Surveys
124 E. Stubbs, Edinburg, Texas 78539
Phone 956/381-6480 Fax 956/381-0527

METES AND BOUNDS

SAN JACINTO ESTATES PHASE I

A 124.16 ACRE TRACT OF LAND OUT OF LOTS 1, 2, 7, 8, 9, 10 AND 15, BLOCK 116, CAMPACUAS ADDITION SUBDIVISION OF LLANO GRANDE GRANT, HIDALGO COUNTY, TEXAS, ACCORDING TO MAP OR PLAT THEREOF RECORDED IN VOLUME 1, PAGE 2, MAP RECORDS, HIDALGO COUNTY, TEXAS, AND OUT OF FARM TRACT 1058, WEST AND ADAMS TRACT SUBDIVISION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 2, PAGES 34-37, MAP RECORDS, HIDALGO COUNTY, TEXAS, AND ACCORDING TO WARRANTY DEED WITH VENDOR'S LIEN RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3053281, 3067247 AND 3091831 AND SPECIAL WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3063541, GENERAL WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3195746, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS, REFERENCE TO WHICH IS HERE MADE FOR ALL PURPOSES AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS.

BEGINNING AT A COTTON PICKER SPINDLE SET IN THE CENTERLINE OF MILE 9 NORTH ROAD FOR THE SOUTHWEST CORNER OF LOT 15, THE SOUTHEAST CORNER OF FARM TRACT 1057 AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; N 00°30'00" E, ALONG THE WEST LINE OF LOT 15, THE EAST LINE FARM TRACT 1057, PASSING A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET AT 20.00 FEET FOR THE NORTH RIGHT OF WAY LINE OF MILE 9 NORTH ROAD AND THE EAST RIGHT OF WAY LINE OF A 30.00 FOOT COUNTY ROAD (NOT OPEN), A TOTAL DISTANCE OF 1,320.00 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR THE SOUTHWEST CORNER OF LOT 10, THE NORTHWEST CORNER OF LOT 15, THE NORTHEAST CORNER OF FARM TRACT 1057, THE SOUTHEAST CORNER OF FARM TRACT 1058 AND INTERIOR CORNER OF THIS TRACT.

THENCE; WEST, ALONG THE NORTH LINE OF FARM TRACT 1057, THE SOUTH LINE OF FARM TRACT 1058, A DISTANCE OF 30.00 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET ON THE EAST LINE OF THE MID-VALLEY INTERNATIONAL INDUSTRIAL PARK SUBDIVISION (RECORDED IN INSTRUMENT NUMBER 3401204, MAP RECORDS, HIDALGO COUNTY, TEXAS) FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; N 00°30'00" E, ALONG THE EAST LINE OF THE MID-VALLEY INTERNATIONAL INDUSTRIAL PARK SUBDIVISION, A DISTANCE OF 2,192.59 FEET TO A POINT FOR THE NORTHWEST CORNER OF THIS TRACT.

THENCE, N 66°40'00" E, ALONG THE SOUTH LINE OF THE HIDALGO AND CAMERON COUNTIES IRRIGATION DISTRICT No.9 RIGHT OF WAY (RECORDED IN VOLUME 91, PAGE 171, DEED RECORDS, HIDALGO COUNTY, TEXAS), A DISTANCE OF 324.50 FEET TO A POINT ON THE NORTH LINE OF LOT 1 FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE, N 38°32'00" E, ALONG THE EAST LINE OF THE HIDALGO AND CAMERON COUNTIES IRRIGATION DISTRICT No.9 RIGHT OF WAY, A DISTANCE OF 407.76 FEET TO A POINT ON THE NORTH LINE OF LOT 1 FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE, N 37°10'58" E, ALONG THE EAST LINE OF THE HIDALGO AND CAMERON COUNTIES IRRIGATION DISTRICT No.9 RIGHT OF WAY, A DISTANCE OF 772.64 FEET TO A POINT ON THE NORTH LINE OF LOT 1 FOR THE NORTHWEST CORNER OF THIS TRACT.

THENCE; S 44°44'19" E, A DISTANCE OF 866.60 FEET TO A POINT FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; EAST, A DISTANCE OF 636.70 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND ON NORTH LINE OF LOT 8 AND THE SOUTH LINE OF LOT 1 AND ON THE WEST RIGHT OF WAY OF MILE 2 WEST ROAD FOR THE NORTHEAST CORNER OF THIS TRACT.

THENCE; SOUTH, ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD, A DISTANCE OF 611.91 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD AND THE ARC OF A CURVE TO THE LEFT (CURVE DATA: DELTA = 01°41'30", RADIUS = 11,499.00 FEET), A DISTANCE OF 339.50 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD AND THE ARC OF A CURVE TO THE RIGHT (CURVE DATA: DELTA = 00°02'25", RADIUS = 11,419.00 FEET), A DISTANCE OF 334.58 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN EXTERIOR CORNER.

THENCE; SOUTH, A DISTANCE OF 34.12 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; WEST, A DISTANCE OF 627.45 FEET TO POINT FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; SOUTH, A DISTANCE OF 1,320.00 FEET TO POINT FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; WEST, A DISTANCE OF 1608.05 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; SOUTH, A DISTANCE OF 1,300.00 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; S 44°45'00" E, A DISTANCE OF 28.16 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET ON THE NORTH RIGHT OF WAY LINE OF MILE 9 NORTH ROAD FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; WEST, ALONG THE SOUTH LINE OF LOT 15 AND THE CENTERLINE OF MILE 9 NORTH ROAD, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING AND CONTAINING 124.16 ACRES OF LAND MORE OR LESS.

BEARINGS ARE IN ACCORDANCE WITH ESTANCIA DEL VALLE SUBDIVISION, RECORDED IN VOLUME 39, PAGE 147, MAP RECORDS, HIDALGO COUNTY, TEXAS.

I, ALFONSO QUINTANILLA, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THE ABOVE METES AND BOUNDS TO BE TRUE AND CORRECT, AND TO BE THE REPRESENTATION AND RESULT OF AN ACTUAL SURVEY DONE ON THE GROUND UNDER MY DIRECTION.

DATE PREPARED: October 22, 2024

ALFONSO QUINTANILLA
REGISTERED PROFESSIONAL
LAND SURVEYOR No. 4856

Parcel 2



QUINTANILLA, HEADLEY AND ASSOCIATES, INC.

Consulting Engineers ★ Land Surveyors

Engineering Firm Registration No. F-1513
Surveying Firm Registration No. 100411-00
Municipal & County Projects ★ Subdivisions ★ Surveys
124 E. Stubbs, Edinburg, Texas 78539
Phone 356/381-5480 Fax 356/381-0527

METES AND BOUNDS

A 19.00 ACRE TRACT OF LAND BEING A PART OR PORTION OF LOT 12, BLOCK 102, CAMPACUAS ADDITION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE PLAT OR MAP THEREOF RECORDED IN VOLUME 1, PAGE 2, MAP RECORDS HIDALGO COUNTY, TEXAS, AND ACCORDING TO CORRECTION SPECIAL WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3366599, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS, REFERENCE TO WHICH IS HERE MADE FOR ALL PURPOSES AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS.

BEGINNING AT A COTTON PICKER SPINDLE SET WITHIN THE RIGHT OF WAY OF MILE 2 WEST ROAD FOR THE NORTHWEST OF LOT 12 AND THE NORTHWEST CORNER OF THIS TRACT.

THENCE; EAST, ALONG THE NORTH LINE OF LOT 12, PASSING A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET AT 30.00 FEET FOR THE EAST RIGHT OF WAY LINE OF MILE 2 WEST ROAD, A TOTAL DISTANCE OF 1,320.00 FEET TO A POINT FOR THE NORTHEAST CORNER OF LOT 12 AND THE NORTHEAST CORNER OF THIS TRACT.

THENCE; SOUTH, ALONG THE EAST LINE OF LOT 12, A DISTANCE OF 661.78 FEET TO A POINT FOR THE NORTHEAST CORNER OF THE JOSE NICOLAS CADENA AND JORGE CADENA TRACT (THE SOUTH HALF OF LOT 12, BLOCK 102, CAMPACUAS ADDITION, ACCORDING TO WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 368072, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE SOUTHEAST CORNER OF THIS TRACT.

THENCE; N 89°55'04" W, ALONG THE NORTH LINE OF THE JOSE NICOLAS CADENA AND JORGE CADENA TRACT, A DISTANCE OF 1,129.87 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR THE SOUTHEAST CORNER OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT (A 1.01 ACRE TRACT OF LAND OU OF LOT 12, BLOCK 102, CAMPACUAS ADDITION, ACCORDING TO GENERAL WARRANTY DEED WITH THIRD PARTY'S VENDOR'S LIEN RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3081251, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; N 14°35'27" W, ALONG THE EAST LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, A DISTANCE OF 103.58 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; N 20°47'52" W, ALONG THE EAST LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, A DISTANCE OF 106.77 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; N 22°43'51" W, ALONG THE EAST LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, A DISTANCE OF 108.58 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; N 25°26'51" W, ALONG THE EAST LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, A DISTANCE OF 18.83 FEET TO A 1/2" IRON ROD WITH CAP STAMPED ASES 4802 FOUND FOR THE NORTHEAST CORNER OF SAID TRACT AND AN INTERIOR CORNER OF THIS TRACT.

THENCE; S 89°56'16" W, ALONG THE NORTH LINE OF THE DAGOBERTO MORALES AND MARIA E. RODRIGUEZ TRACT, PASSING A 1/2" IRON ROD FOUND AT 46.08 FEET FOR THE EAST RIGHT OF WAY LINE OF MILE 2 WEST ROAD, A TOTAL DISTANCE OF 76.08 FEET TO A COTTON PICKER

SPINDLE SET ON THE WEST LINE OF LOT 12 AND WITHIN THE RIGHT OF WAY OF MILE 2 WEST ROAD FOR THE NORTHWEST CORNER OF SAID TRACT AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; NORTH, ALONG THE WEST LINE OF LOT 12 AND WITHIN THE RIGHT OF WAY OF MILE 2 WEST ROAD, A DISTANCE OF 343.03 FEET TO THE POINT OF BEGINNING AND CONTAINING 19.00 ACRES OF LAND MORE OR LESS.

BEARINGS ARE IN ACCORDANCE WITH LAS BRISAS DEL ORO UNIT 5, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 35, PAGE 13, MAP RECORDS, HIDALGO COUNTY, TEXAS.

I, ALFONSO QUINTANILLA, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THE ABOVE METES AND BOUNDS TO BE TRUE AND CORRECT, AND TO BE THE REPRESENTATION AND RESULT OF AN ACTUAL SURVEY DONE ON THE GROUND UNDER MY DIRECTION.

DATE PREPARED: JUNE 11, 2024

ALFONSO QUINTANILLA
REGISTERED PROFESSIONAL
LAND SURVEYOR No. 4856

Parcel 3



QUINTANILLA, HEADLEY AND ASSOCIATES, INC.

Consulting Engineers ★ Land Surveyors

Engineering Firm Registration No. F-1513
Surveying Firm Registration No. 100411-00
Municipal & County Projects ★ Subdivisions ★ Surveys
124 E. Stubbs, Edinburg, Texas 78539
Phone 956/381-6480 Fax 956/381-0527

METES AND BOUNDS

A 62.73 ACRE TRACT OF LAND BEING A PART OR PORTION OF LOTS 9 AND 16, BLOCK 115, CAMPACUAS ADDITION, HIDALGO COUNTY, TEXAS, ACCORDING TO THE PLAT OR MAP THEREOF RECORDED IN VOLUME 1, PAGE 2, MAP RECORDS HIDALGO COUNTY, TEXAS, AND ACCORDING TO CORRECTION SPECIAL WARRANTY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3366599, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS, REFERENCE TO WHICH IS HERE MADE FOR ALL PURPOSES AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS.

BEGINNING AT A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET ON THE NORTH LINE OF LOT 9 AND ON THE WEST RIGHT OF WAY OF MILE 2 WEST ROAD (ACCORDING TO RIGHT OF WAY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 1945603, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) FOR THE NORTHEAST CORNER OF THIS TRACT, SAID ROD BEARS WEST, 50.00 FEET FROM THE NORTHEAST CORNER OF LOT 9.

THENCE; SOUTH, ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD, A DISTANCE OF 1,319.91 FEET TO A 1/2" IRON ROD WITH CAP STAMPED TEDSI FOUND ON THE COMMON LINE OF LOTS 9 AND 16 FOR AN INTERIOR CORNER OF THIS TRACT.

THENCE; ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD (ACCORDING TO RIGHT OF WAY DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 1945602, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE ARC OF A CURVE TO THE LEFT (CURVE DATA: DELTA = 02°23'52", RADIUS = 11,499.00 FEET), A DISTANCE OF 481.21 FEET TO A 1/2" IRON ROD WITH CAP STAMPED RPLS 4856 SET FOR AN EXTERIOR CORNER OF THIS TRACT.

THENCE; ALONG THE WEST RIGHT OF WAY LINE OF MILE 2 WEST ROAD AND THE ARC OF A CURVE TO THE RIGHT (CURVE DATA: DELTA = 03°36'16", RADIUS = 11,419.00 FEET), A DISTANCE OF 344.17 FEET TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF THE SAMUEL GUADALUPE NIETO TRACT (A 0.55 OF AN ACRE TRACT OF LAND OUT OF LOT 16, BLOCK 115, CAMPACUAS ADDITION, ACCORDING TO GIFT DEED RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 2715752, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE SOUTHEAST CORNER OF THIS TRACT.

THENCE; S 89°57'30" W, ALONG THE NORTH LINE OF THE SAMUEL GUADALUPE NIETO TRACT AND THE NORTH LINE OF THE GOLD LANTERN, LLC TRACT (A 14.075 ACRE TRACT OF LAND OUT OF LOT 16, BLOCK 115, CAMPACUAS ADDITION, ACCORDING TO WARRANTY DEED WITH VENDOR'S LIEN RECORDED UNDER COUNTY CLERK'S DOCUMENT NUMBER 3369257, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS), A DISTANCE OF 1,289.43 FEET TO A 1/2" IRON ROD FOUND ON THE WEST LINE OF LOT 16 FOR THE NORTHWEST CORNER OF THE GOLD LANTERN, LLC TRACT AND THE SOUTHWEST CORNER OF THIS TRACT.

THENCE; NORTH, ALONG THE WEST LINE OF LOTS 9 AND 16, A DISTANCE OF 2,145.97 FEET TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF LOT 9 AND THE NORTHWEST CORNER OF THIS TRACT.

THENCE; EAST, ALONG THE NORTH LINE OF LOT 9, A DISTANCE OF 1,270.35 FEET TO THE POINT OF BEGINNING AND CONTAINING 62.73 ACRES OF LAND MORE OR LESS.

BEARINGS ARE IN ACCORDANCE WITH LAS BRISAS DEL ORO UNIT 5, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 35, PAGE 13, MAP RECORDS, HIDALGO COUNTY, TEXAS.

I, ALFONSO QUINTANILLA, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THE ABOVE METES AND BOUNDS TO BE TRUE AND CORRECT, AND TO BE THE REPRESENTATION AND RESULT OF AN ACTUAL SURVEY DONE ON THE GROUND UNDER MY DIRECTION.

DATE PREPARED: JUNE 11, 2024

ALFONSO QUINTANILLA
REGISTERED PROFESSIONAL
LAND SURVEYOR No. 4856

Parcel 4

Mile 2 Road ROW

Tract No.1: Mile 2 West Road Right of Way from Mile 8 North Road to Mile 9 North Road

An 80.00 foot strip of land being 9.70 acres out of Lots 4, 5, 12 and 13, Block 102, and out of Lots 1, 8, 9 and 16, Block 115, Campacuas Addition, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 1, Page2, Map Records, Hidalgo County, Texas.

Beginning at a point in the intersection of the centerlines of Mile 2 West Road and Mile 8 North Road for the southwest corner of Lot 13, Block 102 and the southeast corner of Lot 16, Block 115.

Thence; North, along the centerline of Mile 2 West Road (80.00' right of way), along the west line of line of Lots 4, 5, 12 and 13, Block 102, and the east line of Lots 1, 8, 9 and 16, Block 115, a distance of 5,280.00 feet to a point in the centerline of Mile 9 North Road for the northwest corner of Lot 4, Block 102 and the northeast corner of Lot 1, Block 115.

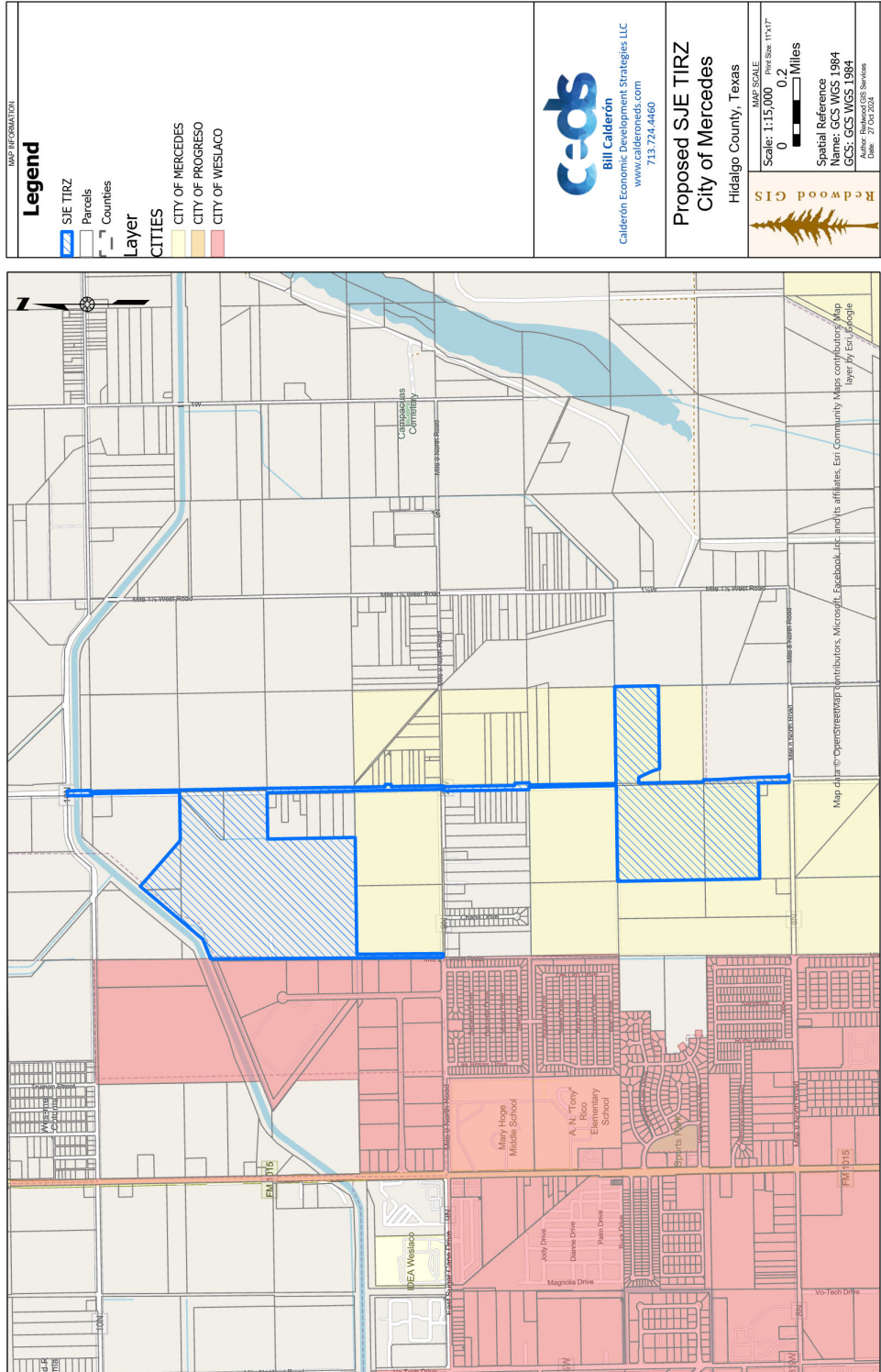
Tract No.2: Mile 2 West Road Right of Way from Mile 9 North Road to Mile 10 North Road

An 80.00 foot strip of land being 10.39 acres out of Lots 4, 5, 12 and 13, Block 101, and out of Lots 1, 8, 9 and 16, Block 116, Campacuas Addition, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 1, Page2, Map Records, Hidalgo County, Texas.

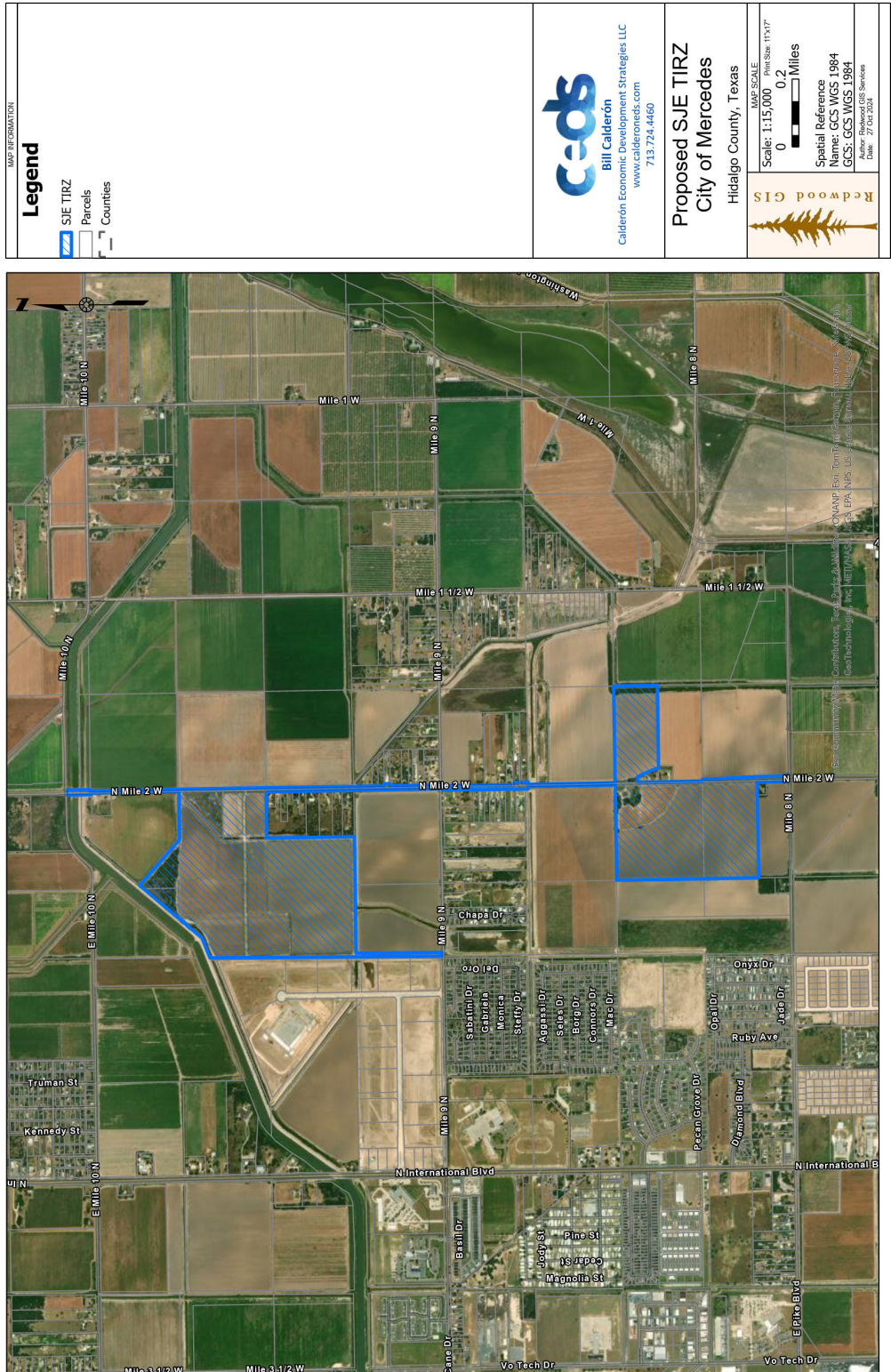
Beginning at a point in the intersection of the centerlines of Mile 2 West Road and Mile 9 North Road for the southwest corner of Lot 13, Block 102 and the southeast corner of Lot 16, Block 115.

Thence; North, along the centerline of Mile 2 West Road (80.00' right of way), along the west line of line of Lots 4, 5, 12 and 13, Block 101, and the east line of Lots 1, 8, 9 and 16, Block 116, a distance of 5,656.00 feet to a point in the centerline of Mile 10 North Road for the northwest corner of Lot 4, Block 101 and the northeast corner of Lot 1, Block 116.

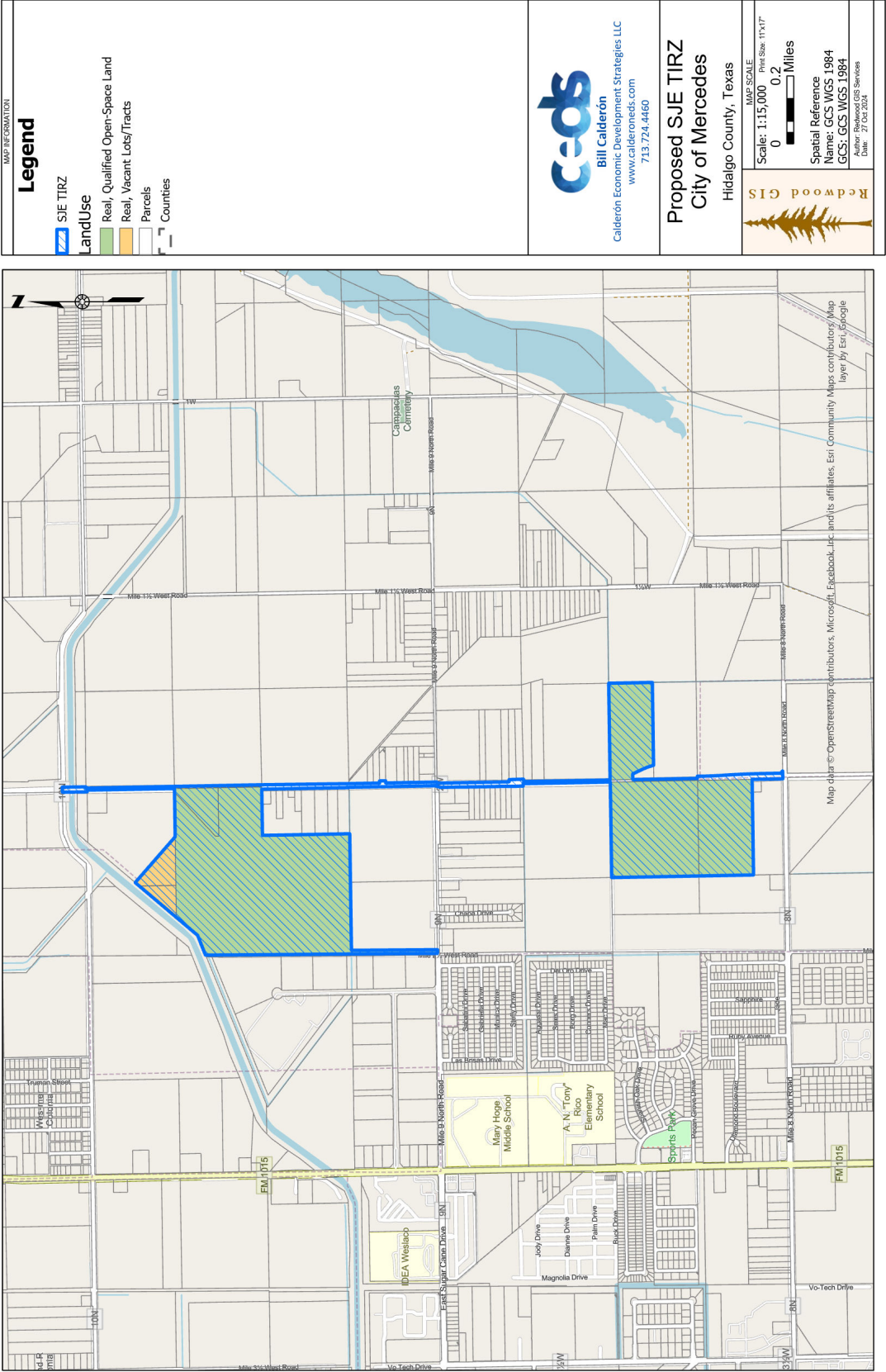
Boundary



Map 2 —Aerial Map



Map 3—Land Use



Schedules A & B

Schedule A / B

Schedules C & D

SCHEDULE C													
Tax Roll	City Development Valuation	Mercedes Cum Projected Taxable Valuation (3)	Hidalgo Co Cum Projected Taxable Valuation										
2027	\$ 14,000,000	14,000,000	14,000,000	1	2027	\$ 0.775000	\$ 106,330	\$ 74,431	\$ 31,899	\$ 0.287600	\$ 40,264	\$ 114,695	\$ 114,695
2028	\$ 35,000,000	35,000,000	35,000,000	2	2028	\$ 0.775000	\$ 265,825	\$ 186,078	\$ 79,748	\$ 0.287600	\$ 100,660	\$ 286,738	\$ 401,433
2029	\$ 70,000,000	70,000,000	70,000,000	3	2029	\$ 0.775000	\$ 531,650	\$ 372,155	\$ 159,495	\$ 0.287600	\$ 201,320	\$ 573,475	\$ 974,908
2030	\$ 112,000,000	112,000,000	112,000,000	4	2030	\$ 0.775000	\$ 850,640	\$ 595,448	\$ 255,192	\$ 0.287600	\$ 322,112	\$ 917,560	\$ 1,892,468
2031	\$ 156,000,000	156,000,000	156,000,000	5	2031	\$ 0.775000	\$ 1,184,820	\$ 829,374	\$ 355,446	\$ 0.287600	\$ 448,656	\$ 1,278,030	\$ 3,170,498
2032	\$ 187,750,000	187,750,000	187,750,000	6	2032	\$ 0.775000	\$ 1,425,961	\$ 998,173	\$ 427,788	\$ 0.287600	\$ 539,969	\$ 1,538,142	\$ 4,708,639
2033	\$ 210,750,000	210,750,000	210,750,000	7	2033	\$ 0.775000	\$ 1,600,646	\$ 1,120,452	\$ 480,194	\$ 0.287600	\$ 606,117	\$ 1,726,569	\$ 6,435,209
2034	\$ 226,800,000	226,800,000	226,800,000	8	2034	\$ 0.775000	\$ 1,722,546	\$ 1,205,782	\$ 516,764	\$ 0.287600	\$ 652,277	\$ 1,858,059	\$ 8,293,268
2035	\$ 235,900,000	235,900,000	235,900,000	9	2035	\$ 0.775000	\$ 1,791,661	\$ 1,254,162	\$ 537,498	\$ 0.287600	\$ 678,448	\$ 1,932,611	\$ 10,225,879
2036	\$ 244,156,500	244,156,500	244,156,500	10	2036	\$ 0.775000	\$ 1,854,369	\$ 1,298,058	\$ 556,311	\$ 0.287600	\$ 702,194	\$ 2,000,252	\$ 12,226,131
2037	\$ 252,701,978	252,701,978	252,701,978	11	2037	\$ 0.775000	\$ 1,919,272	\$ 1,343,490	\$ 575,781	\$ 0.287600	\$ 726,771	\$ 2,070,261	\$ 14,296,392
2038	\$ 261,546,547	261,546,547	261,546,547	12	2038	\$ 0.775000	\$ 1,986,446	\$ 1,390,512	\$ 595,934	\$ 0.287600	\$ 752,208	\$ 2,142,720	\$ 16,439,112
2039	\$ 270,700,676	270,700,676	270,700,676	13	2039	\$ 0.775000	\$ 2,055,972	\$ 1,439,180	\$ 616,791	\$ 0.287600	\$ 778,535	\$ 2,217,715	\$ 18,656,827
2040	\$ 280,175,200	280,175,200	280,175,200	14	2040	\$ 0.775000	\$ 2,127,931	\$ 1,489,551	\$ 638,379	\$ 0.287600	\$ 805,784	\$ 2,295,335	\$ 20,952,162
2041	\$ 289,981,331	289,981,331	289,981,331	15	2041	\$ 0.775000	\$ 2,202,408	\$ 1,541,686	\$ 660,722	\$ 0.287600	\$ 833,986	\$ 2,375,672	\$ 23,327,834
2042	\$ 300,130,678	300,130,678	300,130,678	16	2042	\$ 0.775000	\$ 2,279,493	\$ 1,595,645	\$ 683,848	\$ 0.287600	\$ 863,176	\$ 2,458,821	\$ 25,786,655
2043	\$ 310,635,252	310,635,252	310,635,252	17	2043	\$ 0.775000	\$ 2,359,275	\$ 1,651,492	\$ 707,782	\$ 0.287600	\$ 893,387	\$ 2,544,879	\$ 28,331,534
2044	\$ 321,507,486	321,507,486	321,507,486	18	2044	\$ 0.775000	\$ 2,441,849	\$ 1,709,295	\$ 732,555	\$ 0.287600	\$ 924,656	\$ 2,633,950	\$ 30,965,484
2045	\$ 332,760,248	332,760,248	332,760,248	19	2045	\$ 0.775000	\$ 2,527,314	\$ 1,769,120	\$ 756,194	\$ 0.287600	\$ 957,018	\$ 2,726,138	\$ 33,691,623
2046	\$ 344,406,856	344,406,856	344,406,856	20	2046	\$ 0.775000	\$ 2,615,770	\$ 1,831,039	\$ 784,731	\$ 0.287600	\$ 990,514	\$ 2,821,553	\$ 36,513,176
2047	\$ 356,461,096	356,461,096	356,461,096	21	2047	\$ 0.775000	\$ 2,707,322	\$ 1,895,125	\$ 812,197	\$ 0.287600	\$ 1,025,182	\$ 2,920,308	\$ 39,433,483
2048	\$ 368,937,235	368,937,235	368,937,235	22	2048	\$ 0.775000	\$ 2,802,078	\$ 1,961,455	\$ 840,623	\$ 0.287600	\$ 1,061,063	\$ 3,022,518	\$ 42,456,002
2049	\$ 381,850,038	381,850,038	381,850,038	23	2049	\$ 0.775000	\$ 2,900,151	\$ 2,030,106	\$ 870,045	\$ 0.287600	\$ 1,098,201	\$ 3,128,306	\$ 45,584,308
2050	\$ 395,214,789	395,214,789	395,214,789	24	2050	\$ 0.775000	\$ 3,001,656	\$ 2,101,159	\$ 900,497	\$ 0.287600	\$ 1,136,638	\$ 3,237,797	\$ 48,822,105
2051	\$ 409,047,307	409,047,307	409,047,307	25	2051	\$ 0.775000	\$ 3,106,714	\$ 2,174,700	\$ 932,014	\$ 0.287600	\$ 1,176,420	\$ 3,351,120	\$ 52,173,225
2052	\$ 423,363,963	423,363,963	423,363,963	26	2052	\$ 0.775000	\$ 3,215,449	\$ 2,250,815	\$ 964,635	\$ 0.287600	\$ 1,217,595	\$ 3,468,409	\$ 55,641,635
2053	\$ 438,181,701	438,181,701	438,181,701	27	2053	\$ 0.775000	\$ 3,327,990	\$ 2,329,593	\$ 998,397	\$ 0.287600	\$ 1,260,211	\$ 3,589,804	\$ 59,231,438
2054	\$ 453,518,061	453,518,061	453,518,061	28	2054	\$ 0.775000	\$ 3,444,470	\$ 2,411,129	\$ 1,033,341	\$ 0.287600	\$ 1,304,318	\$ 3,715,447	\$ 62,946,885
2055	\$ 469,391,193	469,391,193	469,391,193	29	2055	\$ 0.775000	\$ 3,565,026	\$ 2,495,518	\$ 1,069,508	\$ 0.287600	\$ 1,349,969	\$ 3,845,487	\$ 66,792,372
2056	\$ 485,819,885	485,819,885	485,819,885	30	2056	\$ 0.775000	\$ 3,689,802	\$ 2,582,861	\$ 1,106,941	\$ 0.287600	\$ 1,397,218	\$ 3,980,079	\$ 70,772,452
2057	\$ 502,823,581	502,823,581	502,823,581	31	2057	\$ 0.775000	\$ 3,818,945	\$ 2,673,262	\$ 1,145,684	\$ 0.287600	\$ 1,446,121	\$ 4,119,382	\$ 74,891,834
2058	\$ 520,422,406	520,422,406	520,422,406	32	2058	\$ 0.775000	\$ 3,952,608	\$ 2,766,826	\$ 1,185,782	\$ 0.287600	\$ 1,496,735	\$ 4,263,561	\$ 79,155,394
2059	\$ 538,637,190	538,637,190	538,637,190	33	2059	\$ 0.775000	\$ 4,090,949	\$ 2,863,665	\$ 1,227,285	\$ 0.287600	\$ 1,549,121	\$ 4,412,785	\$ 83,568,180
							\$ 777,473,338	\$ 54,231,337	\$ 23,242,001		\$ 29,336,843	\$ 83,568,180	
1	M&O =62% of tax rate												
2	IES = 38% of tax rate												
3	value growth at 3.5% begins in 2034												

**City of MERCEDES, Texas,
Ordinance No. 2025-20**

AN ORDINANCE APPROVING AND AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF MERCEDES, SAN JACINTO REDEVELOPMENT AUTHORITY, AND TAX INCREMENT REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES, TEXAS (TIRZ # 2) IN CONNECTION WITH THE CITY'S REINVESTMENT ZONE NUMBER TWO; AUTHORIZING AN INTIAL BORROWING CAPACITY OF \$1 MILLION, AND DECLARING AN EMERGENCY.

* * * *

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MERCEDES:

Section 1. The CITY COMMISSION hereby approves and authorizes the contract, agreement and initial borrowing authorization described in the title of this Ordinance, in substantially the form as shown in the document which is attached hereto and incorporated herein by this reference. The Mayor is hereby authorized to execute such document and all related documents on behalf of the City of MERCEDES. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents.

Section 2. The Mayor is hereby authorized to take all actions necessary to effectuate the City's intent and objectives in approving such agreement, agreements or other undertaking described in the title of this ordinance, in the event of changed circumstances.

Section 3. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor.

PASSED AND ADOPTED this 5th day of August, 2025.

Oscar D. Montoya Sr., Mayor

ATTEST:

Joselynn Castillo, City Secretary

**AGREEMENT BY AND BETWEEN THE
CITY OF MERCEDES, TEXAS,
REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES,
AND SAN JACINTO REDEVELOPMENT AUTHORITY**

**THE STATE OF TEXAS §
 § **KNOW ALL BY THESE PRESENTS:**
COUNTY OF CAMERON §**

THIS AGREEMENT (this “*Agreement*”), effective as of **(Date Council approves)** , is made by and between the **CITY OF MERCEDES, TEXAS**, a municipal corporation and a home-rule city in the State of Texas (the “*City*”); **REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES**, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (the “*Zone*”); and the **SAN JACINTO REDEVELOPMENT AUTHORITY**, a nonprofit local government corporation organized and existing under the laws of the State of Texas (the “*Authority*”).

RECITALS

WHEREAS, by Resolution No. XX-XX of the City Council of the City adopted on **XXXX XXXXX**, the City approved the Certificate of Formation, authorized the creation of the Authority pursuant to Subchapter D of the Texas Transportation code, as a local government corporation to aid, assist and act on behalf of the City in the performance of the City’s governmental functions with respect to the common good and general welfare of MERCEDES, and approved the Authority By Laws; and to be used in conjunction with a tax increment reinvestment zone created pursuant to Chapter 311 of the Texas Tax Code, and;

WHEREAS, by Ordinance No. 2024-22, the City created the Zone pursuant to Chapter 311, TEXAS TAX CODE (the “*TIRZ Act*”); and

WHEREAS, the Board of Directors of the Zone (“*Zone Board*”) and the City Council of the City each approved and adopted a Project Plan and a Reinvestment Zone Financing Plan for the Zone; and

WHEREAS, the City and the Zone Board have determined that it will be advisable to have the Authority assist the Zone Board and act as consultant to the Zone Board in the implementation of the Project Plan and the Reinvestment Zone Financing Plan and provide the other services set forth in this Agreement, including the construction of improvements and the issuance of its bonds to facilitate the Plan; and

WHEREAS, the City and the Zone desire to contract with the Authority to provide the assistance described in this Agreement during the term of the Zone, and to finance the efforts of the Authority using tax increments as provided herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the City, the Zone and the Authority agree as follows:

I. DEFINITIONS

Definitions. The terms “*Agreement*,” “*Authority*,” “*Authority Board*”, “*City*,” and “*Zone Board*” , “*TIRZ Act*”, have the meanings set forth in the preamble hereof, and the following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Agreement the words “shall” and “will” are mandatory, and the word “may” is permissive.

“*Appraisal District*” shall mean the HIDALGO County Appraisal District.

“*Authority Obligations*” shall mean the notes or other contractual obligations that the Authority may incur from time to time with a Developer pursuant to Article III hereof and includes without limitation Development Agreements.

“*Bonds*” shall mean the TIRZ Bonds, as applicable.

“*Budget*” shall mean the annual operating Budget of the Authority, that has been reviewed and approved by the Authority Board, the Zone Board, and the City Council.

“*Captured Appraised Value*” shall mean the total appraised value of property in the Zone as of January 1 of any year less the Tax Increment Base of the Zone, all as defined in the TIRZ Act.

“*City*” shall mean the CITY OF MERCEDDES.

“*City Council*” shall mean the governing body of the City.

“*City Manager*” shall mean the City Manager of the City, or such person as he or she shall designate.

“*County*” shall mean HIDALGO County, Texas.

“*Developer*” shall mean a person who is developing or redeveloping, or proposes to develop or redevelop, a TIRZ Project within the Zone and may include natural persons, private entities, public or private not-for-profit corporations, the City, a school district, the County, the State of Texas, any other governmental bodies, or any other kind of person.

“*Development Agreement*” shall mean an agreement(s) between the Authority and a Developer relating to the development, construction, remodeling, or rehabilitation of a TIRZ Project.

“*Financing Plan*” shall mean the reinvestment zone financing plan for the Zone as amended from time to time pursuant to the TIRZ Act, as adopted by the Zone Board and approved

by the City Council.

“*Interlocal Agreement*” means the Interlocal Agreement between the City, the Zone and any participating taxing unit approved by with respect to the participation of the taxing unit in the Zone, as such may be amended from time to time.

“*Project Cost*” shall mean those costs of public works and improvements and other costs for which payment can be made pursuant to the TIRZ Act that are identified in the TIRZ Plan.

“*Project Plan*” or “*Plan*” shall mean the project plan for the Zone as it may be amended from time to time pursuant to the terms of the TIRZ Act, as adopted by the Zone Board and approved by the City Council.

“*Projects*” shall mean the TIRZ Projects.

“*Revenue Fund*” shall mean the fund established by the Authority comprised of the TIRZ Revenue Fund sub-account.

“*School District*” shall mean any Independent School District providing educational services with the boundaries of the TIRZ.

“*Tax Increment*” shall mean the amount of property taxes collected each year by each Taxing Unit participating in the Zone (to the extent of their participation) on the Captured Appraised Value.

“*Tax Increment Base*” shall mean the total appraised value of all real property taxable by the City and located in the Zone as of January 1, 2024, the year in which the Zone was effective and designated as a reinvestment zone, plus the total appraisal of all real property taxable by the City and the other Taxing Units participating in the Zone and annexed to the Zone determined as of January 1 of the year in which any future area is annexed to the Zone.

“*Tax Increment Fund*” shall mean the Tax Increment Fund created by the City for the Zone including any sub-account therein into which the City shall deposit all Tax Increments.

“*Taxing Unit*” shall mean the City, the County, and any other Taxing Unit that participates in the TIRZ.

“*TIRZ Bonds*” shall mean the bonds of the Authority payable from a pledge of the TIRZ Revenue Fund.

“*TIRZ Plan*” shall mean the Project Plan and the Financing Plan.

“*TIRZ Project*” shall mean any project for which monies in the Tax Increment Fund can be used pursuant to the TIRZ Act and which has been approved in the Project Plan and the Financing Plan.

“*TIRZ Revenue Fund*” shall mean the sub-account of the Revenue Fund into which the Tax Increments are deposited by the City for the use of the Authority hereunder.

II. SCOPE OF SERVICES BY AUTHORITY

To the extent of available funds and subject to the limitations of this Agreement, the services that the Authority may furnish consist of, among other things, the following:

A. Management and Administrative Services and Consultants. The Authority will provide management and administrative services for the Zone. The services without limitation may include the following:

1. Provide the staff, and administrative services that are necessary to manage the Zone and provide or supervise the services and the Projects;
2. Provide management, financial and program monitoring systems for the administration of the Zone;
3. Provide any required reports to the City and the Zone Board concerning the administration of the Zone;
4. Subject to the terms of this Agreement, recruit, hire, pay and supervise the consultants and any work force that the Authority will utilize to furnish services required for the development or redevelopment of the Zone;
5. Provide staff to participate in meetings concerning the administration of the Zone in all its capacities, including the services to the Zone Board when managing the Zone;
6. Provide liaison and coordination between the Zone, the City, the County, the School District, other Taxing Units, property owners, and other persons and groups interested in the redevelopment activities of the Zone;
7. Supervise and monitor the performance of consultants and subcontractors who are employed by the Authority;
8. Assist, where necessary, in briefing Developers, property owners and other persons concerning proposed activities and developments that would complement public and private development activities in the Zone;
9. Function as the information/complaint center for all matters relating to the administration of the Zone and advise the Zone Board and the City in a timely manner of any problems concerning the Zone; and
10. Provide engineering, planning, legal, financial, real estate, and other services through consultants engaged by the Authority as may be requested by the Zone Board or the City.

B. Services With Respect to the Plan and Enlargement of the Zone.

1. Act as consultant to the Zone in the implementation and amendment of the Plan in accordance with applicable law.

2. The Authority will review areas for addition to the Zone as requested by the Zone Board and will provide information with respect to any proposed enlargement that may be required by the Zone Board including, if requested, the information required for a preliminary Project Plan and a preliminary Financing Plan with respect to the enlargement of the Zone.

C. Tax and Assessment Rolls.

1. Assist the Zone Board and the City with respect to the preparation of special tax rolls relating to the Zone. The Authority will analyze property uses in the Zone, compare them to the records of the Appraisal District, and attempt to reconcile the tax rolls of the Appraisal District with the actual land uses.

2. Assist the City in securing a tax roll for the Zone each year, and assist the Zone Board, the City, and the Appraisal District in having the Zone tax rolls correctly reflect the total appraised value of real property in the Zone for that year and showing separately the Tax Increment Base and the Captured Appraised Value. The Authority will assist the Zone Board and the City in advising all Taxing Units participating in the Zone with respect to the Captured Appraised Value and the amount of Tax Increment of each Taxing Unit, which is to be paid into the Tax Increment Fund as, required by the TIRZ Act.

D. Zone Planning, Design and Infrastructure Improvements. The Authority will assist the City and the Zone Board in preparing a development plan and provide technical assistance to encourage public and private property owners to make improvements or provide services.

E. Development Programs. The Authority will assist the City and the Zone Board:

1. To establish a program to encourage economic development and redevelopment in the Zone;

2. In preparing a program to encourage the development of the Zone;

3. In identifying obstacles to development in the Zone and in preparing a plan for application to the Zone to eliminate those obstacles;

F. Construction of Projects. The Authority may construct infrastructure, buy equipment and supplies, and deal in real estate as necessary to implement the Plan and as permitted by the TIRZ Act and the Authority's Bylaws:

1. To the extent funds are available, the Authority may design and construct Projects identified in the Plan that meet the qualifications of the TIRZ Act as applicable;

and

2. To the extent funds are available, the Authority may buy, sell, lease and otherwise deal in real estate pursuant to the Project Plan and a Financing Plan for the Zone.

G. Subcontractors. The Authority may provide the services required by this Agreement through staff, subcontractors, and/or consultants subject to the conditions of this Agreement.

III. OBLIGATIONS OF THE AUTHORITY

A. General Statement. The Authority has the authority to enter into Authority Obligations with Developers and enter into contracts with consultants and others to be paid from monies to be paid by the City and the Zone to the Authority from Tax Increments pursuant to this Agreement, and further, the Authority may issue Bonds with the consent of the City Council; provided that nothing in this Agreement shall be construed to authorize the Authority to expend any of the Tax Increment funds received pursuant to this Agreement for any costs other than Project Costs.

B. Power to Incur Authority Obligations. Subject to the provisions of this Article, the Authority shall have the power from time to time to issue and incur Authority Obligations and enter into contracts with consultants upon such terms and conditions as the Authority Board and the Zone Board shall determine to be necessary or desirable to implement the Plan. The Authority Obligations may be in the form of a Development Agreement with the Developer of a Development who agrees to construct, improvements or other facilities included in the Plan in exchange for the obligation of the Authority to repay the Developer for such costs from future payments made by the City and the Zone to the Authority pursuant to this Agreement. All Development Agreements shall specify which Plan pursuant to which it is entered, and shall provide that (i) the Authority will not reimburse any Developer for any Project that is determined to be an ineligible Project Cost under the TIRZ Act; and (ii) the Developer shall repay the Authority for any payment made by the Authority to the Developer that is determined to be ineligible.

C. Approval of Bonds and Other Obligations. The Authority may issue Bonds secured by payments made pursuant to this Agreement with the approval of City Council.

D. Use of Tax Increments. Amounts deposited in the TIRZ Revenue Fund shall be applied in the following order of priority (i) amounts pledged or required for the payment of outstanding Bonds secured by the TIRZ Revenue Fund, including Bonds in the process of issuance and refunding Bonds, (ii) administrative costs of the Zone and the Authority relating to the Zone, and (iii) payments of other Authority Obligations relating to the Zone.

E. Pledge of Revenue Fund. The Authority and the Zone Board may pledge and assign all or a part of the Revenue Fund under this Agreement to: With respect to the TIRZ Revenue Fund, the owners and holders of TIRZ Bonds, and Developers pursuant to a Development

Agreement for TIRZ Improvements.

F. The City consents to any assignment and pledge consistent with this Agreement and approves the terms and conditions of the instruments assigning or pledging the proceeds to be received by the Authority pursuant to this Agreement.

IV.

DUTIES AND RESPONSIBILITIES OF THE CITY AND THE ZONE

A. Tax Increment Fund. The City has established and will maintain a separate Tax Increment Fund, including sub accounts if necessary, in the City treasury into which Tax Increments shall be deposited. During the term of this Agreement, Tax Increments shall be paid to the Authority from the Tax Increment Fund as herein provided.

B. Limitation of Source of Payment. The City and the Zone shall have no financial obligation to the Authority other than as provided in this Agreement or in other agreements between the City, the Zone and the Authority. The obligation of the City and the Zone to the Authority under this Agreement is limited to the Tax Increments that are collected by the City. This Agreement shall create no obligation on the City or the Zone that is payable from taxes or other monies of the City other than the Tax Increments that are collected by the City.

C. The obligation of the City and the Zone to the Authority under this Agreement shall be subject to the rights of any of the holders of Bonds or other obligations that have heretofore or are hereafter issued by the City, the County, and any other Taxing Units that are payable from or secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City, the County, and the other Taxing Units.

D. Collection and Payment of Tax Increments by the City and the Zone. In consideration of the services and TIRZ Projects to be provided by the Authority, the City and the Zone covenant and agree that they will, as authorized under the TIRZ Act and other applicable laws, continuously collect the Tax Increments from the Taxing Units whose participation in the Zone is reflected in the TIRZ Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. To the extent the City and the Zone may legally do so, the City and the Zone also covenant and agree that they will not permit a reduction in the Tax Increments paid by the Taxing Units except to the extent provided in the agreement with the Taxing Unit executed at the time the Taxing Unit agrees to participate in the Zone. In addition, the City covenants and agrees that it will not dissolve the Authority and that any repeal of the right and power to collect the Tax Increments will not be effective until all the TIRZ Bonds or other TIRZ-related Authority Obligations have been paid in full or until they are legally defeased. The City and the Zone further covenant and agree that they will make all payments as set forth in **Article V** below, by a direct deposit into the TIRZ Revenue Fund, without counterclaim or offset, but minus any expenses incurred by the City in connection with the collection of the Tax Increments and minus any amount retained pursuant to the provisions set forth in **Article V** below.

D. Obligations of City and the Zone to be Absolute. The obligation of the City and the

Zone to make the payments set forth in this Agreement shall be absolute and unconditional, and until such time as this Agreement, Bonds, and the contractual obligations of the Authority incurred pursuant to this Agreement have been fully paid or provision for payment thereof shall have been made in accordance with their terms (or, with respect to the Tax Increments, the date of expiration of the Zone, if earlier), the City and the Zone will not suspend or discontinue any payments provided for in this Agreement and will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement except as provided in **Article XVII**. Nothing contained in this section shall be construed to release the Authority from performance of any of the agreements on its part contained in this Agreement, and in the event the Authority shall fail to perform any such agreement on its part, the City may institute such action against the Authority as the City may deem necessary to compel performance so long as this action does not abrogate the obligations of the City and the Zone to make the payments set forth in this Agreement to pay the Bonds of the Authority or to meet its Authority Obligations to Developers.

V.

CITY PAYMENT TO AUTHORITY

A. TIRZ Payments. The City, on behalf of itself and the Zone, will pay the Authority, not later than July 1 of each year during the term of this Agreement, all monies then available in the Tax Increment Fund, subject to the retention by the City of (i) an amount equal to the City's direct administrative costs connected with the Zone and the TIRZ Plan, not to exceed three percent of the amount available in the Tax Increment Fund. The Authority shall deposit the payments received pursuant to this Section into the TIRZ Revenue Fund and use the monies in the TIRZ Revenue Fund for payment of its TIRZ- related costs, its obligations to the holders of its TIRZ Bonds, its obligations to Developers pursuant to a TIRZ Development Agreement, or its other contractual obligations. The obligation to make these payments shall survive a termination of this Agreement as provided by **Article XVII** hereof.

VI.

ACCOUNTING AND AUDITS

A. Accounts, records, and accounting reports. The Authority will maintain books of records and accounts in which full, true, and proper entries will be made on all dealings, transactions, business, and matters that in any way affect or pertain to the operation of the Zone, and the allocation and application of funds provided hereunder. All such records shall be maintained in accordance with accounting generally accepted principles and shall be clearly identified and readily accessible. The Authority shall provide free access to the books and records at all times to the City and the Zone or their representatives and shall permit them to examine and audit the same and make copies thereof. The Authority shall further allow the City and the Zone and their representatives to make inspections of all work data, documents, proceedings, and activities related to this Agreement. Such right of access and audit shall continue for a period of three years from the date of final payment under this Agreement or

for such longer period of time as proscribed by law. The Authority will operate on the basis of the same fiscal year as the City.

B. Audit. At the end of each fiscal year (beginning with the fiscal year or fraction thereof during which this Agreement is executed), the Authority will have an audit prepared by an independent Certified Public Accountant for that fiscal year that shall be submitted to the Authority, the Zone and the City within 120 days after the end of the fiscal year. The Authority shall furnish copies of the audit to the City Council, City Manager and the Zone Board.

C. Authority Depository. Any monies received from investing and reinvesting the monies paid by the City and the Zone to the Authority shall remain in the TIRZ Revenue Fund until used by the Authority for the purposes permitted by this Agreement, and may be commingled with other monies of the Authority; provided that these funds shall be accounted for separately. Such funds shall be invested and reinvested by the Authority only in investments that would be eligible for investment by the City pursuant to the provisions of the Public Funds Investment Act (Chapter 2256, Texas Government Code). The depository bank will secure such funds in the same manner as City funds are required to be secured at the City depository and in accordance with applicable law and City procedures.

D. During the term of this agreement, the Authority will submit to the City and the Zone Board its annual budget, setting forth the Authority's proposed expenditures during the ensuing fiscal year, including administrative costs incurred in connection with providing services under this agreement, and obligation payable to the holders of bonds, or a Developer, pursuant to their approved development agreement.

VII. RIGHT OF OWNERSHIP

All property and improvements purchased by the Authority shall be the property of the Authority and shall be maintained by the Authority throughout the term of this Agreement and the Authority may lease, sell or otherwise dispose of such property upon such terms and conditions as the Authority deems desirable; provided that, if any TIRZ Project is integrated in and used as part of the City's infrastructure, it shall be conveyed to the City at the time of such integration, at the City's discretion. Upon termination of this Agreement or dissolution of the Authority, title to all Authority property shall immediately vest in the City without the need for further action on the part of the City.

VIII. PERSONAL LIABILITY OF PUBLIC OFFICIALS

Except for illegal acts, malfeasance, or misfeasance, to the extent permitted by State law, no director of the Authority, nor any employee or agent of the Authority, no director of the Zone, nor any employee or agent of the Zone, and no employee of the City, nor any agent of the City, shall be personally responsible for

any liability arising under or growing out of the
the Authority under the terms of this Agreement.

Agreement, or operations of

IX. CITY AND ZONE NOT LIABLE FOR DELAY

It is expressly agreed that in no event shall the City or the Zone be liable or responsible to
the Authority or any other person for or on account of, any stoppage or delay in the work herein
provided for by injunction or other legal or equitable proceedings, or from or
by or on account of any delay for any cause over which the City or the Zone has no control.

X. INDEMNITY AND RELEASE

A. INDEMNITY FOR PERSONAL INJURIES. THE AUTHORITY COVENANTS AND AGREES TO, AND DOES HEREBY, DEFEND, INDEMNIFY AND HOLD THE CITY, THE ZONE, AND THEIR OFFICERS, DIRECTORS, AND EMPLOYEES (THE “INDEMNIFIED PERSONS”), HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS’ FEES, COURT COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE OR LOSS INJURIES, INCLUDING DEATH, TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO ANY PERFORMANCE UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

- 1. THE AUTHORITY’S AND/OR ITS AGENTS’, EMPLOYEES’, OFFICERS’, DIRECTORS’, CONTRACTORS’, OR SUBCONTRACTORS’ (COLLECTIVELY IN LETTERED PARAGRAPHS 1-3, “AUTHORITY’S”) ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS;**
- 2. THE INDEMNIFIED PERSONS’ AND THE AUTHORITY’S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER THE AUTHORITY IS IMMUNE FROM LIABILITY OR NOT; AND**
- 3. THE INDEMNIFIED PERSONS’ AND THE AUTHORITY’S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER THE AUTHORITY IS IMMUNE FROM LIABILITY OR NOT. IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO THAT THE INDEMNITY PROVIDED FOR IN THIS ARTICLE X IS AN INDEMNITY BY THE AUTHORITY TO INDEMNIFY AND PROTECT THE INDEMNIFIED**

PERSONS FROM THE CONSEQUENCES OF (I) THE INDEMNIFIED PERSON'S OWN NEGLIGENCE, WHETHER THAT NEGLIGENCE IS THE SOLE OR CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE AND/OR (II) THE AUTHORITY'S OWN NEGLIGENCE, WHETHER THAT NEGLIGENCE IS THE SOLE OR A CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE THE AUTHORITY SHALL DEFEND, INDEMNIFY, AND HOLD THE INDEMNIFIED PERSONS HARMLESS DURING THE TERM OF THIS AGREEMENT AS WELL AS AFTER THE AGREEMENT TERMINATES. THE AUTHORITY SHALL NOT INDEMNIFY THE INDEMNIFIED PERSONS FOR THE INDEMNIFIED PERSONS' SOLE NEGLIGENCE.

B. INDEMNITY TO CITY PROPERTY. AUTHORITY SHALL LIKEWISE INDEMNIFY AND HOLD HARMLESS THE CITY FOR ANY AND ALL INJURY OR DAMAGE TO CITY PROPERTY ARISING OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OF AUTHORITY, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, LICENSEES, OR INVITEES.

C. RELEASE. THE AUTHORITY AGREES TO AND SHALL RELEASE THE INDEMNIFIED PERSONS FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE INDEMNIFIED PERSONS' SOLE OR CONCURRENT NEGLIGENCE.

D. DEFENSE OF CLAIMS. IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST AN INDEMNIFIED PERSON BY REASON OF ANY OF THE ABOVE, THE AUTHORITY FURTHER AGREES AND COVENANTS TO DEFEND THE ACTION OR PROCEEDING BY LEGAL COUNSEL ACCEPTABLE TO THE INDEMNIFIED PARTY.

E. Payment from Tax Increment. All costs of obligations of the Authority imposed by this Article may be paid from proceeds from insurance or, to the extent provided by law, Tax Increments.

XI. INDEPENDENT CONTRACTOR

It is expressly understood and agreed that the Authority shall perform all work and services described herein as an independent contractor and not as an officer, agent, servant, or employee of the City or the Zone; that except as herein provided, the Authority shall have exclusive control of and the exclusive right to control the details of the services and work performed hereunder, and all persons performing the same; and shall be solely responsible for the acts of its officers,

agents, employees, contractors, and subcontractors; that the doctrine of respondeat superior shall not apply as between the City or the Zone and the Authority, its officers, agents, employees, contractors, and subcontractors; and that nothing herein shall be construed as creating a partnership or joint enterprise between the City or the Zone and the Authority. No person performing any of the work and services described hereunder shall be considered an officer, agent, servant, or employee of the City or the Zone.

XII. INSURANCE

The Authority shall obtain and maintain insurance coverage continuously during the term of this Agreement, and the Authority shall contract with each contractor engaged by it hereunder to maintain (and cause each of its subcontractors to maintain) insurance coverage during the term of its contract, in substance and amount as may be agreed upon by the Parties.

XIII. ADDRESS AND NOTICE

Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

CITY OF MERCEDES
City Hall
400 S. Ohio Avenue
MERCEDES Texas,

78570

Attention: City Manager

SAN JACINTO REDEVELOPMENT

AUTHORITY &
REINVESTMENT ZONE #2,
City of MERCEDES,
c/o Bill Calderon
Calderon Economic Development Strategies, LLC
5523 Spellman Road
Houston, Texas 77096

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for by, or actually received by, the Authority, the Zone, or the City, as the case may be.

XIV. APPLICABLE LAWS

This Agreement is made subject to the Constitution and laws of the State of Texas and the Charter of the City.

XV. CAPTIONS

The captions at the beginning of the Articles of this Agreement are guides and labels to assist in locating and reading such Articles and, therefore, will be given no effect in construing this Agreement and shall not be restrictive of the subject matter of any article, section, or part of this Agreement.

XVI. SUCCESSORS AND ASSIGNS

This Agreement shall bind and benefit the respective parties and their legal successors, and shall not be assignable, in whole or in part, by any party hereto without first obtaining the written consent of the other party. Nothing herein shall be construed as creating any personal liability on the part of any officer or agency of the City, of the Zone, or of the Authority.

XVII. TERM AND TERMINATION, DISSOLUTION OF AUTHORITY

A. In general. This Agreement shall become effective, and its initial term shall begin, on the date first set forth above, and end upon the later of (i) the date of completion of the Plan, or (ii) the date on which all Authority Obligations and Authority Bonds have been retired.

B. Termination for cause. A party may terminate its performance under this Agreement only upon default by the other party. Default by a party shall occur if the party fails to perform or observe any of the terms and conditions of this Agreement required to be performed or observed by that party. Should such a default occur, the party against whom the default has occurred shall have the right to terminate all or part of its duties under this Agreement as of the 60th day following the receipt by the defaulting party of a notice describing such default and intended termination, provided:

(i) such termination shall be ineffective if within said 60-day period the defaulting party cures the default, or (ii) such termination may be stayed, at the sole option of the party against whom the default has occurred, pending cure of the default. No termination of this Agreement will affect the obligation of the City and the Zone to pay an amount that will permit the Authority to pay its Bonds or Authority Obligations issued or incurred pursuant to and consistent with this Agreement prior to termination.

C. Dissolution of Authority. The City agrees not to dissolve the Authority or the Zone unless it makes satisfactory arrangements to provide for the payments of the Authority's Bonds, or other Authority Obligations incurred upon the Authority's dissolution.

XVIII. AMENDMENT OR MODIFICATIONS

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment, or modification only by the mutual written consent of the parties hereto.

IN TESTIMONY OF WHICH this instrument has been executed on behalf of the Authority, the Zone and the City effective as of the date first above written.

CITY OF MERCEDES

OSCAR MONTTOYA, SR.
Mayor

ATTEST:

Joselynn Castillo
City Secretary

**MERCEDES
REDEVELOPMENT
AUTHORITY**

Chairman, Board of Directors

ATTEST:

Secretary, Board of Directors

**REINVESTMENT ZONE NUMBER TWO,
CITY OF MERCEDES**

Chairman, Board of Directors

ATTEST:

Secretary, Board of Directors

ORDINANCE NO. 2025-21

AN ORDINANCE APPROVING THE ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF MERCEDES, THE TAX INCREMENT REINVESTMENT ZONE #2, CITY OF MERCEDES, AND SAN JACINTO ENTERPRISES, LLC; AUTHORIZING EXECUTION OF THE AGREEMENT, AND VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT.

WHEREAS, the City Council of the City of MERCEDES, by adoption of Ordinance No. 2024-22 created Reinvestment Zone Number One, City of MERCEDES, Texas; and

WHEREAS, the Board of Directors of the Reinvestment Zone Number One has approved and recommended approval of the Economic Development Reimbursement Agreement (the “The Agreement”) attached hereto for the development of public infrastructure within said Zone, providing certain reimbursements to SAN JACINTO ENTERPRISES, LLC (the “Developer”) for investments the Developer will make in the TIRZ #2, City of MERCEDES; and

THEREFORE; BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MERCEDES, TEXAS;

Section 1. That the findings contained in the preamble of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That Council does hereby find the proposed project cost reimbursements for investments in public infrastructure by the Developer are consistent with the Zone’s Project Plan and Reinvestment Zone financing plan, and are in conformance with the City’s planned development, and also conforms to the requirements set forth in Chapter 311, Texas Tax Code.

Section 3. That the Economic Development Reimbursement Agreement attached hereto for Reinvestment Zone Number #2, City of MERCEDES, Texas is hereby approved.

INTRODUCED AND APPROVED on the first reading this 5th day of August, 2025.

APPROVED AND PASSED on the second reading this 19th day of August, 2025.

Oscar D. Montoya Sr., Mayor

ATTEST:

Joselynn Castillo, City Secretary

ECONOMIC DEVELOPMENT AGREEMENT

THIS ECONOMIC DEVELOPMENT AGREEMENT (this “**Agreement**”) is by and among the CITY OF MERCEDES, Texas, a political subdivision of the State of Texas (the “**City**”), TAX INCREMENT REINVESTMENT ZONE NO. 2, CITY OF MERCEDES, TEXAS, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (“**TIRZ #2**”), and SAN JACINTO ENTERPRISES, a Texas limited liability company (the “**Developer**”), is entered into on this ____ day of JANUARY 2025 (the “**Effective Date**”). The City, the Developer, and TIRZ #2 may be individually referred to herein as “**Party**” and collectively as the “**Parties**.”

RECITALS AND FINDINGS

WHEREAS, Developer owns and is proposing to develop certain tracts of land currently known as Subdivision 12, totaling approximately 127.44 acres, excluding Rights of Way to be improved, in the City’s ETJ (the “**Project Site**”), which is one of two development parcels of land located in TIRZ #2, as shown on the property map contained in **Exhibit A** attached hereto and incorporated herein for all purposes (the “**Property**”), and desires to construct and develop certain residential developments on the entirety of the Property (the “**Project**”); and,

WHEREAS, the City, pursuant to Chapter 311, Texas Tax Code as amended, has : (a) created a tax increment reinvestment zone over the entire Property to facilitate the development of the land, (b) provide certain agreed upon reimbursements to Developer for the Project funded by the Developer, and (c) seek and approve a participation agreement with the County for participation in the TIRZ #2;

WHEREAS, the City of Mercedes, Texas (the “**City**”) has agreed to participate in tax increment funding for TIRZ #2 by contributing to the tax increment fund for TIRZ #2 seventy percent (70%) of approved *Ad Valorem* Tax Rate each year until December 31, 2059, as set forth in Ordinance No. 2024-22, creating TIRZ #2 City of Mercedes; and,

WHEREAS, Hidalgo County, Texas (the “**County**”) is considering participating in tax increment funding for TIRZ #2 by contributing to the tax increment fund for TIRZ #2 fifty percent (50%) of its Maintenance and Operation Tax Rate , as will be memorialized in that certain Inter-local Agreement Tax Increment Reinvestment Zone #2, to be approved by and between the County and the City, (the “**TIRZ#2 Inter-local Agreement**”); and,

WHEREAS, while portions of the Property may be sold or conveyed to third parties, Developer shall be responsible for the overall development of the Project and all portions of the Property shall be included under this Agreement;

WHEREAS, the Board of Directors for TIRZ #2 (the “**TIRZ Board**”) and the City Council for the City of Mercedes (the “**City Council**”) each approved and adopted the Project Plan and Reinvestment Zone Financing Plan for TIRZ #2, dated August 5, 2025, (the “**TIRZ Plan**”);

WHEREAS, the Parties desire to provide for the development and financing of the projects set forth below to implement the TIRZ Plan;

WHEREAS, the City Council of the City of Mercedes has found and determined that the construction of the Project will provide the benefit of serving the public interest and welfare and enhancing the economic stability and growth of the City, contribute to the expansion of the City's tax base, increase mobility by construction of road ways and related infrastructure, facilitate the development of raw land into a master-planned mixed use development;

WHEREAS, the Project is consistent with the City's economic development objectives to increase taxable property values and taxes in the residential areas of the Project;

WHEREAS, the City agrees to provide financial and development assistance to the Developer through utilization of the TIRZ;

WHEREAS, the TIRZ Board shall possess all powers necessary to implement and monitor the TIRZ Plan as the City Council considers advisable, including without limitation, the submission of an Annual Reimbursement Report [defined in Article III, Section 4(f)];

WHEREAS, the Parties hereto have agreed that the TIRZ #2 shall be responsible for verifying the Developer's ongoing compliance with the requirements set forth in this Agreement necessary to obtain City payments as detailed herein;

WHEREAS, the Developer has agreed to petition the City for annexation of the land within the TIRZ, and also finance certain agreed upon infrastructure improvements, to develop the master planned mixed use project, and satisfy and comply with certain terms and conditions;

WHEREAS, the Parties agree that the provisions of this Agreement substantially advance a legitimate interest of the City;

WHEREAS, the Parties desire to cooperate in the development of the Project, on the terms and conditions contained herein;

NOW, THEREFORE, for and in consideration of the promises and the mutual agreements set forth herein, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

- I. **"Affiliate"** means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person or is a director or officer of such Person or of an Affiliate of such Person.
- II. **"Annual Payment(s)"** means the periodic payments of Tax Increment Revenue made to Developer as provided herein, and as set forth in Chapter 311, Texas Tax Code.
- III. **"Base Value"** shall mean the taxable value of the property located within the Property as of January 1, 2024, which amount is deemed to be \$3,083,165;

- IV. **“Captured Appraised Value”** means the total appraised ad valorem value of all real property taxable by the City and located in the Property as of January 1 of any year less the Base Tax.
- V. **“Developer Interest”** means interest accrued on the actual public improvement costs paid by the Developer at a per annum rate equal to 8.5%. Developer Interest shall accrue from the later of (i) the Effective Date of this Agreement for all expenditures made related to the creation of the TIRZ #2 or (ii) the date of actual payment by the Developer for expenditures made after the TIRZ #2 creation, and shall continue until such time the Developer receives full payment for the Project Costs (defined in Section 2(a)).
- VI. **“Person”** means any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.
- VII. **“Local Government Corporation”** means a tax exempt not for profit entity created pursuant to Chapter 431, Texas Transportation Code, and authorized by the City through the approval of an agreement to manage the TIRZ on the City’s behalf, and also serve as the debt facility mechanism should the City consent to the sale of tax exempt bonds to finance developer reimbursements or other project costs.
- VIII. **“Project Manager”** means the Developer for a project by Developer or the City for a project by the City.
- XI. **“Tax Increment”** means funds from the amount of ad valorem taxes levied and collected by the City on the Captured Appraised Value of real property located within the Property.
- X. **“Tax Increment Revenue”** means all (i) tax incremental revenues levied and collected from taxable incremental value in the TIRZ #2 x the current City approved *Ad Valorem* Tax Rate x .70, for thirty four (34) years (the duration of the TIRZ #2) and payable to the Developer under this Agreement and (ii) tax incremental revenues levied and collected from the taxable incremental value in the TIRZ #2 x the current County approved *Ad Valorem* Tax Rate, as set forth in the inter-local agreement approved by both the City and the County for thirty four (34) years (the duration of the TIRZ #2) and payable to the Developer under this Agreement.
- XI. **“Term”** means a term of thirty four (34) years during which the annual Tax Increment Revenue and annual Captured Appraised Value of the Property is calculated and the resulting Annual Payment is disbursed by the City.
- XII **“Reimbursable Project Costs”** means all costs set forth in Table I—Project Plan and Reinvestment Zone Financing Plan for TIRZ #2 and in **Exhibit C** of this

Agreement, which costs are currently estimated to be \$95,226,202.

ARTICLE II THE PROJECT

1. Development of the Project. The Project is to be constructed in two phases consisting of residential development and limited multifamily development, each phase must be in accordance with the Developer's Master Plan, and as reflected in the project plan and the approved City Plat.
2. Project Costs & Improvements for Subdivision 12.
 - (a) All of the TIRZ #2 improvements set forth in **Exhibit C**, related to Subdivision 12, and including 1/2 of the estimated Interest costs, and 1/2 of the TIRZ administration costs, as set forth in the TIRZ #2 project plan attached hereto and incorporated herein for all purposes (collectively, the "**Project Improvements**") , together with the costs of the construction of such Project Improvements including, without limitation, all costs incurred in connection with obtaining governmental approvals, certificates, and permits and all costs of engineering, testing and inspection required in connection with the construction of the improvements, and including the costs of creation of the Zone shall be referred to herein as the "**Project Costs.**".
 - (b) The Developer shall design, permit and construct the public roads as approved by the City and shall dedicate them, as such, to the City upon their completion. All such public roads accepted by the City shall thereafter be owned and maintained by the City.
 - (c) The Developer shall construct and install all reasonable and necessary traffic control devices (including signs) within the Project as required by the City, the County or other appropriate Party with jurisdiction. All such traffic control devices (including signs) shall thereafter be operated and maintained by the City, the County or other appropriate Party with jurisdiction.
 - (d) In the event that City and Developer mutually agree to the elimination or modification of any improvement listed as a component of the Project Costs, then the Parties may mutually agree, in writing, to modify, eliminate, amend or re-apportion the Project Costs in question.
3. Cost of Improvements to be Funded by the Developer. Unless otherwise agreed to by the Parties in writing, the Developer shall promptly pay (or cause to be paid) all Project Costs of constructing the Project Improvements including, without limitation: (i) all costs of design, engineering, materials, labor, construction, permitting, testing and inspection, arising in connection with the construction of the Project Improvements (except for those items which may be contested in good faith by Developer); (ii) all payments arising under any contracts entered into for the construction of the Project Improvements (except for those items which may be contested in good faith by Developer); (iii) land costs for land dedicated as public rights of way at fair market value; (iv) all financing costs and

fees associated with the Project Improvements, including legal fees. The City *shall not be liable* to any contractor, engineer, attorney, material man, laborer, or other party employed by or on behalf of the Developer, its affiliates or designees, as the case may be, in connection with the construction of the Project Improvements.

ARTICLE III PUBLIC FINANCIAL CONTRIBUTION

1. City Payments to Developer.
 - (a) In consideration of the City entering into this Agreement and providing for Annual Payments to the Developer under the terms and conditions set forth herein, as further described in more detail throughout this Agreement, the Developer agrees that it, along with its affiliates and any of Developer's current or future successors or assigns to the Project Site, in whole or in part, shall design, permit and construct the Project Improvements in accordance with the City or County codes, as applicable.
 - (b) The Annual Payments made by the City to the Developer shall be paid solely from the *ad valorem* tax incremental revenues collected in the TIRZ #2 for the prior tax year, and including any prior year reconciliations. Each Annual Payment shall be an amount equal to the total Tax Increment Revenue collected based on the following formula: (i) for the City-- Prior Tax Year Certified Taxable Value, Less Base Value /\$100 x the Current City Tax Rate x 70% and (ii) for the County—all Incremental Revenues remitted by the County to the City pursuant to the TIRZ #2 Interlocal Agreement. The Annual Payments shall be paid annually to Developer by the City no later than June 1, beginning in the first calendar year after Developer receives its first acceptance by the City of the completion of the Project Improvements in the first subdivision platted, improved and completed by Developer and continuing each year thereafter until the earlier of: (i) the date the City has fully paid all Reimbursable Project Costs and Developer Interest to the Developer or Lender (defined below), as applicable, in an amount currently estimated to be \$50,015,362, including estimated interest payments, and as reflected in Table 1, Project Plan and Reinvestment Finance Plan, and as computed pursuant to Section II, 2 (a) of this agreement, or (i) the completion of the Term of TIRZ #2. The total reimbursement will be based on actual expenditures for approved project costs based on an independent audit.
 - (c) The Developer may assign revenues received pursuant to this Agreement to a lender to collateralize a loan to further the development within the TIRZ, subject to the consent of the City, which consent shall not be unreasonably withheld. The terms of any borrowing shall be exclusively determined by negotiation between the developer and the Lender.
2. Annual Payment Administration. The Parties hereby agree and consent that all Annual Payments shall be paid directly by the City to the Developer or, if applicable, a Local Government Corporation (LGC) created to manage the TIRZ on behalf of the City. Once any Annual Payment (or portion thereof) is delivered by the City to the Developer, or the LGC, the City shall have no further obligation to the Developer as it relates to the annual tax incremental revenues. Total payment to Developer shall be based on the total audited costs of the Developer for those Project Costs as reflected in Table One of the Zone's approved Project Plan, as may be amended from time to time.

3. Project Quality. As consideration for City's obligation to pay Developer, the Developer agrees to construct the Project to the standard of quality as required by the City and the County for typical infrastructure constructed in residential and commercial projects.
4. Process for Project Development and Distribution of Developer Reimbursement Requests.
 - (a) Before initiating each phase of the Project, the Developer shall make a presentation to the TIRZ Board. Such presentation shall specify: (i) the phase to be initiated, (ii) the estimated cost to design and construct such phase, including any Project Costs, and (iii) the estimated time to complete such phase.
 - (b) Periodically, and no less than twice a year, the Developer shall provide reports regarding the progress of construction of the Project Improvements and the Developer's payment of Project Costs. The Developer shall allow the City and/or TIRZ Board reasonable access to the Project for inspections during all phases of construction.
 - (c) Upon completion of construction of the public infrastructure, any applicable interest in the real property upon which the public improvement is constructed shall be conveyed to the City or other public entity responsible for operation and maintenance of such completed work, and the City will accept the same upon the completion thereof in accordance with approved plans and specifications. The Developer shall, at its own costs and expense, maintain or cause to be maintained, the completed work until acceptance by the City, as evidenced by written acceptance by the appropriate City administrator, and for one (1) year after said acceptance.
 - (d) Developer will work with the TIRZ/ Redevelopment Authority administrator to have an independently prepared agreed upon procedures report (AUP) of developer reimbursable project costs this this Agreement and costs in the approved project plan and reinvestment zone financing plan prepared for submission to the Board of Directors of the TIRZ for approval.
 - (e) Upon approval of the Reimbursement Report by the TIRZ Board for the particular Project phase(s) completed at that time, the reimbursements shall become an obligation of the TIRZ and shall be payable from the available funds or bonds in accordance with this Agreement.
 - (f) Developer agrees that imputed administration costs in the amount of up to five percent (5%) of the Annual Payment may be retained by the City, and deduction from the Annual Payment made by the City to the Developer (the "**Administrative Costs**").

ARTICLE IV

MISCELLANEOUS PROVISIONS

1. Default; Remedies.
 - (a) Unless otherwise provided herein, any Party to this Agreement that believes that the other Party to this Agreement has defaulted in the performance of any condition, term, or obligation owed to that Party under this Agreement shall within twenty (20) business

days after discovery of said default, give written notice of the default to the defaulting Party, specifying in detail the provision or provisions of this Agreement that have allegedly been breached and what specific action must be taken to cure or correct the default. Should the Party receiving the notice fail to commence action to correct the default within thirty days, and/or thereafter fail to diligently pursue the completion of the action to correct the default, the Party giving the notice of default may declare the defaulting Party in default. In addition to any other right or remedy available to the Parties under this Agreement, in the event that a Party is declared in default, the complaining Party shall have the right (but not the obligation), in its sole discretion, to exercise its rights with regards to mandamus, specific performance or mandatory or permanent injunction to require the Party alleged to have defaulted or breached to perform.

- (b) In the event that the Developer is in default, the City shall not be obligated to make Annual Payment(s), or any portion thereof, to the Developer unless and until the default has been cured to the reasonable satisfaction of the City. In the event that the Developer fails to: (i) diligently pursue the completion of the action to correct the default as determined in the City's reasonable discretion, on the timeline established by the City Council; and (ii) such default remains on going six (6) months from the date of the cure deadline established by the City Council pursuant to this section, this Agreement may be terminated or suspended.
 - (c) Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Section or pursuant to the provisions of any other Section of this Agreement will constitute an election of remedies; and all remedies set forth in this Agreement will be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties has the affirmative obligation to mitigate its damages in the event of a default by the other Party.
 - (d) Notwithstanding anything in this Agreement which is or may appear to be to the contrary, if the performance of any covenant or obligation to be performed hereunder by any party, except for a delay in payment of the Annual Payment, is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending or threatened litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, or tornadoes], labor action, strikes or similar acts) or pandemics, including without limitation, Covid 19, the time for such performance shall be extended by the amount of time of such delay ("**Force Majeure**").
2. Separate Status. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in their respective businesses or otherwise, nor shall it cause them to be considered joint ventures or members of any joint enterprise.

3. Construction and Interpretation.

- (a) Whenever required by the context of this Agreement, (i) the singular shall include the plural, and vice versa, and the masculine shall include the feminine and neuter genders, and vice versa, and (ii) use of the words “including”, “such as”, or words of similar import, when following any general term, statement or matter, shall not be construed to limit such statement, term or matter to specific terms, whether or not language of non- limitation, such as “without limitation”, or “but not limited to”, are used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest scope of such statement, term or matter.
- (b) The captions preceding the text of each article and section of this Agreement are included only for convenience of reference. Captions shall be disregarded in the construction and interpretation of this Agreement. Capitalized terms are also selected only for convenience of reference and do not necessarily have any connection to the meaning that might otherwise be attached to such term in a context outside of this Agreement.
- (c) This Agreement may be executed in several counterparts; each of which shall be deemed an original. The signatures to this Agreement may be executed and notarized on separate pages, and when attached to this Agreement shall constitute one (1) complete document.

4. Indemnification ; Errors, Omissions, Negligent Acts, Legal Fees

The Developers shall save and hold harmless the City of Mercedes, and its officers and employees, the City’s Tax Increment Reinvestment Zone directors and employees, and it’s authorized and overlaid Local Government Corporation directors and employees from all claims and liability due to activities of itself, its agents, or employees, performed under this contract and which are caused by or result from error, omission, or negligent act of the Developers or of any person employed by the Developers. Such indemnity shall include but not limited to, attorney fees which may be incurred by the City of Mercedes in litigation or otherwise resisting said claim or liabilities which may be imposed on the City as a result of such activities by the Developers, their agents, or employees.

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- 5
- (a) Actions Performable. The Parties agree that all actions to be performed under this Agreement are performable solely in City of Mercedes, Texas.
 - (b) Assignability. Performance by Developer and TIRZ #2 under the terms and conditions of this Agreement are deemed personal and, as such, any attempt to convey, assign or transfer those duties and obligations without the prior written approval and consent by the City are void except for (i) assignments and partial assignments of this Agreement by Developer to any Affiliate of Developer, which are expressly permitted, (ii) assignments and partial assignments of this Agreement by Developer to third parties to whom the

Developer has sold land within the Project and provided written notice to the City and TIRZ #2 of same, and (iii) Collateral Assignments [defined in Article V below] and Security Agreements [defined in Article V below] of this Agreement to Lender and other security interests granted under the Loan Documents for the benefit of Lender, which are all expressly permitted hereunder.

(c) Severability. If any provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void; but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the Parties.

(d) Complete Agreement. This Agreement represents the complete agreement of the Parties with respect to the subject matter hereof and supersedes all prior written and oral matters related to this Agreement. Any amendment to this Agreement must be in writing and signed by all Parties hereto or permitted or approved assignees.

(e) Exhibits. All exhibits attached to this Agreement are incorporated herein by reference and expressly made part of this Agreement as if copied verbatim.

(f) Notice. Any notice or demand, which either the City or the Developer is required to or may desire to serve upon the other, must be in writing, and shall be sufficiently served if (i) personally delivered, (ii) sent by registered or certified mail, postage prepaid, or (iii) sent by commercial overnight carrier, and addressed to:

If to the City:

City of Mercedes, Texas
Attn: City Manager
400 S. Ohio Street
Mercedes, Texas 78570

If to the Developer:

San Jacinto Enterprises
ATT: Mr. Jacinto Garza
2100 W. Expressway 83
Mercedes Texas 78570

If to the TIRZ:

Bill Calderon
Calderon Economic Development Strategies LLC
5523 Spellman Road
Houston, Texas 77096

or such other address or addresses which any Party may be notified in writing by any other Party to this Agreement.

Such notice shall be deemed to have been served (a) five (5) business days after the date such notice is deposited and stamped by the United States Postal Service, except when lost, destroyed, improperly addressed or delayed by the United States Postal Service, or (b) upon receipt in the event of personal service, or (c) the first business day after the date of deposit with an overnight courier, except when lost, destroyed, improperly addressed or delayed by the courier, or (d) the date of receipt by facsimile (as reflected by electronic confirmation); provided, however, that should such notice pertain to the change of address to any of the Parties hereto, such notice shall be deemed to have been served upon receipt thereof by the Party to whom such notice is given.

(g) Force Majeure. The Parties agree that the obligations of each Party shall be subject to Force Majeure.

(h) Forum Selection. This Agreement and the relationship between the Parties hereto shall be governed and interpreted under the laws of Texas without regard to any conflict of laws provision. Venue for any suit arising out of any relationship between the Parties hereto shall exclusively be the appropriate court in the City of Mercedes, Texas. The Parties specifically consent to and waive any objections to, in personam jurisdiction in City of Mercedes, Texas.

6. Effective Date. This Agreement shall be binding and take effect only upon all Parties signatures hereto, attachment of all required exhibits, and receipt by the City of a fully executed copy hereof. For the purposes of timetables provided in this Agreement, the Effective Date shall be the date first above written.

7. Preamble. The findings of fact, recitations and provisions set forth in the preamble to this Agreement are true and are adopted and made a part of the body of this Agreement, binding the Parties hereto, as if the same were fully set forth herein.

8. Representations. The City and TIRZ #2 represent and warrant to the Developer that the City and TIRZ #2 are duly authorized and empowered to enter into this Agreement, subject to the terms and conditions contained herein, and have the legal right to reimburse the Developer as provided in this Agreement. The Developer represents and warrants to the City and TIRZ #2 that it has the right to enter into this Agreement and is a proper party to this Agreement.

9. Signature Warranty Clause. The signatories to this Agreement represent and warrant that they have the right to execute this Agreement on behalf of the City, TIRZ #2, and Developer, respectively.

10. Legal Contest. This Agreement is entered into in accordance with applicable law as understood by the Developer, the TIRZ #2, and the City. In the event any part, provision or paragraph thereof shall become unenforceable by reason of judicial decree or determination the Parties hereto mutually agree to the extent possible to ensure that all other provisions of this Agreement, including the intent of this Agreement be honored and performed.

11. Conflicts with Ordinances. The Parties agree that any City and/or TIRZ #2 ordinance, or regulation by any other agency over which the City and/or TIRZ #2 has control, whether

heretofore or hereafter adopted, that addresses matters that are covered by this Agreement shall not be enforced by the City and/or TIRZ #2, and that the provisions of this Agreement govern development of the Property and supersede any ordinance or regulation heretofore or hereafter adopted regarding the matters discussed herein.

12. Survival. The covenants and agreements of the Parties set forth in this Agreement shall terminate and expire upon or earlier of (i) when the City, on behalf of itself and the County, has paid all Reimbursement Project Costs and Developer Interest to the Developer, or (ii) December 31, 2059; provided, that the Developer's obligation to indemnify and hold harmless the City and TIRZ #2 shall survive the termination and expiration of this Agreement.

13. Amendment. Any term of this Agreement may be amended or waived only by an instrument in writing and signed by all Parties hereto. Notwithstanding the foregoing, so long as a Lender or its successors or assigns have any liens and/or security interest covering the Property and/or this Agreement, including without limitation, by a Deed of Trust [defined Article V (1) below] covering all or a portion of the Property, and/or a Security Agreement and/or Collateral Assignment covering this Agreement and/or the Other Agreements [defined in Article V (1) below], there shall be no amendments, revisions or corrections to this Agreement without the prior written consent of Lender, which may be withheld in the Lender's sole discretion.

14. Time and Business Days. Time is of the essence for the performance of any obligation under this Agreement. If any date or period for performance provided for herein ends on a Saturday, Sunday, or legal holiday of the City of Mercedes, Texas, then the applicable date or period will be extended to the first day following such Saturday, Sunday, or legal holiday. A business day is defined herein as any day that is not a Saturday, Sunday or legal holiday of the City of Mercedes, Texas.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple copies, each of equal dignity, as of the date and year set forth on the first page hereof.

City of Mercedes, TEXAS

BY: _____
OSCAR MONTOYA, MAYOR

Date: _____

**TAX INCREMENT REINVESTMENT ZONE NO.
TWO, City of Mercedes, TEXAS,**

a reinvestment zone created by the City of Mercedes, Texas
pursuant to Chapter 311 of the Texas Tax Code

BY: _____
Chairman of the Board of Directors

Date: _____

SAN JACINTO ENTERPRISES
a Texas limited liability company

By: _____
Jacinto, Garza, President

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF HIDALGO §

This instrument was acknowledged before me by OSCAR MONTTOYA, Mayor, for the City of Mercedes, Texas, a municipal corporation of the State of Texas, on behalf of said corporation, this _____ day of JANUARY, 2025.

Notary Public, State of Texas

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF HIDALGO §

This instrument was acknowledged before me by OSCAR MONTTOYA Chairman of the Board of Directors, for Tax Increment Reinvestment Zone No. TWO, City of Mercedes, Texas, a reinvestment zone created by the City of Mercedes, Texas pursuant to Chapter 311 of the Texas Tax Code, on behalf of said reinvestment zone, this _____ day of JANUARY, 2025

Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on JANUARY _____, 2025 by JACINTO GARZA, as the PRESIDENT, SAN JACINTO ENTERPRISES, a Texas limited liability company, on behalf of said limited liability company.

Notary Public, State of Texas

EXHIBIT A

PROPERTY MAP

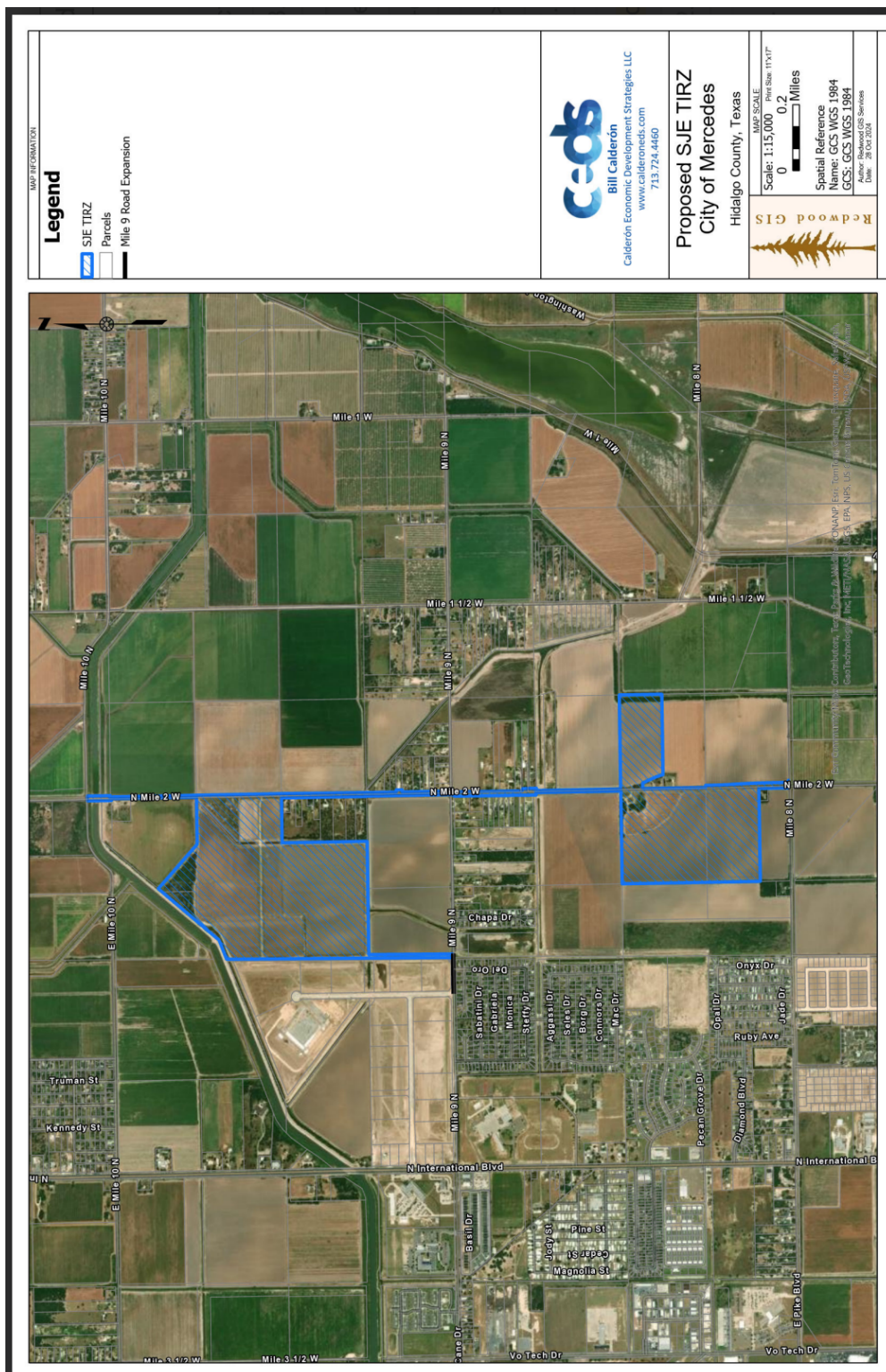


EXHIBIT B
List of Improvements and Eligible TIRZ Project Costs

Mercedes TIRZ #2—Reimbursable Project Costs					
Category	Subdivision #12 (1)	Subdivision #16 (1)			Total
ROW for Roads/ drainage	\$871,354	\$463,146			\$1,334,500
Surveys/ topos, staking +	\$186,400	\$173,680			\$360,080
Engineering	\$914,428	\$1,029,500			\$1,943,928
Offsite Water Distribution System		\$1,537,300			\$1,537,300
Water Lines	\$1,706,400	\$2,034,985			\$3,741,385
Water supply corp dev fees	\$467,570	\$355,000			\$822,570
Sanitary Sewer	\$2,826,800	\$4,763,342			\$7,590,142
AEP Electrical	\$150,000	\$320,000			\$470,000
Irrigation Line removal	\$30,000	\$14,000			\$44,000
Subdivision Road	\$5,538,764	\$4,363,660			\$9,902,424
Erosion mitigation	\$146,520	\$66,300			\$212,820
Drainage/detention	\$2,579,485	\$1,535,056			\$4,114,541
Fencing/landscaping in public POW	\$973,800	\$551,300			\$1,525,100
Dev. Fees/ Subdivision Adm.	\$26,840	\$26,840			\$53,680
Tap Fees	\$51,300				\$51,300

County Inspection / Utility Fees		\$8,000	\$12,000		\$20,000
Inspection/testing		\$654,348	\$588,400		\$1,242,748
City Park Fees		\$235,500	\$152,500		\$388,000
Public Road improvements		\$1,500,000			\$1,500,000
Creation Costs					\$120,000
Interest Carry (2)					\$40,000,000
Project administration -7 years (3)		\$2,800,000	\$2,800,000		\$5,600,000
Contingency		\$1,858,815	\$1,319,448		\$3,178,263
Chapter 380 project funding					\$3,000,000
TIRZ / RA Administration (4)					\$2,500,000
Total		\$23,526,324	\$22,106,457		\$91,252,781
(1) Projected costs are best estimates based on today's cost. Actual reimbursement of these items will be based on independently audited actual costs.					
(2) Interest paid will depend on a) audited amounts paid for project costs while payments are "as you go, or on the capital cost for tax exempt bonds when sold.					
(3) Project cost will finance admin management of multiple contractors involved in both the residential project and the public road improvements undertaken by the Developer					
(4) Redevelopment Authority management including legal, bookkeeping, auditing, and RA/Zone managing					

ORDINANCE NO. 2024-22

AN ORDINANCE APPROVING THE ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF MERCEDES, THE TAX INCREMENT REINVESTMENT ZONE #2, CITY OF MERCEDES, AND OLIVAREZ ORGANIZATION, LLC; AUTHORIZING EXECUTION OF THE AGREEMENT, AND VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT.

WHEREAS, the City Council of the City of MERCEDES, by adoption of Ordinance No. 2024-22 created Reinvestment Zone Number Two, City of MERCEDES, Texas; and

WHEREAS, the Board of Directors of the Reinvestment Zone #2 has approved and recommended approval of the Economic Development Reimbursement Agreement (the “The Agreement”) attached hereto for the development of public infrastructure within said Zone, providing certain reimbursements to OLIVAREZ ORGANIZATION, LLC (the “Developer”) for investments the Developer will make in the TIRZ #2, City of MERCEDES; and

THEREFORE; BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MERCEDES, TEXAS;

Section 1. That the findings contained in the preamble of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That Council does hereby find the proposed project cost reimbursements for investments in public infrastructure by the Developer are consistent with the Zone’s Project Plan and Reinvestment Zone financing plan, and are in conformance with the City’s planned development, and also conforms to the requirements set forth in Chapter 311, Texas Tax Code.

Section 3. That the Economic Development Reimbursement Agreement attached hereto for Reinvestment Zone Number #2, City of MERCEDES, Texas is hereby approved.

INTRODUCED AND APPROVED on the first reading this 5th day of August, 2025.

APPROVED AND PASSED on the second reading this 19th day of August, 2025.

Oscar D. Montoya Sr., Mayor

ATTEST:

Joselynn Castillo, City Secretary

ECONOMIC DEVELOPMENT AGREEMENT

THIS ECONOMIC DEVELOPMENT AGREEMENT (this “**Agreement**”) is by and among the CITY OF MERCEDES, Texas, a political subdivision of the State of Texas (the “**City**”), TAX INCREMENT REINVESTMENT ZONE NO. 2, CITY OF MERCEDES, TEXAS, a reinvestment zone created by the City pursuant to Chapter 311, Texas Tax Code (“**TIRZ #2**”), OLIVAREZ ORGANIZATION, LLC, a Texas limited liability corporation, both Jointly the Developers (the “**the Developers**”), is entered into on this ____ day of August, 2025 (the “**Effective Date**”). The City, the Developers, and TIRZ #2 may be individually referred to herein as “**Party**” and collectively as the “**Parties**.”

RECITALS AND FINDINGS

WHEREAS, the Developers own and are proposing to develop a certain tract of land currently known as Subdivision 16, totaling approximately 78.5 acres, excluding Rights of Way to be improved, in the City’s ETJ (the “**Project Site**”), which is one of two development parcels of land located in TIRZ #2, as shown on the property map contained in **Exhibit A** attached hereto and incorporated herein for all purposes (the “**Property**”), and desires to construct and develop certain residential developments on the entirety of the Property (the “**Project**”); and,

WHEREAS, the City, pursuant to Chapter 311, Texas Tax Code as amended, has : (a) created a tax increment reinvestment zone over the entire Property to facilitate the development of the land, (b) provide certain agreed upon reimbursements to the Developers for the Project funded by the Developers, and (c) seek and approve a participation agreement with the County for participation in the TIRZ #2;

WHEREAS, the City of Mercedes, Texas (the “**City**”) has agreed to participate in tax increment funding for TIRZ #2 by contributing to the tax increment fund for TIRZ #2 seventy percent (70%) of approved *Ad Valorem* Tax Rate each year until December 31, 2059, as set forth in Ordinance No. 2024-22, creating TIRZ #2 City of Mercedes; and,

WHEREAS, Hidalgo County, Texas (the “**County**”) is considering participating in tax increment funding for TIRZ #2 by contributing to the tax increment fund for TIRZ #2 fifty percent (50%) of its Maintenance and Operation Tax Rate , as will be memorialized in that certain Inter-local Agreement Tax Increment Reinvestment Zone #2, to be approved by and between the County and the City, (the “**TIRZ#2 Inter-local Agreement**”); and,

WHEREAS, while portions of the Property may be sold or conveyed to third parties, the Developers shall be responsible for the overall development of the Project and all portions of the Property shall be included under this Agreement;

WHEREAS, the Board of Directors for TIRZ #2 (the “**TIRZ Board**”) and the City Council for the City of Mercedes (the “**City Council**”) each approved and adopted the Project Plan and

Reinvestment Zone Financing Plan for TIRZ #2, dated August 5, 2025, (the “**TIRZ Plan**”);

WHEREAS, the Parties desire to provide for the development and financing of the projects set forth below to implement the TIRZ Plan;

WHEREAS, the City Council of the City of Mercedes has found and determined that the construction of the Project will provide the benefit of serving the public interest and welfare and enhancing the economic stability and growth of the City, contribute to the expansion of the City’s tax base, increase mobility by construction of road ways and related infrastructure, facilitate the development of raw land into a master-planned mixed use development;

WHEREAS, the Project is consistent with the City’s economic development objectives to increase taxable property values and taxes in the residential areas of the Project;

WHEREAS, the City agrees to provide financial and development assistance to the Developers through utilization of the TIRZ;

WHEREAS, the TIRZ Board shall possess all powers necessary to implement and monitor the TIRZ Plan as the City Council considers advisable, including without limitation, the submission of an Annual Reimbursement Report [defined in Article III, Section 4(f)];

WHEREAS, the Parties hereto have agreed that the TIRZ #2 shall be responsible for verifying the Developers’s ongoing compliance with the requirements set forth in this Agreement necessary to obtain City payments as detailed herein;

WHEREAS, the Developers have agreed to petition the City for annexation of the land within the TIRZ, and also finance certain agreed upon infrastructure improvements, to develop the master planned mixed use project, and satisfy and comply with certain terms and conditions;

WHEREAS, the Parties agree that the provisions of this Agreement substantially advance a legitimate interest of the City;

WHEREAS, the Parties desire to cooperate in the development of the Project, on the terms and conditions contained herein;

NOW, THEREFORE, for and in consideration of the promises and the mutual agreements set forth herein, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

- I. “**Affiliate**” means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person or is a director or officer of such Person or of an Affiliate of such Person.
- II. “**Annual Payment(s)**” means the periodic payments of Tax Increment Revenue made to the Developers as provided herein, and as set forth in Chapter 311, Texas Tax Code.
- III. “**Base Value**” shall mean the taxable value of the property located within the Property

as of January 1, 2024, which amount is deemed to be \$3,083,165;

- IV. **“Captured Appraised Value”** means the total appraised ad valorem value of all real property taxable by the City and located in the Property as of January 1 of any year less the Base Tax.
- V. **“The Developers Interest”** means interest accrued on the actual public improvement costs paid by the Developers at a per annum rate equal to 8.5%. the Developers Interest shall accrue from the later of (i) the Effective Date of this Agreement for all expenditures made related to the creation of the TIRZ #2 or (ii) the date of actual payment by the Developers for expenditures made after the TIRZ #2 creation, and shall continue until such time the Developers receives full payment for the Project Costs (defined in Section 2(a).
- VI. **“Person”** means any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.
- VII. **“Local Government Corporation”** means a tax exempt not for profit entity created pursuant to Chapter 431, Texas Transportation Code, and authorized by the City through the approval of an agreement to manage the TIRZ on the City’s behalf, and also serve as the debt facility mechanism should the City consent to the sale of tax exempt bonds to finance the Developers reimbursements or other project costs.
- VIII. **“Project Manager”** means the Developers for a project by the Developers or the City for a project by the City.
- XI. **“Tax Increment”** means funds from the amount of ad valorem taxes levied and collected by the City on the Captured Appraised Value of real property located within the Property.
- X. **“Tax Increment Revenue”** means all (i) tax incremental revenues levied and collected from taxable incremental value in the TIRZ #2 x the current City approved *Ad Valorem* Tax Rate x .70, for thirty four (34) years (the duration of the TIRZ #2) and payable to the Developers under this Agreement and (ii) tax incremental revenues levied and collected from the taxable incremental value in the TIRZ #2 x the current County approved *Ad Valorem* Tax Rate, as set forth in the inter-local agreement approved by both the City and the County for thirty four (34) years (the duration of the TIRZ #2) and payable to the Developers under this Agreement.
- XI. **“Term”** means a term of thirty four (34) years during which the annual Tax Increment Revenue and annual Captured Appraised Value of the Property is calculated and the resulting Annual Payment is disbursed by the City.

- XII **"Reimbursable Project Costs"** means all costs set forth in Table I—Project Plan and Reinvestment Zone Financing Plan for TIRZ #2 and in **Exhibit C** of this Agreement, which costs are currently estimated to be \$95,226,202.

ARTICLE II THE PROJECT

1. Development of the Project. The Project is to be constructed in two phases consisting of residential development and limited multifamily development, each phase must be in accordance with the Developers's Master Plan, and as reflected in the project plan and the approved City Plat.
2. Project Costs & Improvements for Subdivision 16.
 - (a) All of the TIRZ #2 improvements set forth in **Exhibit C**, related to Subdivision 16, and including 1/2 of the estimated Interest costs, and 1/2 of the TIRZ administration costs, as set forth in the TIRZ #2 project plan attached hereto and incorporated herein for all purposes (collectively, the **"Project Improvements"**) , together with the costs of the construction of such Project Improvements including, without limitation, all costs incurred in connection with obtaining governmental approvals, certificates, and permits and all costs of engineering, testing and inspection required in connection with the construction of the improvements, and including the costs of creation of the Zone shall be referred to herein as the **"Project Costs."**, currently estimated to be \$42,090,840, including estimated interest.
 - (b) The Developers shall design, permit and construct the public roads as approved by the City and shall dedicate them, as such, to the City upon their completion. All such public roads accepted by the City shall thereafter be owned and maintained by the City.
 - (c) The Developers shall construct and install all reasonable and necessary traffic control devices (including signs) within the Project as required by the City, the County or other appropriate Party with jurisdiction. All such traffic control devices (including signs) shall thereafter be operated and maintained by the City, the County or other appropriate Party with jurisdiction.
 - (d) In the event that City and the Developers mutually agree to the elimination or modification of any improvement listed as a component of the Project Costs, then the Parties may mutually agree, in writing, to modify, eliminate, amend or re-apportion the Project Costs in question.
3. Cost of Improvements to be Funded by the Developers. Unless otherwise agreed to by the Parties in writing, the Developers shall promptly pay (or cause to be paid) all Project Costs of constructing the Project Improvements including, without limitation: (i) all costs of design, engineering, materials, labor, construction, permitting, testing and inspection, arising in connection with the construction of the Project Improvements (except for those items which may be contested in good faith by The Developers); (ii) all payments

arising under any contracts entered into for the construction of the Project Improvements (except for those items which may be contested in good faith by The Developers); (iii) land costs for land dedicated as public rights of way at fair market value; (iv) all financing costs and fees associated with the Project Improvements, including legal fees. The City *shall not be liable* to any contractor, engineer, attorney, material man, laborer, or other party employed by or on behalf of the Developers, its affiliates or designees, as the case may be, in connection with the construction of the Project Improvements.

ARTICLE III PUBLIC FINANCIAL CONTRIBUTION

1. City Payments to The Developers.

- (a) In consideration of the City entering into this Agreement and providing for Annual Payments to the Developers under the terms and conditions set forth herein, as further described in more detail throughout this Agreement, the Developers agrees that it, along with its affiliates and any of the Developers's current or future successors or assigns to the Project Site, in whole or in part, shall design, permit and construct the Project Improvements in accordance with the City or County codes, as applicable.
 - (b) The Annual Payments made by the City to the Developers shall be paid solely from the *ad valorem* tax incremental revenues collected in the TIRZ #2 for the prior tax year, and including any prior year reconciliations. Each Annual Payment shall be an amount equal to the total Tax Increment Revenue collected based on the following formula: (i) for the City-- Prior Tax Year Certified Taxable Value, Less Base Value /\$100 x the Current City Tax Rate x 70% and (ii) for the County—all Incremental Revenues remitted by the County to the City pursuant to the TIRZ #2 Interlocal Agreement. The Annual Payments shall be paid annually to The Developers by the City no later than June 1, beginning in the first calendar year after The Developers receives its first acceptance by the City of the completion of the Project Improvements in the first subdivision platted, improved and completed by The Developers and continuing each year thereafter until the earlier of: (i) the date the City has fully paid all Reimbursable Project Costs and the Developers Interest to the Developers or Lender (defined below), as applicable, in an amount currently estimated to be \$43.5 Million, including estimated interest payments, and as reflected in Table 1, Project Plan and Reinvestment Finance Plan, and as computed pursuant to Section II, 2 (a) of this agreement, or (i) the completion of the Term of TIRZ #2. The total reimbursement will be based on actual expenditures for approved project costs based on an independent audit.
 - (c) The Developers may assign revenues received pursuant to this Agreement to a lender to collateralize a loan to further the development within the TIRZ, subject to the consent of the City, which consent shall not be unreasonably withheld. The terms of any borrowing shall be exclusively determined by negotiation between the Developers and the Lender.
2. Annual Payment Administration. The Parties hereby agree and consent that all Annual Payments shall be paid directly by the City to the Developers or, if applicable, a Local Government Corporation (LGC) created to managed the TIRZ on behalf of the City. Once any Annual Payment (or portion thereof) is delivered by the City to the Developers, or the LGC, the City shall have no further obligation to the Developers as it relates to the

annual tax incremental revenues. Total payment to The Developers shall be based on the total audited costs of the Developers for those Project Costs as reflected in Table One of the Zone's approved Project Plan, as may be amended from time to time.

3. Project Quality. As consideration for City's obligation to pay the Developers, the Developers agrees to construct the Project to the standard of quality as required by the City and the County for typical infrastructure constructed in residential and commercial projects.
4. Process for Project Development and Distribution of The Developers Reimbursement Requests.
 - (a) Before initiating each phase of the Project, the Developers shall make a presentation to the TIRZ Board. Such presentation shall specify: (i) the phase to be initiated, (ii) the estimated cost to design and construct such phase, including any Project Costs, and (iii) the estimated time to complete such phase.
 - (b) Periodically, and no less than twice a year, the Developers shall provide reports regarding the progress of construction of the Project Improvements and the Developers's payment of Project Costs. The Developers shall allow the City and/or TIRZ Board reasonable access to the Project for inspections during all phases of construction.
 - (c) Upon completion of construction of the public infrastructure, any applicable interest in the real property upon which the public improvement is constructed shall be conveyed to the City or other public entity responsible for operation and maintenance of such completed work, and the City will accept the same upon the completion thereof in accordance with approved plans and specifications. The Developers shall, at its own costs and expense, maintain or cause to be maintained, the completed work until acceptance by the City, as evidenced by written acceptance by the appropriate City administrator, and for one (1) year after said acceptance.
 - (d) The Developers will work with the TIRZ/ Redevelopment Authority administrator to have an independently prepared agreed upon procedures report (AUP) of the Developers reimbursable project costs this this Agreement and costs in the approved project plan and reinvestment zone financing plan prepared for submission to the Board of Directors of the TIRZ for approval.
 - (e) Upon approval of the Reimbursement Report by the TIRZ Board for the particular Project phase(s) completed at that time, the reimbursements shall become an obligation of the TIRZ and shall be payable from the available funds or bonds in accordance with this Agreement.
 - (f) The Developers agrees that imputed administration costs in the amount of up to five percent (5%) of the Annual Payment may be retained by the City, and deduction from the Annual Payment made by the City to the Developers (the "**Administrative Costs**").

ARTICLE IV MISCELLANEOUS PROVISIONS

1. Default; Remedies.

- (a) Unless otherwise provided herein, any Party to this Agreement that believes that the other Party to this Agreement has defaulted in the performance of any condition, term, or obligation owed to that Party under this Agreement shall within twenty (20) business days after discovery of said default, give written notice of the default to the defaulting Party, specifying in detail the provision or provisions of this Agreement that have allegedly been breached and what specific action must be taken to cure or correct the default. Should the Party receiving the notice fail to commence action to correct the default within thirty days, and/or thereafter fail to diligently pursue the completion of the action to correct the default, the Party giving the notice of default may declare the defaulting Party in default. In addition to any other right or remedy available to the Parties under this Agreement, in the event that a Party is declared in default, the complaining Party shall have the right (but not the obligation), in its sole discretion, to exercise its rights with regards to mandamus, specific performance or mandatory or permanent injunction to require the Party alleged to have defaulted or breached to perform.
- (b) In the event that the Developers is in default, the City shall not be obligated to make Annual Payment(s), or any portion thereof, to the Developers unless and until the default has been cured to the reasonable satisfaction of the City. In the event that the Developers fails to: (i) diligently pursue the completion of the action to correct the default as determined in the City's reasonable discretion, on the timeline established by the City Council; and (ii) such default remains on going six (6) months from the date of the cure deadline established by the City Council pursuant to this section, this Agreement may be terminated or suspended.
- (c) Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Section or pursuant to the provisions of any other Section of this Agreement will constitute an election of remedies; and all remedies set forth in this Agreement will be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties has the affirmative obligation to mitigate its damages in the event of a default by the other Party.
- (d) Notwithstanding anything in this Agreement which is or may appear to be to the contrary, if the performance of any covenant or obligation to be performed hereunder by any party, except for a delay in payment of the Annual Payment, is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending or threatened litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, or tornadoes], labor action, strikes or similar acts) or pandemics, including without limitation, Covid 19, the time for such performance shall be extended by the amount of time of such delay ("**Force Majeure**").

2. Separate Status. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in their respective businesses or otherwise, nor shall it cause them to be considered joint ventures or members of any joint enterprise.

3. Construction and Interpretation.

(a) Whenever required by the context of this Agreement, (i) the singular shall include the plural, and vice versa, and the masculine shall include the feminine and neuter genders, and vice versa, and (ii) use of the words “including”, “such as”, or words of similar import, when following any general term, statement or matter, shall not be construed to limit such statement, term or matter to specific terms, whether or not language of non- limitation, such as “without limitation”, or “but not limited to”, are used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest scope of such statement, term or matter.

(b) The captions preceding the text of each article and section of this Agreement are included only for convenience of reference. Captions shall be disregarded in the construction and interpretation of this Agreement. Capitalized terms are also selected only for convenience of reference and do not necessarily have any connection to the meaning that might otherwise be attached to such term in a context outside of this Agreement.

(c) This Agreement may be executed in several counterparts; each of which shall be deemed an original. The signatures to this Agreement may be executed and notarized on separate pages, and when attached to this Agreement shall constitute one (1) complete document.

4. Indemnification ; Errors, Omissions, Negligent Acts, Legal Fees

The Developers shall save and hold harmless the City of Mercedes, and its officers and employees, the City’s Tax Increment Reinvestment Zone directors and employees, and it’s authorized and overlaid Local Government Corporation directors and employees from all claims and liability due to activities of itself, its agents, or employees, performed under this contract and which are caused by or result from error, omission, or negligent act of the Developers or of any person employed by the Developers. Such indemnity shall include but not limited to, attorney fees which may be incurred by the City of Mercedes in litigation or otherwise resisting said claim or liabilities which may be imposed on the City as a result of such activities by the Developers, their agents, or employees.

5(a) Actions Performable. The Parties agree that all actions to be performed under this Agreement are performable solely in City of Mercedes, Texas.

(b) Assignability. Performance by the Developers and TIRZ #2 under the terms and conditions of this Agreement are deemed personal and, as such, any attempt to convey, assign or transfer those duties and obligations without the prior

written approval and consent by the City are void except for (i) assignments and partial assignments of this Agreement by the Developers to any Affiliate of the Developers, which are expressly permitted, (ii) assignments and partial assignments of this Agreement by the Developers to third parties to whom the Developers has sold land within the Project and provided written notice to the City and TIRZ #2 of same, and (iii) Collateral Assignments [defined in Article V below] and Security Agreements [defined in Article V below] of this Agreement to Lender and other security interests granted under the Loan Documents for the benefit of Lender, which are all expressly permitted hereunder.

(c) Severability. If any provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void; but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the Parties.

(d) Complete Agreement. This Agreement represents the complete agreement of the Parties with respect to the subject matter hereof and supersedes all prior written and oral matters related to this Agreement. Any amendment to this Agreement must be in writing and signed by all Parties hereto or permitted or approved assignees.

(e) Exhibits. All exhibits attached to this Agreement are incorporated herein by reference and expressly made part of this Agreement as if copied verbatim.

(f) Notice. Any notice or demand, which either the City or the Developers is required to or may desire to serve upon the other, must be in writing, and shall be sufficiently served if (i) personally delivered, (ii) sent by registered or certified mail, postage prepaid, or (iii) sent by commercial overnight carrier, and addressed to:

If to the City:

City of Mercedes, Texas
Attn: City Manager
400 S. Ohio Street
Mercedes, Texas 78570

If to the Developers:

San Jacinto Enterprises
ATTN: Mr. Jacinto Garza
2100 W. Expressway 83
Mercedes Texas 78570

Olivarez Organization LLC
ATTN: Joe Olivarez
P.O. Box 1667
614 N. Texas Blvd

Weslaco, Tx 78596

If to the TIRZ:

Bill Calderon
Calderon Economic Development Strategies LLC
5523 Spellman Road
Houston, Texas 77096

or such other address or addresses which any Party may be notified in writing by any other Party to this Agreement.

Such notice shall be deemed to have been served (a) five (5) business days after the date such notice is deposited and stamped by the United States Postal Service, except when lost, destroyed, improperly addressed or delayed by the United States Postal Service, or (b) upon receipt in the event of personal service, or (c) the first business day after the date of deposit with an overnight courier, except when lost, destroyed, improperly addressed or delayed by the courier, or (d) the date of receipt by facsimile (as reflected by electronic confirmation); provided, however, that should such notice pertain to the change of address to any of the Parties hereto, such notice shall be deemed to have been served upon receipt thereof by the Party to whom such notice is given.

(g) Force Majeure. The Parties agree that the obligations of each Party shall be subject to Force Majeure.

(h) Forum Selection. This Agreement and the relationship between the Parties hereto shall be governed and interpreted under the laws of Texas without regard to any conflict of laws provision. Venue for any suit arising out of any relationship between the Parties hereto shall exclusively be the appropriate court in the City of Mercedes, Texas. The Parties specifically consent to and waive any objections to, in personam jurisdiction in City of Mercedes, Texas.

6. Effective Date. This Agreement shall be binding and take effect only upon all Parties signatures hereto, attachment of all required exhibits, and receipt by the City of a fully executed copy hereof. For the purposes of timetables provided in this Agreement, the Effective Date shall be the date first above written.

7. Preamble. The findings of fact, recitations and provisions set forth in the preamble to this Agreement are true and are adopted and made a part of the body of this Agreement, binding the Parties hereto, as if the same were fully set forth herein.

8. Representations. The City and TIRZ #2 represent and warrant to the Developers that the City and TIRZ #2 are duly authorized and empowered to enter into this Agreement, subject to the terms and conditions contained herein, and have the legal right to reimburse the Developers as provided in this Agreement. The Developers represents and warrants to the City and TIRZ #2 that it has the right to enter into this Agreement and is a proper party to this Agreement.

9. Signature Warranty Clause. The signatories to this Agreement represent and warrant that they have the right to execute this Agreement on behalf of the City, TIRZ #2, and the Developers,

respectively.

10. Legal Contest. This Agreement is entered into in accordance with applicable law as understood by the Developers, the TIRZ #2, and the City. In the event any part, provision or paragraph thereof shall become unenforceable by reason of judicial decree or determination the Parties hereto mutually agree to the extent possible to ensure that all other provisions of this Agreement, including the intent of this Agreement be honored and performed.

11. Conflicts with Ordinances. The Parties agree that any City and/or TIRZ #2 ordinance, or regulation by any other agency over which the City and/or TIRZ #2 has control, whether heretofore or hereafter adopted, that addresses matters that are covered by this Agreement shall not be enforced by the City and/or TIRZ #2, and that the provisions of this Agreement govern development of the Property and supersede any ordinance or regulation heretofore or hereafter adopted regarding the matters discussed herein.

12. Survival. The covenants and agreements of the Parties set forth in this Agreement shall terminate and expire upon of earlier of (i) when the City, on behalf of itself and the County, has paid all Reimbursement Project Costs and the Developers Interest to the Developers, or (ii) December 31, 2059; provided, that the Developers's obligation to indemnify and hold harmless the City and TIRZ #2 shall survive the termination and expiration of this Agreement.

13. Amendment. Any term of this Agreement may be amended or waived only by an instrument in writing and signed by all Parties hereto. Notwithstanding the foregoing, so long as a Lender or its successors or assigns have any liens and/or security interest covering the Property and/or this Agreement, including without limitation, by a Deed of Trust [defined Article V (1) below] covering all or a portion of the Property, and/or a Security Agreement and/or Collateral Assignment covering this Agreement and/or the Other Agreements [defined in Article V (1) below], there shall be no amendments, revisions or corrections to this Agreement without the prior written consent of Lender, which may be withheld in the Lender's sole discretion.

14. Time and Business Days. Time is of the essence for the performance of any obligation under this Agreement. If any date or period for performance provided for herein ends on a Saturday, Sunday, or legal holiday of the City of Mercedes, Texas, then the applicable date or period will be extended to the first day following such Saturday, Sunday, or legal holiday. A business day is defined herein as any day that is not a Saturday, Sunday or legal holiday of the City of Mercedes, Texas.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple copies, each of equal dignity, as of the date and year set forth on the first page hereof.

City of Mercedes, TEXAS

BY: _____
OSCAR MONTOYA, MAYOR

Date: _____

TAX INCREMENT REINVESTMENT ZONE NO. TWO, City of Mercedes, TEXAS,

a reinvestment zone created by the City of Mercedes, Texas pursuant to Chapter 311 of the Texas Tax Code

BY: _____
Chairman of the Board of Directors

Date: _____

SAN JACINTO ENTERPRISES
a Texas limited liability company

By: _____
Jacinto, Garza, President

By: _____
Joe Olivarez,

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF HIDALGO §

This instrument was acknowledged before me by OSCAR MONTTOYA, Mayor, for the City of Mercedes, Texas, a municipal corporation of the State of Texas, on behalf of said corporation, this _____ day of JANUARY, 2025.

Notary Public, State of Texas

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF HIDALGO §

This instrument was acknowledged before me by OSCAR MONTTOYA Chairman of the Board of Directors, for Tax Increment Reinvestment Zone No. TWO, City of Mercedes, Texas, a reinvestment zone created by the City of Mercedes, Texas pursuant to Chapter 311 of the Texas Tax Code, on behalf of said reinvestment zone, this _____ day of JANUARY, 2025

Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on JANUARY _____, 2025 by JACINTO GARZA, as the PRESIDENT, SAN JACINTO ENTERPRISES, a Texas limited liability company, on behalf of said limited liability company.

Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF HIDALGO §

This instrument was acknowledged before me on JANUARY _____, 2025 by JOE OLIVAREZ AS _PRESIDENT OF OLIVAREZ ORGANIZATION, a Texas limited liability corporation, on behalf of said corporation.

Notary Public, State of Texas

EXHIBIT A

PROPERTY MAP

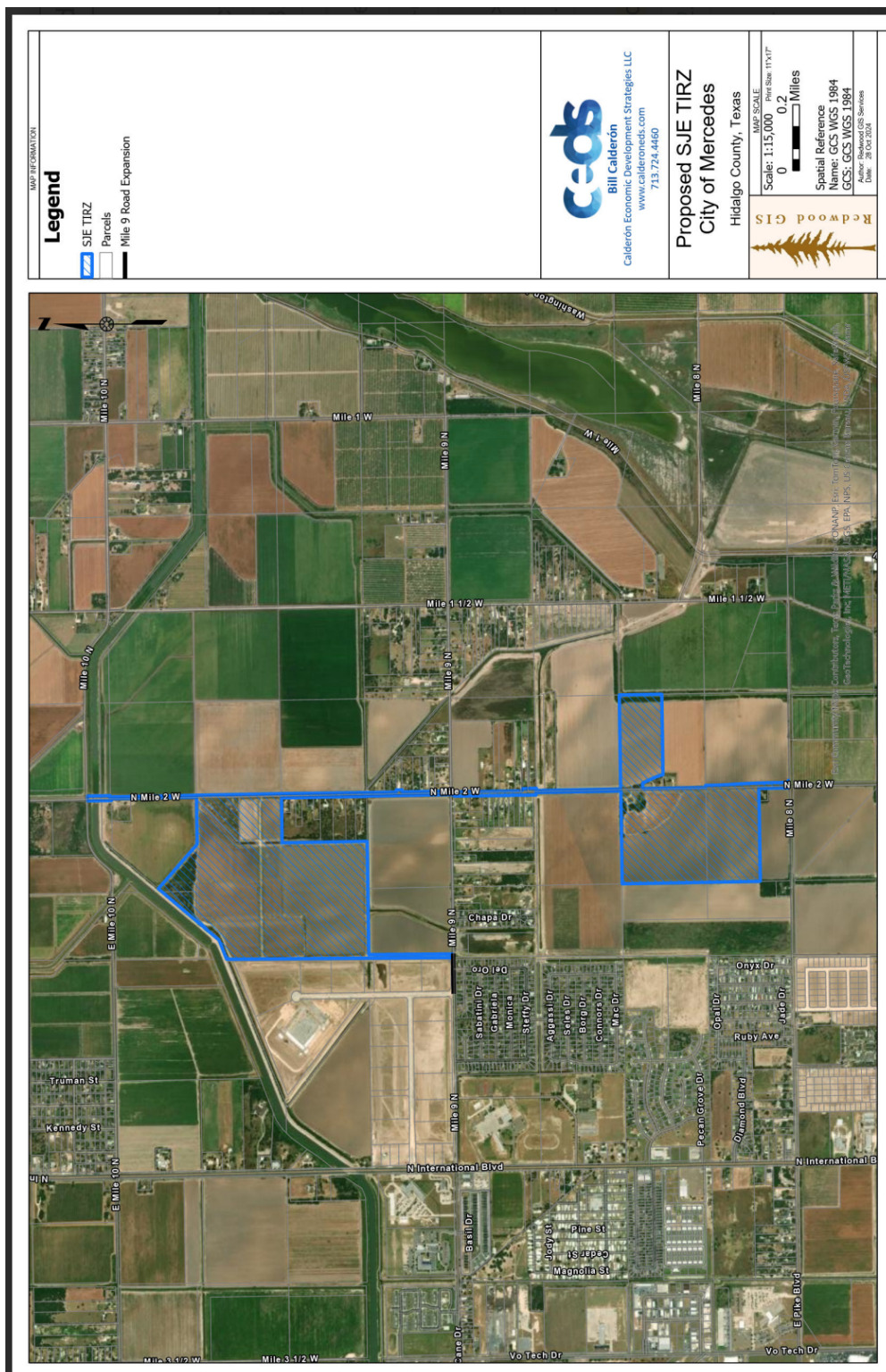


EXHIBIT B

List of Improvements and Eligible TIRZ Project Costs

Mercedes TIRZ #2 – Reimbursable Project Costs					
Category	Subdivision #12 (1)	Subdivision #16 (1)			Total
ROW for Roads/ drainage	\$871,354	\$463,146			\$1,334,500
Surveys/ topos, staking +	\$186,400	\$173,680			\$360,080
Engineering	\$914,428	\$1,029,500			\$1,943,928
Offsite Water Distribution System		\$1,537,300			\$1,537,300
Water Lines	\$1,706,400	\$2,034,985			\$3,741,385
Water supply corp dev fees	\$467,570	\$355,000			\$822,570
Sanitary Sewer	\$2,826,800	\$4,763,342			\$7,590,142
AEP Electrical	\$150,000	\$320,000			\$470,000
Irrigation Line removal	\$30,000	\$14,000			\$44,000
Subdivision Road	\$5,538,764	\$4,363,660			\$9,902,424
Erosion mitigation	\$146,520	\$66,300			\$212,820
Drainage/detention	\$2,579,485	\$1,535,056			\$4,114,541
Fencing/landscaping in public POW	\$973,800	\$551,300			\$1,525,100
Dev. Fees/ Subdivision Adm.	\$26,840	\$26,840			\$53,680
Tap Fees	\$51,300				\$51,300

County Inspection / Utility Fees		\$8,000	\$12,000		\$20,000
Inspection/testing		\$654,348	\$588,400		\$1,242,748
City Park Fees		\$235,500	\$152,500		\$388,000
Public Road improvements		\$1,500,000			\$1,500,000
Creation Costs					\$120,000
Interest Carry (2)					\$40,000,000
Project administration -7 years (3)		\$2,800,000	\$2,800,000		\$5,600,000
Contingency		\$1,858,815	\$1,319,448		\$3,178,263
Chapter 380 project funding					\$3,000,000
TIRZ / RA Administration (4)					\$2,500,000
Total		\$23,526,324	\$22,106,457		\$91,252,781
(1) Projected costs are best estimates based on today's cost. Actual reimbursement of these items will be based on independently audited actual costs.					
(2) Interest paid will depend on a) audited amounts paid for project costs while payments are "as you go, or on the capital cost for tax exempt bonds when sold.					
(3) Project cost will finance admin management of multiple contractors involved in both the residential project and the public road improvements undertaken by the Developer					
(4) Redevelopment Authority management including legal, bookkeeping, auditing, and RA/Zone managing					

ORDINANCE NO. 2025-23

AN ORDINANCE APPROVING AN INTERLOCAL AGREEMENT BETWEEN, TAX INCREMENT REINVESTMENT ZONE NO. TWO, CITY OF MERCEDES, THE CITY OF MERCEDES, TEXAS, AND HIDALGO COUNTY, TEXAS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT.

WHEREAS, by City of MERCEDES Ordinance No. 2024-22, the City created Reinvestment Zone Number Two, City of MERCEDES, Texas (the “ Zone”); and

WHEREAS, by City of MERCEDES Ordinance No. 2025-19, the City approved the project plan and reinvestment zone financing plan; and

WHEREAS, the City and the Board of Directors of the Reinvestment Zone Number TWO are requesting the County participate in TIRZ NO. TWO, to assist the City and Zone in the financing of Zone improvements as set forth in the Project Plan and Reinvestment Zone financing plan;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MERCEDES, TEXAS;

Section 1. That the findings contained in the preamble of this Ordinance are declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the Interlocal Agreement between the Tax Increment Reinvestment Zone No. TWO, City of MERCEDES, the City of MERCEDES, Texas, and Hidalgo County, attached hereto for Reinvestment Zone Number TWO, City of MERCEDES, Texas is hereby approved.

PASSED AND APPROVED on this 5th day of AUGUST, 2025.

APPROVED AND ADOPTED on this 19th day of AUGUST, 2025.

Oscar D. Montoya Sr., Mayor

ATTEST:

Joselynn Castillo, City Secretary

THE STATE OF TEXAS
COUNTY OF HIDALGO

§
§
§

CITY OF MERCEDES

INTER-LOCAL AGREEMENT

In consideration of the covenants set forth herein, and subject to the terms and conditions herein, the Parties (as defined below) hereby agree to the terms and conditions of this Agreement (as defined below).

I. PARTIES & INDEX

A. Parties

1. INTER-LOCAL AGREEMENT is made by and between (i) the **CITY OF MERCEDES, TEXAS** (the "City"), a Texas Home Rule Municipality, acting through its governing body, the City Council; (ii) **HIDALGO COUNTY**, a political subdivision of the State of Texas, acting through its County Judge pursuant to authority granted by the Hidalgo County Commissioners Court (the "County"); and (iii) **REINVESTMENT ZONE NUMBER TWO, CITY OF MERCEDES, TEXAS**, a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code (the "Zone"), acting by and through its duly authorized Board of Directors (the "Zone Board"), established to administer manage and/or operate the Zone pursuant to Sections 311.009(b) and 311.010, Texas Tax Code, as well as to implement and fund the Project and the Supplement Project (as such terms are defined below). Collectively, the City, the County and the Zone may be referred to as the "Parties." This Agreement is made pursuant to Chapter 791 of the Texas Government Code and Chapter 311 of the Texas Tax Code for the participation of the City and the County in the Project (as defined below).

2. The initial addresses of the Parties as of the date of this Agreement are listed below. Each party may designate a different address by giving the others at least ten (10) days prior written notice.

If to the City, to:

CITY OF MERCEDES
400 S OHIO
MERCEDES, TEXAS 78570
Attention: City Manager

B. Index

This Agreement consists of the following sections:

<u>Section</u>	<u>Description</u>	<u>Pages</u>
I.	Parties & Index	1-3
II.	Definitions	3-5
III.	Background	5-6
IV.	Rights and Obligations of the County	6-12
V.	Rights and Obligations of City and Zone	13-15
VI.	Term and Termination	15
VII.	Miscellaneous	16-18
	Signature Page	19

Exhibit 1 CITY OF MERCEDDES Ordinance No. 2024-22

Exhibit 2 TIRZ Reinvestment Zone Project Plan and
Reinvestment Zone Financing Plan

Exhibit 3 Reinvestment Zone Plan Budget

Exhibit 4 Tax Accounts

C. Parts Incorporated

All of the above-described exhibits are hereby incorporated into this Agreement by this reference for all purposes.

II. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set out below:

1. “Administrative Costs” means reasonable costs directly incurred by a Participating Taxing Entity (as hereinafter defined) related to its agreement to participate in the development of the Zone, as described in this Agreement. These costs include, but are not limited to, costs and expenses for legal review and financial analysis related to the Zone incurred prior to entering into this Agreement, as well as any such costs and expenses incurred after this Agreement becomes effective. The aggregate reimbursable Administrative Costs for all the combined Participating Taxing Entities, which incur

Administrative Costs over the life of the Zone, shall not exceed an aggregate reimbursement of Two Million Fifty Thousand Dollars (\$2,050,000), representing Two Million (\$2,000,000) to the City and Fifty Thousand Dollars (\$50,000) to the County.

2. “Agreement” means this Interlocal Agreement.

3. “Final Project Plan and Reinvestment Zone Financing Plan”, dated August 5, 2025, a true copy of which is attached hereto as Exhibit 2.

4. “Available Tax Increment” shall mean (i) as to City, an amount calculated as a millage rate per \$100 of Captured Appraised Value of real property in the Zone that equals 100% of the City’s property tax as levied and collected x 70%; and (ii) as to County, an amount calculated as a millage rate per \$100 of Captured Appraised Value of real property in the Zone that equals 50% of the County’s Applicable M&O Tax Rate as levied, collected and allocated to the general fund (i.e., excluding only the portion of the County’s property tax rate that is apportioned for payment of outstanding general obligation bonded indebtedness commonly referred to as the “interest and sinking fund rate.”)

5. “Base Year” means the year in which a Tax Increment Reinvestment Zone is created by ordinance. The Base Year is 2024.

6. “Captured Appraised Value” means the captured appraised value of the Zone, as defined by Section 311.012(b), Texas Tax Code (and as said Code may be amended from time to time); e.g., the total appraised value in a given year of all real property taxable by a participating taxing entity and located in the Zone for that year less the total appraised value of that property in 2004, the Base Year of the Zone.

7. “City” has the meaning given such term in Section I.A.1 above.

8. “City Adopted Tax Rate” means 100% of the ad valorem tax rate used by the City as annually approved by City Council. The City Tax Rate may change from time to time. The City Tax Rate as of December 31, 2024 is \$0.7750 per \$100 dollars of valuation on the Captured Appraised Value and may be changed by the City during the Term of the Zone.

9. “County” has the meaning given such term in Section I.A.1 above.

10. “County Applicable M&O Tax Rate” for any given year means the lesser of (i) the Base Year M&O Tax Rate and (ii) the County M&O Tax Rate for the given year. The Base Year M&O Tax Rate was \$0.5752 per \$100 dollars of valuation.

11. “County M&O Tax Rate” means that portion of the ad valorem tax rate used by the County for maintenance and operation. The County M&O Tax Rate is subject to change by the County in accordance with applicable law.

12. “County’s Effective Termination Date” has the meaning given such term in Section V.F below.
13. “County’s Maximum Contribution” is the lesser of (i) Thirty Five Million Dollars (\$35,000,000) or (ii) the City’s aggregate contribution to the Tax Increment Fund over the Term of the Zone. Amounts deducted by the County from a Tax Increment Payment for the County’s Administrative Costs in accordance with Section IV below count toward the County’s Maximum Contribution as if those amounts had been contributed by the County into the Tax Increment Fund as part of such Tax Increment Payment.
14. “Creation Ordinance” has the meaning given such term in Section III.B below.
15. “Participating Taxing Entity” means both the City and County.
16. “Parties” has the meaning given such term in Section I.A.1 above.
17. “Project” means the improvements for water, waste water, drainage, sidewalks, streets, lights and bridges identified in the Preliminary Project Plan.
18. “Project Costs” mean the items set forth in Section 311.002(1) of the Texas Tax Code that are included in the Amended Plan for the Project. The Project Costs in the aggregate for the life of Zone are estimated to be Ninety One Million Two Hundred Fifty Two Thousand Seven Eighty One Dollars (\$91,252,781), as more completely set forth in Exhibit 3.
19. “Tax Increment” for a Participating Taxing Entity means the total amount of ad valorem taxes levied and collected each year by that Participating Taxing Entity each year on the Captured Appraised Value of taxable real property in the Zone. Further, with respect to the County, this term shall be further limited to the total amount of ad valorem taxes levied and collected only on behalf of the County each year.
20. “Tax Increment Base” means the total appraised value of all real property taxable by a Participating Taxing Entity and located in the Zone as of January 1, 2024 the year in which the Zone was designated.
21. “Tax Increment Fund” means the tax increment fund created by the City for the deposit of Available Tax Increments for the Zone, entitled “REINVESTMENT ZONE NUMBER TWO CITY OF MERCEDES, Texas Tax Increment Fund,” which fund must be segregated and kept apart from any other funds of the City and may only be used to pay for expenses and costs approved by the Zone Board for the Zone.
22. “Tax Increment Payment” means the Available Tax Increment that a Participating Taxing Entity is required to deposit annually into the Tax Increment Fund in accordance with this Agreement.

- 23. “Term of the Zone” has the meaning given such term in Section III. A., below.
- 24. “Zone” has the meaning given such term in Section I.A.1. above.
- 25. “Zone Board” has the meaning given such term in Section I.A.1 above.

III. BACKGROUND

- A. On November 19, 2024, the City created the Zone over the property contained in the Zone by adoption of City Ordinance No. 2024-22, a true and correct copy of which is attached hereto as **Exhibit 1**, for the purposes of development and redevelopment of the property within the Zone (a legal description of which is contained in Exhibit 1). The City agreed to participate in the Zone by contributing tax increments produced in the Zone to the Tax Increment Fund. With approval of this inter-local agreement, The County has agreed to participate in the Zone, beginning with the 2026 tax year.
- B. The City and the Zone represent and warrant that (i) each has found that the City and the Zone have complied with all legal requirements, including notice requirements, in the creation of the Zone, the adoption and amendment of the Creation Ordinance, and the adoption of both the Preliminary Plan; (ii) the Plan is feasible and (iii) construction pursuant to the Plan will commence within two (2) years of creation of the Zone.
- C. The Zone is now projected to terminate on December 31, 2059, unless earlier termination occurs under this Agreement (the “Term of the Zone”).
- D. The Parties now desire to enter into this Agreement pursuant to Section 31.1013(f) of the Texas Tax Code.

IV. RIGHTS AND OBLIGATIONS OF THE COUNTY

A. Tax Increment Participation by the County

1. Subject to the limitations set out in this Agreement, the County agrees to participate in the Zone by contributing to the Tax Increment Fund an amount equal to 50% of the revenue generated from the County Applicable M&O Tax Rate as assessed and collected on the Captured Appraised Value for each respective tax year during the Term of the Zone. For the purpose of this Agreement, the County Applicable M&O Tax Rate shall be calculated as set forth in Section IV.B of this Agreement. In no event shall the County contribution to the Tax Increment Fund (including amounts allocated to the County’s Administrative Costs in accordance with Subsection IV.B.1.e. below) be greater than the County Maximum Contribution over the Term of

the Zone (which for purposes of this provision will be deemed to end no later than December 31, 2059) beginning with tax payments generated from 2025 taxable values and paid in the 2026 tax year.

2. The Parties hereto agree that the County's contribution to the Tax Increment Fund pursuant to Section IV.A.1 above shall be used to fund Project Costs. The County's contributions to the Tax Increment Fund shall end when the County has contributed the County Maximum Contribution, or when it has made contributions of all Tax Increment Payments, as specified in the Project Plan, attributable to all periods through the end of the County's fiscal year 2059 (ending on December 31, 2059), whichever occurs first.

B. Tax Increment Payment

1. a. The County's obligation to contribute its Tax Increment Payment to the Tax Increment Fund, as provided in Section IV.A. of this Agreement, shall accrue as the County collects its Available Tax Increment. The Parties hereto agree that all ad valorem property taxes collected each year by the County that are attributable to real property in the Zone shall first constitute taxes on the Tax Increment Base and after the total amount of taxes on the value of the Tax Increment Base have been collected, then the remaining ad valorem taxes collected shall constitute the taxes collected on the value of the Tax Increment.

b. The County agrees to deposit its next Tax Increment Payment to the Tax Increment Fund, which will be for tax year 2026, by the later of:

- (i) thirty (30) days after collection reports and any other documentation required under this Agreement have been provided to the Hidalgo County Auditor's Office and/or the County;
- (ii) the information required under Section 311.016 of the Tax Code having been provided to the County;
- (iii) no later than May 1, 2026;

For the avoidance of doubt, the amount of the first Tax Increment Payment due pursuant to this Agreement after the date hereof shall be based on the Tax Increments that were received on or before January 31, 2027, but which have not been previously deposited into the Tax Increment Fund or otherwise part of a calculation of a previously made Tax Increment Payment.

d. For subsequent payments, the County agrees to contribute its yearly Tax Increment Payment to the Tax Increment Fund annually not later than the later of:

- (i) thirty (30) days after collection reports and any other information required under this Agreement have been provided to the Hidalgo County Auditor's Office and/or the County;

- (ii) the information required under Section 311.016 of the Tax Code having been provided to the County;

The amount of each Tax Increment Payment shall be based on the Tax Increments that are received up to January 31st following the end of the tax year, but which have not been previously deposited in the Tax Increment Fund or otherwise part of a calculation of a previously made Tax Increment Payment, during the annual periods preceding each deposit date.

e. Under no circumstances shall the County be required to participate in the Zone with taxes attributable to periods after 2059, or to make any Tax Increment Payment from any source other than the County's Available Tax Increment.

f. The County shall have the right to deduct the County's Administrative Costs prior to contribution of its Tax Increment Payment into the Tax Increment Fund. For the avoidance of doubt, if the County deducts Administrative Costs prior to making the payment into the Tax Increment Fund, the amount of the deducted Administrative Costs shall be counted as having been made by the County to the Tax Increment Fund for purposes of determining whether the County has reached the County Maximum Contribution. The County will not deduct more than \$1200 in any calendar year for Administrative Costs.

g. The City shall request collection reports from the Hidalgo County Tax Assessor Collector and provide a copy of these reports along with a payment request detailing the payment calculation as illustrated in the chart in Subsection h. below to the County one month prior to the payment required to be made under this Agreement.

h. The chart below is for illustrative purposes only and is an example of the calculation of the County's Tax Increment Payment.

[Remainder of page intentionally blank]

Assuming for the purpose of this example, the tax value of the Zone is \$100,000.00, the base value is \$10,000.00, the Administrative Costs are \$10.00 per year, the overall County tax rate is \$.0059 and there is no overlap with the Transportation Zone.

Tax Increment Reinvestment Zone (TIRZ) Payment Calculation	EXAMPLE
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 100,000.00
(Multiplied by) Hidalgo County Current (GHD) Tax Rate (.59/100)	0.0059
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 590.00
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 100,000.00
(Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 10,000.00
Captured Appraised Value	\$ 90,000.00
Captured Appraised Value	\$ 90,000.00
(multiplied by) 100% of M&O Rate (.005752*.50)	0.002876
Tax Levy Due to TIRZ	\$ 258.84
TAX INCREMENT PAYMENT AMOUNT DUE TO TAX INCREMENT FUND	\$ 258.84

2. At least thirty (30) days prior to the expected date of a payment required under Section IV.B. of this Agreement, the City shall provide to the County:

- (i) the Zone annual audit report, if a Redevelopment Authority /Local Government Corporation is managing the zone; otherwise a reconciliation of collections will be provided.;
- (ii) an updated fact sheet that includes detail as to what portion of the Project has been completed to date;
- (iii) a schedule of what portion of the Project is expected to be completed in the following year;
- (iv) a current roster of the Zone's board members, including the term of each board member

- (v) a formal request for payment, including the calculation in the form of the chart set forth in Section IV.B.1.h above.

In addition to and as part of the City's fact sheet, the City shall supply the County with all information as required under Section 311.016 of the Texas Tax Code on or before the 90th day following the end of the fiscal year of the City. Such reports and documentation also shall include sufficient information on to allow the County and the Hidalgo County Auditor to confirm the expenditures from the Tax Increment Fund were for Project Costs. A copy of the annually required reporting filed with the Texas Comptroller's office will be satisfy this requirement.

3. Pursuant to Chapter 311 of the Texas Tax Code, in the event there is a conflict between the Parties in regards to the amount of the Tax Increment owed by the County, the Hidalgo County Auditor will make the final determination as to the amount of any Tax Increment owed by the County under this Agreement. Upon written request from another Party, the County will provide the Parties information showing the difference in the County's calculation of such amount owed. The annual Captured Appraised Value for the real property contained within the Zone shall be determined by the Hidalgo County Appraisal District on the assessed appraised values and the Hidalgo County Tax Offices' verification of collections in regards to the real property contained with the Zone.

4. Any delinquent deposit by the County of a Tax Increment Payment under this Agreement shall be administered as provided in Section 311.013(c) and (c-1) of the Texas Tax Code, which state as follows:

(c) Notwithstanding any termination of the reinvestment zone under Section 311.017(a) and unless otherwise specified by an agreement between the taxing unit and the municipality or county that created the zone, a taxing unit shall make a payment required by the Subsection (b) [Tax Increment Payment], not later than the 90th day after the later of:

- (1) the delinquency date for the unit's property taxes or
- (2) the date the municipality or county that created the zone submits to the taxing unit an invoice specifying the tax increment produced by the taxing unit and the amount the taxing unit is required to pay into the tax increment fund for the zone.

(c-1) A delinquent payment incurs a penalty of five percent of the amount delinquent and accrues interest at an annual rate of 10 percent.

The Parties expressly agree that the County shall not owe any penalty or interest on Tax Increments attributable to taxes that have been levied, but not received by the County, or with respect to any payment made prior to the date hereof. Further, the County shall not be liable for the payment of any penalties or interest if the report required to be filed by the City under Section 311.016 of the Texas Tax Code is not filed timely; or if the fact sheet, the Zone's annual audit report, payment request or other documentation required by this Agreement are not

provided to the County timely, or under any other situation in which the City does not pay interest or penalties.

5. As a condition of the County's participation in this Agreement, the Zone's Project Plan must be followed and implemented by the Zone. The City and the Zone agree to provide prior written notice to the County of a proposed change to the Plan at least thirty (30) days prior to the submission of the proposed change to the city Commission for approval. The County, and any member of the County Commissioners Court, may comment upon any proposed amendment to the Plan prior to its approval by the City Commission.

6. If the City or the Zone Board materially breaches this Agreement, then the County may provide written notice to the City, and the Zone (with a copy to any other Participating Taxing Entity still contributing Tax Increment Payments) demanding that all breaches must be resolved within ninety (90) days. If the objections and/or concerns, as set out in the notice, are not resolved within ninety (90) business days from the date of such notice, then the County may suspend its Tax Increment Payments until such breach is cured.

7. Except for contributing its respective Tax Increment Payments to the Tax Increment Fund as set out in this Agreement, the County shall not have any obligation or responsibility for any costs or expenses associated with the development of the Zone or the implementation of the Plan, including, without limitation, any obligation to pay or repay any bond or other debt issued by another Participating Taxing Entity, the Zone or the Zone Board relating to the Zone or any costs associated with the operation of Zone, the Project or any other projects relating thereto.

8. Notwithstanding anything herein to the contrary, the County's total Tax Increment Payment to the Tax Increment Fund over the Term of the Zone, including any amounts paid prior to execution of this Agreement and amounts allocated to Administrative Costs, shall not exceed the County's Maximum Contribution, plus any applicable penalty and/or interest allowed in Section 311.013 of the Tax Code, subject to the limitations on Section IV.B.4. hereof.

9. a. *General Provisions.* Subject to the provisions of this Agreement,, the County agrees to participate at fifty percent (50%) of the County Applicable M&O Tax Rate per \$100 valuation on the Captured Appraised Value) of real property in the Zone.

b. *Greater County M&O Tax Rate.* If the County M&O Tax Rate for any given year is greater than the Applicable M&O Tax Rate per \$100 valuation on the Captured Appraised Value during any year during the Term of the Zone, the County shall retain all taxes collected in excess of the County Applicable M&O Tax Rate per \$100 valuation on the Captured Appraised Value and to the extent any such excess has been contributed into the Tax Increment Fund, such excess shall be promptly refunded to the County.

10. Any portion of the taxes included in the calculation of a County Tax Increment Payment that are refunded by the County pursuant to applicable law after such calculation, shall be offset against the County's future Tax Increment Payment.

11. County taxes that are delinquent for more than five years will be considered uncollectible and shall not be included in the Tax Increment Payment.

C. Management of the Zone

1. The Zone shall in all respects be managed by the Zone Board, including the director appointed by the County. The Zone Board shall have all powers allowed under Chapter 311 of the Texas Tax Code to manage the Zone and carry out the Plan as limited by the City's ordinance creating the Zone. The Participating Taxing Entities, during the term of this Agreement, may inspect the Project site and review Project plans and drawings at times and intervals in a manner that will not interfere with ongoing operations.

2. The Zone Board shall be composed of seven (7) directors.

3. Notwithstanding anything to the contrary in the Creation Ordinance, pursuant to the provisions of Section 311.009(a) of the Texas Tax Code, the County shall have the unequivocal right to appoint and thereafter at all times to maintain one (1) director on the Zone Board. Failure of the County to appoint a person to the Zone board shall not be deemed a waiver of the County's right to make an appointment at a later date. If it is necessary for the City to make or confirm the appointment, the City shall appoint or confirm the County's designee. The County may also appoint and maintain as many non-voting ex-officio members to the Zone Board as the County desires.

D. Expansion of the Zone

Notwithstanding anything to the contrary contained herein, the obligation of the County to participate in the Zone is limited to the legal description of the Zone contained in Exhibit 2 attached hereto and is subject to the terms of this Agreement. The County's participation shall not extend to the Tax Increment on any additional real property added to the Zone by the City unless the County approves such participation in a written amendment to this Agreement.

IV. RIGHTS AND OBLIGATIONS OF CITY AND ZONE

A. Tax Increment Participation by the City

Subject to the terms of this Agreement, the City agrees to participate in the Zone by contributing to the Tax Increment Fund one hundred percent (100%) of the revenue generated from the City's Annually Adopted Tax Rate x 70%, as levied and collected on the Captured Appraised Value each respective tax year during the term of the Zone, beginning with the 2026 tax year. The City agrees to require the Zone to implement the Adopted Project Plan. The City's contributions to the Tax Increment Fund pursuant to this Section V.A.1 shall end when the City has contributed all Tax Increments attributable to periods before the Zone termination date.

B. Tax Increment Payment

1. The City's obligation to contribute its Tax Increment Payment to the Tax Increment Fund as provided above in Section V.A. of this Agreement shall accrue as the City collects its Tax Increment. The City agrees to deposit its Tax Increment Payments to the Tax Increment Fund annually on or before May 1, (or the first business day thereafter) of each tax year. Any delinquent deposit of a Tax Increment Payment by the City under this Agreement shall be administered as provided in Section 311.013(c) of the Texas Tax Code (or its successor provision).

2. The County, the City and the Zone expressly agree that the City shall not owe any interest on Tax Increments that have been levied, but not received by City by the delinquency dates specified herein.

C. Financing of Project Costs

Each Participating Taxing Entity shall participate in the payment of Project Costs only to the extent described herein. The City and the Zone shall be entitled to enter into any other agreements for the City or the Zone to pay Project Costs and other reasonable related expenses from the Available Tax Increments paid into the Tax Increment Fund without the consent of any other Participating Taxing Entity, but they will provide notice of such agreement(s) to each Participating Taxing Entity.

D. Disbursement of Funds in the Tax Increment Fund

1. Each Participating Taxing Entity agrees the Zone Board shall administer the Tax Increment Fund on behalf of the Zone, pursuant to the Creation Ordinance, and pursuant to this Agreement. Except for amounts to be paid to the City and County for Administrative Costs, no funds shall be disbursed from the Tax Increment Fund without the prior written approval of the Zone Board (except for amounts to be deducted by the County for Administrative Costs), and notice of the amount of funds used and disbursement of funds by the Zone shall be given at least annually to the County. The Parties agree that the Zone Board shall be responsible for the annual administration of the Zone.

2. The parties agree and understand that under no circumstances shall the amount reimbursable as Administrative Costs, in the aggregate, exceed the amount set out and described in Section II.2 above

3. The City and Zone will use funds in the Tax Increment Fund to reimburse expenditures set forth in the Project Plan as set forth in an approved in any approved Development Agreements. The foregoing notwithstanding, no such funds will be paid from the Tax Increment Fund to a Participating Taxing Entity for its financial or legal services incurred in any dispute arising under this Agreement with another Participating Taxing Entity or Participating Taxing Entities or the Zone Board.

F. Project Plan.

1. The City and the Zone Board agree to comply with and implement the Zone Project Plan.

2. The City agrees to provide prior written notice to the County of any proposed amendments to the Plan. The County shall have a period of thirty (30) business days from receipt of such notice of a proposed change to provide comments and objections to the proposed change. If the County timely provides written notice to the City that it objects to the proposed change, and (i) the change, on its own or taken together with any prior changes, constitutes a Material Change to the Plan; (ii) the objection, as set out in the notice, is not resolved within forty-five (45) business days from the date of the City's receipt of the County's notice; and (iii) the City approves such change notwithstanding the County's objection, then the County may thereafter discontinue its Tax Increment Payments and terminate its participation in the Zone; *provided that* the County's discontinuation shall not become effective until such time as (x) all Project Costs incurred in accordance with the Plan prior to the adoption of the proposed change and which the Zone is obligated to reimburse are paid in full or (y) the County has made aggregate Tax Increment Payments equal to Maximum County Participation of Project Costs (the "County's Termination Effective Date"). Prior to the County's Termination

Effective Date, the County shall remain a participant in this Agreement and shall be bound by its terms.

3. A change to the Plan is a Material Change if (i) it provides for improvements or costs unrelated to the projects and costs in the Plan as of the date of this Agreement; (ii) it would constitute at least a twenty percent (20%) increase or decrease in either the Project Costs or the scope and scale of the Project; (iii) has the effect of directly or indirectly increasing the percentage of Tax Increment to be contributed by the County; or (iv) increases or reduces the geographical area of the Zone.

4. If the County does not provide notice of its objections within 45 days as provided above, the changes to the Plan, as amended are deemed approved.

5. Notwithstanding any other provision hereof, no change, regardless of whether it is a Material Change, without a corresponding specific written amendment to this Agreement will change the amount of Tax Increment Payments due from the County or increase the County Maximum Contribution.

G. Tax Accounts; Plats and Subdivisions

The Parties agree to cooperate so that the City and the County can properly account for all tax accounts within the Zone. The Zone agrees to use its best efforts to (i) provide such information as the County and the Hidalgo County Appraisal District may reasonably need to properly allocate tax accounts to the Zone, and (ii) provide copies of all plats approved within the Zone to the County, the County Auditor, and the Hidalgo County Appraisal District. The tax accounts identified as of the date of this Agreement are listed on **Exhibit 5** attached hereto.

VI. TERM AND TERMINATION

A. Term of the Zone and Termination

This Agreement shall become effective as of the last date of execution by the Parties hereto. The term of the Agreement will commence with the tax year beginning on January 1, 2026. This Agreement terminates on the earlier of (i) December 31, 2059; (ii) the termination of the Zone as provided in Section 311.017 of the Texas Tax Code; or (iii) termination by the Parties hereto consistent with all applicable laws. Upon termination of this Agreement, the obligation of the County to contribute to the Tax Increment Fund for the Zone shall end; however, any refund obligations of the City, the Zone or any related redevelopment authority shall survive such termination.

B. Early Termination

The Zone may terminate early pursuant to the provisions of Section 311.017 of the Texas Tax Code.

C. Disposition of Tax Increments

Upon expiration or termination of the Zone and after all bonds and/or notes have been paid and all reimbursements have been made, any money remaining in the Tax Increment Fund shall be paid to the Participating Taxing Entities on a pro rata basis in accordance with Section 311.014(d) of the Texas Tax Code, or any successor provision thereto. Such payment shall be made to the County not later than sixty (60) days after such termination. Accounting to determine the pro rata distribution of remaining funds to the respective taxing entities shall be conducted according to generally accepted accounting principles, and shall be subject to review and audit by the County upon reasonable request. In the event a discrepancy occurs between the reviews conducted by the City and County, said dispute will be resolved by the respective audit offices of the City and County. In the event the dispute cannot be resolved it shall be submitted to mediation under the rules of the American Mediation Association with a mediator agreed upon by the County Judge of the County and the Mayor of the City, or the Mayor's designee..

VII. MISCELLANEOUS

A. Understanding

Any and all costs incurred by the Zone or the City are not, and shall never become, general obligations or debt of the County. With respect to the City and County costs, only eligible Project Costs and other allowable expenses under applicable law, if any, incurred by the City or County shall be payable from the Tax Increment Fund in the manner and priority provided in the Plan, and only to the extent that funds become available in the Tax Increment Fund. The Parties agree and understand that eligible costs exceeding the maximum specified in the Amended Plan, shall not increase the amount due from the County beyond what is actually collected as its Available Tax Increment during the Term of the Zone, which shall be deposited into the Tax Increment Fund, subject to the County Maximum Contribution and the other provisions of this Agreement.

B. Severability

In the event any term, covenant or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained.

In the event any term, covenant or condition shall be held invalid and affects in any manner the limitations on the County's, or any other Party's, contributions or participation, then neither the County, nor any other Party, shall have any liability for any incremental or other payments as may otherwise be provided for in this Agreement.

C. Entire Agreement

1. This Agreement merges all negotiations and understandings of the Parties hereto. There are no other agreements, assurances, conditions, covenants (express or implied), or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

2. With respect to the County's obligations, to the extent there is any irreconcilable conflict between the terms contained in the body of this Agreement and any exhibit hereto, the terms contained in the body of this Agreement shall control over those contained in such exhibit.

D. Written Amendment

This Agreement may be changed or amended only by a written instrument duly executed on behalf of each Party hereto. All Parties to this Agreement understand and recognize that only the City Council of the City and only the Commissioners Court of the County have authority to approve a change or amendment to this Agreement on behalf of the City or the County, respectively.

E. Notices

All notices required or permitted hereunder shall be in writing and delivered by personal delivery, facsimile or United States Postal Service (certified mail, return receipt requested) and addressed to the respective other Party at the address prescribed in Section I of this Agreement, or at such other address as the receiving Party may have theretofore prescribed by notice to the sending Party. Such notices shall be deemed delivered the earlier of: (i) when actually received by personal delivery or facsimile if received during normal business hours and on the next business day if received after normal business hours; or (ii) if sent by the United States Postal Service, on the date indicated by the United States Postal Service on the return receipt as the date on which it was received by the respective other Party.

F. Non-Waiver

Failure of any Party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, or to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.

G. Assignment

No Party shall assign this Agreement at law or otherwise without the prior written consent of the other Parties. No Party shall delegate any portion of its performance under this Agreement without the written consent of the other Parties.

H. Successors

This Agreement shall bind and benefit the Parties and their legal successors or assigns. This Agreement does not create any personal liability on the part of any trustee, officer, owner, partner, principal, employee, elected official or agent of a Party to this Agreement.

I. Access to Financial Information

1. The Zone agrees to conduct or to cause to be conducted, at a minimum, an annual financial review, a copy of which will be provided to the County. Furthermore, each Party to this Agreement shall have reasonable access to financial or other information and audit reports, when prepared in concert with a Redevelopment Authority / Local Government Corporation created to manage the zone, regarding the operation of the Zone, contribution of Tax Increment Payments to the Tax Increment Fund, and expenditures from the Tax Increment Fund for Project Costs. In addition, the City agrees, during the term of this Agreement, to prepare and deliver an annual report to the County in accordance with Section 311.016 and 311.0101(c), Texas Tax Code. The County shall have the right to withhold or delay payments to the Tax Increment Fund until such time as it has received the financial report (and other documentation and information pursuant to Section IV.B. above) from the City for the applicable tax year, and shall not incur any penalties or interest with respect to any such withheld or delayed payments notwithstanding any provision herein to the contrary.

2. The County Auditor shall be authorized to audit Zone records at the County's expense upon reasonable notice to the Zone and the City. The Zone and the City shall cooperate with the County Auditor with respect to such audit.

3. In the event the City recreates a redevelopment authority / local government corporation in connection with the Zone, the City shall provide to the County, with a copy to the County Auditor, a copy of each of the audits required by the agreement between the City, the Zone and any such redevelopment authority within thirty (30) days of receipt of each audit.

J. Zone Designation

The City represents that its designation of the Zone meets the criteria of Section 311.005(a), Texas Tax Code.

K. No Waiver of Immunity

No Party hereto waives or relinquishes any immunity or defense on behalf of itself, its elected officials, trustees, officers, employees, directors and agents as a result of its execution of this Agreement and performance of the covenants contained herein.

L. Force Majeure

The Parties agree that in the event a Party's performance of any obligation under this Agreement is delayed due to the act or failure or delay in acting of another Party or another government entity (so long as such failure is not caused by an act or omission of the delaying Party), then such Party's time to perform shall be extended by the length of the delay; provided that the Party whose performance has been delayed gives prompt notice thereof to the other Parties hereto. The Parties further agree that in the event any payment hereunder is miscalculated due to errors in the information provided to the Party making the calculation or making the payment based on such calculation, that such payment shall be promptly adjusted upon the Parties becoming aware of the miscalculation and agreeing to the proper calculation (e.g., in the event the Hidalgo County Appraisal District omits a tax account that should be in the Zone from calculations of the tax increment attributable to the Zone). It is the Parties intention that all of the Parties work together in good faith to correct any such delays or miscalculations and that no interest or penalty shall be due with respect to any such delays or miscalculations.

[Signature page follows]

IN WITNESS HEREOF, the City, the County and the Zone have made and executed this Agreement in triplicate originals on this ___th day of (Month) , 2025.

CITY OF MERCEDES

HIDALGO COUNTY

Oscar Montoya
City Mayor

Hon. Richard Cortez
County Judge

ATTEST/SEAL:

ATTEST/SEAL:

Joselynn Castillo
City Secretary

Arturo Guajardo, Jr.
County Clerk

**APPROVED AS TO FORM FOR
THE CITY OF MERCEDES:**

**APPROVED AS TO FORM FOR
HIDALGO COUNTY:**

City Attorney

By: _____
County Attorney

**REINVESTMENT ZONE NUMBER TWO,
CITY OF MERCEDES, TEXAS**

Oscar Montoya
Chair, Board of Directors

Exhibit 1

CITY OF MERCEDES Ordinance No. 2024-22
(Creation of Zone)

[See attached ____ pages]

Exhibit 2

CITY OF MERCEDES TIRZ #2 Project Plan

[See attached ____ pages]

Exhibit 3

CITY OF MERCEDES TIRZ #2 Zone Budget

[See attached ____ pages]

Exhibit 4

Tax Accounts

*This is a list of the tax accounts within the Zone. The Parties acknowledge that it is subject to correction based on any errors discovered by the Hidalgo County Appraisal District or the Hidalgo County Auditor's Office. Any errors uncovered after a payment is made will be accounted for in the next payment after discovery of the error.

SJE Project	prop_id	file_as_name	legal_acreage	legal_desc	land_val
12	1569415	HIDALGO & CAMERON COUNTIES WATER CONTROL & IMP DIST NO. 9	4.72	CAMPACUAS ADDN AN IRR TR S575.95'-W640' LOT 1 BLK 116 4.72AC NET	129550
	1569412	HIDALGO & CAMERON COUNTIES WATER CONTROL & IMP DIST NO. 9	2.89	CAMPACUAS ADDN AN IRR TR S575.95'-E436.50' LOT 2 BLK 116 2.89AC NET	120825
	1240516	SAN JACINTO ENTERPRISES LLC	1.47	CAMPACUAS ADDN W50' BLK 116 LT 15 1.52AC GR 1.47AC NET	13965
	130118	SAN JACINTO ENTERPRISES LLC	5.12	CAMPACUAS ADDN NE 5.73AC LOT 8 BLK 116 5.12 AC NET	104960
	130114	SAN JACINTO ENTERPRISES LLC	109.2	CAMPACUAS ADDN SE 25.75AC LOT 7 & ALL LOTS 8 EXC NE 5.73AC & W660' LOT BLK 116 109.20AC NET	1037400
			123.4		\$1,406,700.00
16	130111	OLIVAREZ JOE DANIEL & JACINTO GARZA	24.24	CAMPACUAS ADDN N825' LOT 16 BLK 115 24.24AC	496920
	130103	OLIVAREZ JOE DANIEL & JACINTO GARZA	38.49	CAMPACUAS ADDN LOT 9 BLK 115 38.49AC NET	789045
	129931	OLIVAREZ JOE DANIEL & JACINTO GARZA	19	CAMPACUAS ADDN N660' LOT 12 BLK 102 EXC S317'-W190' BEING AN IRR TR 19.0AC	389500
			81.73		\$1,675,465.00
					\$3,082,165.00

**MERCEDES CITY COMMISSION
REGULAR MEETING
JULY 15, 2025 – 6:30 PM
MERCEDES CITY HALL – COMMISSION CHAMBERS
400 S. OHIO AVE., MERCEDES, TX 78570**

MEMBERS PRESENT: Mayor Oscar Montoya
Commissioner Joe Martinez
Commissioner Armando Garcia
Mayor Pro-Tem Ruben Saldana

MEMBERS ABSENT: Commissioner Jacob Howell

STAFF PRESENT: Alberto Perez, City Manager
Joselynn Castillo, City Secretary
Martie Garcia Vela, City Attorney
Patricio Avila, Asst. City Secretary
Meredith Hernandez, Interim Finance Director
Kristine Longoria, Human Resources
Francisco Sanchez, Police Chief
Javier Campos, Fire Chief/EMC
Tom Villagomez, Public Works Director
Marisol Vidales, Library Director
Denisse Hernandez, Interim Planning Director
Armando Villela, Parks Director

OTHERS PRESENT: Juan Vasquez, Juan Cuba, Eduardo Castellanos

1. Call Meeting to Order

Mayor Montoya welcomed everyone and called the meeting to order at 6:34 p.m.

2. Establish Quorum

Four members of the Commission were present, which constitutes a quorum.
Commissioner Howell was absent.

3. Invocation by Mayor Pro-Tem Saldana

4. Pledge of Allegiance by Commissioner Martinez

5. Open Forum

Ms. Itaty Perez addressed the Commission to express concerns regarding the condition of her street, Chacoma Place. She stated that the street is made of caliche and has significantly deteriorated over time. She noted that when utility work is conducted in the area, the road is not properly refilled, leaving holes and worsening the overall condition. Ms. Perez shared that she has owned the property for 10 years and moved in 3 years ago. Since then, she has tried to maintain the road herself to keep it drivable. Although she has worked with the City on the matter, she stated that the caliche road remains in poor

condition and continues to present challenges. She emphasized that when it rains, the entrance to 10th Street becomes dangerous due to the mud washed from the caliche surface, which has caused her to lose control of her vehicle. Additionally, she pointed out the lack of street signs and a stop sign in the area, further adding to safety concerns. Ms. Perez acknowledged that paving may not happen immediately but respectfully requested that the City create a plan for future improvements. She stated that as a taxpayer, she believes residents should have access to safe and reliable streets. She concluded by thanking the Commission for their time and consideration.

6. Consent Agenda

- a. Approval of Minutes for Meeting(s) held July 1, 2025
- b. Second and Final Reading of Ordinance 2025-13 amending the Mobile Food Vendor Ordinance
- c. Second and Final Reading of Ordinance 2025-15 regarding the voluntary annexation for Arturo Palacios
- d. Second and Final Reading of Ordinance 2025-16 designating 3rd Street as a One-Way Street between Texas Ave. and Ohio Ave.

Commissioner Martinez motioned to approve all items under consent agenda.

Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

7. Ordinances/Resolutions

- a. Approval of First Reading of Ordinance 2025-17 amending Garage, Patio, Yard Sale Ordinance

Interim Planning Director Ms. Hernandez addressed the Commission regarding the distinction between outdoor sales and garage/yard sales. She explained that the proposed ordinance separates the two types of permits, clarifying that garage and yard sales would be permitted only in residential areas, while outdoor sales would apply to commercial businesses.

Commissioner Martinez made a motion to approve the ordinance and to forego the reading. Mayor Pro-Tem Saldana seconded the motion. Upon a called vote, the motion passed unanimously.

- b. Approval of First Reading of Ordinance 2025-18 amending Cross-Connection Control, Backflow Prevention, and Irrigation System Installation (TCEQ)

Interim Planning Director Ms. Hernandez informed the Commission that the ordinance was being updated to address violations identified by the Texas Commission on Environmental Quality (TCEQ). She stated that the revised ordinance incorporates all necessary requirements as outlined by TCEQ, specifically relating to cross-connection control, backflow prevention, and irrigation system installation.

Commissioner Martinez made a motion to approve the ordinance and to forego the reading. Mayor Pro-Tem Saldana seconded the motion. Upon a called vote, the motion passed unanimously.

c. Approval of Resolution 2025-16 suspending the Texas Gas Service Requested Increase

Commissioner Martinez motioned to approve the resolution and forego the reading. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

d. Approval of Resolution 2025-17 authorizing application with Texas Parks and Wildlife

Parks Director Mr. Villela is requesting approval of the resolution to authorize the grant application by Texas Parks and Wildlife.

Commissioner Martinez motioned to approve the resolution and forego the reading. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

8. Bids/Contracts

a. Discussion and possible action to accept qualifications for Engineering Services and renew existing contracts

Mr. Perez stated the City is looking to renew the existing contracts and to allow the City to go out for qualifications. Commissioner Martinez motioned to approve. Mayor Pro-Tem Saldana seconded. Upon a called vote, the motion passed unanimously.

9. Monthly Departmental Reports

a. Planning Dept, I.T Dept, Library, Public Works, City Sec/HR, Fire Dept.

Mayor Pro-Tem Saldana informed the Commission that the City is moving forward with the 3rd Street Project, which will convert 3rd Street into a one-way street from Texas Avenue to Ohio Avenue. The project will also include the designation of accessible parking spaces.

Mr. Juan Vasquez updated the Commission that the City will continue utilizing the CodeRed system for emergency notifications. He also noted that the Fire Chief is currently undergoing training for the Integrated Public Alert and Warning System (IPAWS).

10. Executive Session: Chapter 551, Texas Government Code, Section 551.071 (Consultation with Attorney), Section 551.072 (Deliberation regarding Real Property), Section 551.074 (Personnel Matters) and Section 551.087 (Economic Development)

Commissioner Martinez motioned to go into executive session. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously. The meeting went into executive session at 6:50 p.m.

- a. Discussion with City Manager regarding personnel matters - Section 551.074
- b. Consultation with Attorney regarding update on litigation - Section 551.071

- c. Consultation with Attorney regarding Project Updates - Section 551.087

11. Open Session

Mayor Montoya called the meeting back to order at 8:45 p.m.

- a. Possible Action pertaining to executive session item A
No action.
- b. Possible Action pertaining to executive session item B
No action.
- c. Possible Action pertaining to executive session item C
No action.

12. Adjournment

Commissioner Garcia motioned to adjourn. Mayor Pro-Tem Saldaña seconded. Upon a called vote, the motion passed unanimously. The meeting adjourned at 8:46 p.m.

Consent Agenda

DATE: August 5, 2025
FROM: Denisse Hernandez, Interim Planning Director
ITEM: **Discussion and possible action to Second and Final Reading of Ordinance 2025-17 amending Garage, Patio, Yard Sale Ordinance**

BACKGROUND INFORMATION: This item is for consideration and possible action to approve an ordinance amending Ordinance No. 2007-23, originally adopted on November 20, 2007, and previously amended on January 23, 2018. The proposed amendment establishes updated regulations for garage, patio, and yard sales within the City of Mercedes, including garage sales, porch sales, yard sales, and the sale of seasonal items. The purpose of the amendment is to clarify and strengthen existing rules by introducing clear permitting requirements, setting limitations on the frequency and duration of such sales, and outlining enforcement procedures and penalties for noncompliance.

BOARD REVIEW/CITIZEN FEEDBACK:**ALTERNATIVES/OPTIONS:****FISCAL IMPACT: (Total Costs)**

Proposed Expenditure/(Revenue):
\$

Account Number(s):

Finance Review by: Not Applicable

LEGAL REVIEW: Not Applicable

ATTACHMENTS:

1. 2025-17 - Garage, Patio, Yard Sales

STAFF RECOMMENDATION:

Staff recommends adoption of the amended ordinance to enhance regulatory clarity.

ORDINANCE NO. 2025-17

AN ORDINANCE AMENDING ORDINANCE NO. 2007-23, ADOPTED ON NOVEMBER 20, 2007, AND AMENDED ON JANUARY 23, 2018; BY THE CITY COMMISSION OF THE CITY OF MERCEDES, TEXAS, ESTABLISHING REGULATIONS FOR OUTDOOR AND MISCELLANEOUS SALES, INCLUDING GARAGE SALES, PORCH SALES, YARD SALES, AND THE SALE OF SEASONAL ITEMS; PROVIDING FOR PERMITTING REQUIREMENTS, LIMITATIONS ON FREQUENCY AND DURATION, ENFORCEMENT PROVISIONS, AND PENALTIES FOR NONCOMPLIANCE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of Mercedes finds it in the best interest of the health, safety, and welfare of its residents and visitors to adopt reasonable regulations concerning outdoor sales and yard sales within the city; and

WHEREAS, the City Commission seeks to ensure outdoor sales and yard sales are conducted in an orderly manner that preserves neighborhood character, prevents nuisances, and protects property values; and

WHEREAS, the City Commission wishes to amend Article 4.04 of the Code of Ordinances of the City of Mercedes to update the penalty section, revise the permitting requirements, remove outdated outdoor sales regulations, and update the requirements and limits for yard sales to better serve the community and promote compliance;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MERCEDES, COUNTY OF HIDALGO, STATE OF TEXAS, THAT:

SECTION I. DEFINITIONS.

Incidental uses are defined as any items sold within the establishment that are sold as part of a promotional event or sidewalk sale.

Merchandise covered under outdoor sales includes but is not limited to:

- (1) Fruits;
- (2) Vegetables;
- (3) Trees, shrubs, grass or other landscape products;
- (4) Roasted corn, barbeque food, hot dogs, hamburgers or any other prepared foods;
- (5) Snow cones, ice cream, soft drinks, or any other beverages;
- (6) Clothes, toys, car equipment, tools or any other merchandise;
- (7) Special events such as sidewalk sales which are incidental to the main business shall be exempt from this article. These special sales shall not exceed two (2) consecutive days.
- (8) Any other product sold outdoors which is interpreted by the planning director as needing to be permitted under this article.

Outdoor sale means the sale or offering for sale by the property owner or occupant of food or merchandise, whether new or used, from any location within the city that is commercially used or commercially/industrially zoned. Furthermore, a central assembly hall, such as recreational halls, or

an institutional assembly structure, may also be used for such sales as permitted under this article regardless of its zoning status.

Garage/Porch/Yard sales means the offering for sale of personal and/or household property belonging to or in the possession of the person living at the property and conducting the sale. These sales shall include “yard sale,” “patio sale,” “estate sale” “rummage sale” or other similar casual sale of tangible personal and/or household property, which is advertised by any means whereby the public at large is or can be made aware of such sale. Such sales are not intended to be a business or sell new items except incidentally.

SECTION II. PENALTY.

- (a) Anyone who violates this article shall upon conviction thereof be fined in any amount in accordance with the general penalty provided in section 1.01.009 of this code per day. Any violation of this article shall be subject to both civil and criminal penalties. A criminal conviction shall be a class C misdemeanor. A violator shall also be subject to the maximum penalties allowed by law for failing to appear in court when charged with an offense as described herein. If conduct constituting an offense under this article also constitutes an offense under another law, the person may be prosecuted under all applicable laws.
- (b) Should a violation or attempted violation of this article occur, the city attorney and other city personnel may take any action to enforce this article to prevent and summarily abate the action, remove or seize any goods and other objects used to violate this article. These actions may also include but not be limited to allowing for municipal resources and personnel to: abate any premises or property, closure, condemn, remove any person or thing, court action, suspend, cancel, or void any license or permit issued by the City of Mercedes or a state or federal agency, and any and all other relief as may be necessary
- (c) The City of Mercedes may also recover any and all taxes due that arise from the unlawful sale of goods pursuant to this article.

SECTION III. PERMIT.

- (a) Garage, porch or yard sales permit. The owner or occupant of a single, two, or multifamily dwelling unit in any residential zoning classification, before conducting a garage, porch or yard sale, shall first obtain a permit from the planning department at least (3) three business days prior to the sale. The cost of such permit shall be as set forth in the fee schedule in appendix A of this code. The owner or occupant of such property wishing to conduct a garage, porch or yard sale, shall be limited to (6) six permits per calendar year, per lot and each permit shall cover not more than (4) four continuous calendar days and be limited to 6:00 a.m. to 10:00 p.m.

SECTION IV. REQUIREMENTS FOR OUTDOOR SALES

Repeal section 4.04.004 of the Code of Ordinances in its entirety.

SECTION V. REQUIREMENTS FOR YARD SALES.

- (a) Yard sale permits may be issued to all residentially used properties regardless of their zoning status.
- (b) No more than ~~four~~ (4) **six (6) yard** sales shall be conducted at the same address in any

calendar year and no resident shall conduct more than ~~four (4)~~ six (6) yard sales at any location within a calendar year.

- (c) No yard sale shall exceed four (4) consecutive calendar days in duration with at least five (5) days elapsing between one sale and the next.
- (d) The following persons shall be exempt from the provisions of this article:
 - 1. Persons selling goods pursuant to an order or process of a court of competent jurisdiction.
 - 2. Persons acting in accordance with their powers and duties as public officials.
 - 3. Persons selling or advertising for sale an item or items of personal property which is/are specifically named or described in the advertisement and where specific items do not exceed five in number.
- (e) All signage used to advertise the yard sale must be placed outside the right-of-way and not blocking traffic views or pedestrian walkways. Signs may not be placed more than three (3) days prior to the sale and must be removed within one (1) day of the completion of the sale.
- (f) Yard sales are not intended to be businesses at a residence, but purely incidental in nature and not excessively disruptive to the neighboring residences.
- (g) This permit shall be displayed in a conspicuous place for the entire duration of the sale.
- (h) The permit shall be non-transferable and shall be valid only for the date specified on the permit.
- (i) No items may be sold or displayed on any city or state public street, public right-of-way, corner clip easement, sidewalk, alley or any other public property.
- (j) No items may be sold or displayed on any unimproved lot or parcel.
- (k) All locations where a permit is applied for shall be in the proper zone district for such type of permit and have an existing curb cut for access from a public street.
- (l) After permit issuance, should inclement weather or other significant personal/medical event impede the actual yard sale event from taking place, the planning director may assess the various circumstances to discern legitimacy and whether or not to allow the event to be held on another date, but may not be rescheduled more than 10 days from the original date of permit issuance. Should the event be rescheduled, the planning department shall document the “actual date” in their office record for future reference.

SECTION VI. SALES WITHOUT PERMIT OR REGISTRATION PROHIBITED.

It shall be unlawful for the owner/occupant of such premises or conductor of such sale to conduct an outdoor sale without having first obtained a permit. It shall also be unlawful for a resident to conduct a yard sale without registration prior to the sale. Violation of the permitting/registration requirements may result in the organization/location forfeiting additional allowable sales for the year.

SECTION VII. ALLOWABLE LOCATIONS

- ~~(a) Outdoor sales shall be permitted in all commercial and industrial zoning districts, and shall include business sites that may be grandfathered but not commercially zoned. Furthermore, an assembly hall, recreational hall, or other institutional structures used for “assembly” purposes are all permitted to apply for a permit allowed under this article regardless of their zoning status.~~
- (b) Yard sales are allowable within residential zones under the conditions listed in section 4.04.005.

~~(c) Barbeque benefits are also allowable within the H.E.B Civic Center Park.~~

SECTION VIII. TAXATION AND COMPLIANCE

Pursuant to Chapter 151 of the Texas Tax Code, the sale of tangible personal property at garage sales shall be considered a taxable event unless otherwise exempt under the “occasional sales” provisions of Section 151.304. Individuals who conduct garage sales may be exempt from collecting and remitting sales tax if, during any consecutive twelve (12) month period, no more than two (2) taxable items are sold, or if the total gross receipts from such sales do not exceed three thousand dollars (\$3,000.00) within a calendar year, and all items sold were originally acquired for personal or household use. Should an individual exceed either of these thresholds—by selling a third taxable item within twelve months or exceeding the \$3,000.00 threshold in a calendar year—that individual shall be considered engaged in business and must obtain a Texas Sales and Use Tax Permit, collect all applicable state and local sales taxes on subsequent transactions, and remit said taxes to the Texas Comptroller of Public Accounts in accordance with state law. The City shall not be liable for any failure by individuals to comply with applicable state tax laws related to garage sales.

2. SEVERABILITY PROVISION

By the adoption of this ordinance, should there be any word, sentence, phrase, and/or expression that may be deemed by a court of competent jurisdiction to be invalid, or legally deleted from the content of his ordinance, it is declared that the remaining portion or portions of this ordinance shall remain fully enabled, active and in full force.

3. CUMULATIVE PROVISION

Should there be any existing ordinance, regulation, policy, and/or guideline that may be in conflict with the established regulations of this zoning ordinance, whether in whole or in part, the terms of this ordinance shall be controlling and override any such existing conflict.

4. PUBLICATION DATE

Once adopted, the City secretary shall as soon as practicable, forward the caption of this coning ordinance to be published in a newspaper of local circulation.

READ, DISCUSSED, AND APPROVED ON THIS THE 15TH DAY OF JULY IN THE YEAR OF OUR LORD, 2025.

1st Reading: July 15, 2025

2nd Reading: August 5, 2025

CITY OF MERCEDES:

Oscar D. Montoya, Mayor

ATTEST:

Joselynn Castillo
City Secretary

APPROVED AS TO FORM:

Martie Garcia Vela
City Attorney

Consent Agenda

DATE: August 5, 2025
FROM: Denisse Hernandez, Interim Planning Director
ITEM: **Discussion and possible action to Second and Final Reading of Ordinance 2025-18 amending Cross-Connection Control, Backflow Prevention, and Irrigation System Installation (TCEQ)**

BACKGROUND INFORMATION: We are proposing an ordinance to adopt comprehensive regulations governing cross-connection control, backflow prevention, and irrigation system installation. This ordinance, adopted under the authority of the Texas Constitution and state laws, will be integrated into the City's Code of Ordinances, demonstrating a commitment to protecting public health and the potable water system. Driven by mandates from the Texas Commission on Environmental Quality (TCEQ) and concerns over contamination from improperly installed irrigation systems and cross-connections, the ordinance will establish clear definitions, purpose, standards, licensing requirements, and criteria for design, installation, permitting, inspection, testing, enforcement, and fees. The City Commission's intent is to create uniform standards and procedures, ensure compliance with state laws, promote water conservation, and provide clarity to property owners, contractors, irrigators, and city staff, ultimately ensuring the proper oversight of these critical systems.

BOARD REVIEW/CITIZEN FEEDBACK:**ALTERNATIVES/OPTIONS:****FISCAL IMPACT:** (Total Costs)

Proposed Expenditure/(Revenue):
\$

Account Number(s):

Finance Review by: Not Applicable

LEGAL REVIEW: Not Applicable

ATTACHMENTS:

1. 2025-18 -CROSS-CONNECTION CONTROL, BACKFLOW PREVENTION, AND IRRIGATION INSTALLATION

STAFF RECOMMENDATION: Staff strongly recommends the adoption of the proposed Ordinance governing Cross-Connection Control, Backflow Prevention, and Irrigation System Installation, as its immediate implementation is essential for the City of Mercedes to achieve and

maintain full compliance with Texas Commission on Environmental Quality (TCEQ) regulations, thereby protecting our public water supply.

ORDINANCE NO. 2025-18

AN ORDINANCE OF THE CITY OF MERCEDES, TEXAS, ADOPTING REGULATIONS GOVERNING CROSS-CONNECTION CONTROL, BACKFLOW PREVENTION, AND IRRIGATION SYSTEM INSTALLATION; PROVIDING DEFINITIONS, PURPOSE, STANDARDS, LICENSING REQUIREMENTS, DESIGN AND INSTALLATION CRITERIA, PERMITTING, INSPECTION, TESTING, ENFORCEMENT, AND FEES IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ); PROVIDING FOR SEVERABILITY, REPEALER, PUBLICATION, AND AN EFFECTIVE DATE.

WHEREAS, this Ordinance is adopted under the authority of the constitution and the laws of the States of Texas and is hereby incremented as part of the code of ordinance of the City of Mercedes, Texas.

WHEREAS, the City of Mercedes, Texas, is committed to protecting the public health, safety, and welfare of its citizens through responsible management of its potable water system; and

WHEREAS, the Texas Commission on Environmental Quality (TCEQ) mandates the implementation and enforcement of minimum standards for backflow prevention, cross-connection control, and irrigation practices to safeguard drinking water quality; and

WHEREAS, improperly installed or unregulated irrigation systems and cross-connections pose a significant threat to the public water supply through the potential for contamination or pollution; and

WHEREAS, the City of Mercedes desires to establish uniform standards and procedures for the permitting, installation, testing, inspection, and maintenance of irrigation systems and backflow prevention assemblies, in accordance with applicable state laws and TCEQ regulations; and

WHEREAS, the City Commission finds that adopting such regulations will ensure the proper design, installation, and oversight of irrigation systems and related components while promoting water conservation and the efficient use of natural resources; and

WHEREAS, it is the intent of the City Commission to codify these regulations as part of the City of Mercedes Code of Ordinances to ensure consistent enforcement and provide clarity to property owners, contractors, irrigators, and city staff;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MERCEDES, COUNTY OF HIDALGO, STATE OF TEXAS, THAT:

SECTION I. Definitions.

Definitions and explanations as used in this article:

Air gap means a complete physical separation between the free flowing discharge end of a potable water supply pipeline and an open or non-pressure receiving vessel.

Approved backflow prevention device means a device to counteract backpressure or prevent back siphonage.

Atmospheric vacuum breaker means an assembly containing an air inlet valve, a check seat, and an air inlet port. The flow of water into the body causes the air inlet valve to close the air inlet port. When the flow of water stops the air inlet valve falls and forms a check against back-siphonage. At the same time it opens the air inlet port allowing air to enter and satisfy the vacuum. Also known as an atmospheric vacuum breaker back-siphonage prevention assembly.

Auxiliary supply means any water source or system other than the public water system, which may be available in the building or on the premises.

Backflow means the flow in the direction opposite to the normal flow or the introduction of any foreign liquids, gases, or substances into the water system of the city water.

Backflow prevention assembly means any assembly used to prevent backflow into a potable water system. The type of assembly used is based on the existing or potential degree of health hazard and backflow condition.

Completion of irrigation system installation means when the landscape irrigation system has been installed, all minimum standards met, all tests performed, and the irrigators are satisfied that the system is operating correctly.

Consulting means the act of providing advice, guidance, review or recommendations related to landscape irrigation systems.

Contamination means the entry into or presence in a public water supply system of any substance which may be deleterious to health and/or quality of the water.

Cross-connection means any physical arrangement where a public water system is connected directly or indirectly with any other non-drinkable water system or auxiliary system, sewer, drain lines, swimming pool, storage reservoir, plumbing fixture or any other device which contains, or may contain, contaminated water, sewage or other liquid of unknown or unsafe quality which may be capable of imparting contamination to the public water system as a result of backflow. Bypass arrangements, jumper connections, removable sections, swivel or change-over devices, or other temporary or permanent devices through which, or because of which, backflow may occur are considered to be cross-connections.

Degree of hazard shall be derived from the evaluation of health, system, plumbing or pollution or pollution [sic] hazard.

1. Health hazard means an actual or potential threat of contamination of a physical or toxic nature to the public potable water system or the consumer's potable water system that would be a danger to health.
2. Plumbing hazard means an internal or plumbing type cross-connection in a consumer's potable water system that may be either a pollution or a contamination type hazard. This includes, but is not limited to, cross-connections to toilets, sinks, lavatories, wash trays, domestic washing machines and lawn sprinkling systems. Plumbing type cross-connections can be located in many types of structures, including but not limited to homes, apartments, houses, hotels and commercial or industrial establishments.

3. Pollution hazard means an actual or potential threat to the physical properties of the water system or the potability of the public or the consumer's potable water system but which would not constitute a health or system hazard as defined. The maximum degree of intensity of pollution to which the potable water system could be degraded under this definition would cause a nuisance or be aesthetically objectionable or could cause minor damage to the system or its appurtenances.
4. System hazard means an actual or potential threat of danger to the physical properties of the public or the consumer's potable water system or of a pollution or contamination which would have a detrimental effect on the quality of the potable water in the system.

Design means the act of determining the various elements of a landscape irrigation system that will include, but not be limited to, elements such as collecting site specific information, defining the scope of the project, defining plant watering needs, selecting and laying out emission devices, locating system components, conducting hydraulics calculations, identifying any local regulatory requirements, or scheduling irrigation work at a site. Completion of the various components will result in an irrigation plan.

Design pressure means the pressure that is required for an emission device to operate properly. Design pressure is calculated by adding the operating pressure necessary at an emission device to the total of all pressure losses accumulated from an emission device to the water source.

Double check valve means an assembly that is composed of two independently acting, approved check valves, including tightly closed resilient seated shutoff valves attached at each end of the assembly and fitted with properly located resilient seated test cocks. Also known as a double check valve backflow prevention assembly. Double check valves shall not be used in conjunction with any irrigation system.

Emission device means any device that is contained within an irrigation system and that is used to apply water. Common emission devices in an irrigation system include, but are not limited to, spray and rotary sprinkler heads, and drip irrigation emitters.

Employed means engaged or hired to provide consulting services or perform any activity relating to the sale, design, installation, maintenance, alteration, repair, or service to irrigation systems. A person is employed if that person is an employer-employee relationship as defined by Internal Revenue Code, 26 United States Code Service, § 3212(d), based on the behavioral control, financial control, and the type of relationship involved in performing employment related tasks.

Head-to-head spacing means the spacing of spray or rotary heads equal to the manufacturer's published radius of the head.

Health hazard means a cross-connection or potential cross-connection with an irrigation system that involves any substance that may, if introduced into the potable water supply, cause death or illness, spread disease, or have a high probability of causing such effects.

Hydraulics means the science of dynamic and static water; the mathematical computation of determining pressure losses and pressure requirements of an irrigation system.

Inspector means a licensed plumbing inspector, water district operator, other governmental entity, or irrigation inspector who inspects irrigation systems and performs other enforcement duties for a

municipality or water district as an employee or as a contractor.

Installer means a person who actually connects an irrigation system to a private or public raw or potable water supply system or any water supply, who is licensed according to Title 30, V.T.C.A., Government Code ch. 30 (relating to occupational licenses and registrations).

Irrigation inspector means a person who inspects irrigation systems and performs other enforcement duties for a municipality or water district as an employee or as a contractor and is required to be licensed under Title 30, V.T.C.A., Government Code ch. 30 (relating to occupational licenses and registrations.)

Irrigation plan means a scaled drawing of a landscape irrigation system which lists required information, the scope of the project, and represents the changes made in the installation of the irrigation system.

Irrigation services means selling, designing, installing, maintaining, altering, repairing, servicing, permitting, providing consulting services regarding, or connecting an irrigation system to a water supply.

Irrigation system means an assembly of component parts that is permanently installed for the controlled distribution and conservation of water to irrigate any type of landscape vegetation in any location, and/or to reduce dust or control erosion. This term does not include a system that is used on or by an agricultural operation as defined by V.T.C.A., Agriculture Code § 251.002.

Irrigation technician means a person who works under the supervision of a licensed irrigator to install, maintain, alter, repair, service or supervise installation of an irrigation system, including the connection of such system in or to a private or public, raw or potable water supply system or any water supply, and who is required to be licensed under Title 30, V.T.C.A., Government Code ch. 30 (relating to occupational licenses and regulations).

Irrigation zone means a subdivision of an irrigation system with a matched precipitation rate based on plant material type (such as turf, shrubs, or trees), microclimate factors (such as sun/shade ratio), topographic features (such as slope) and soil conditions (such as sand, loam, clay, or combination) or for hydrological control.

Irrigator means a person who sells, designs, offers consultations regarding, installs, maintains, alters, repairs, services or supervises the installation of an irrigation system, including the connection of such system to a private or public, raw or potable water supply system or any water supply, and who is required to be licensed under Title 30, V.T.C.A., Government Code ch. 30.

Irrigator-in-charge means the irrigator responsible for all irrigation work performed by an exempt business owner, including, but not limited to obtaining permits, developing design plans, supervising the work of other irrigators or irrigation technicians, and installing, selling, maintaining, altering, repairing, or servicing a landscape irrigation system.

Landscape irrigation means the science of applying the necessary amount of water to promote or sustain healthy growth of plant material or turf.

License means an occupational license that is issued by the Texas Commission on Environmental

Quality under Title 30, V.T.C.A., Government Code ch. 30 to an individual that authorizes the individual to engage in an activity that is covered by Title 30, V.T.C.A., Government Code ch. 30. Mainline means a pipe within an irrigation system that delivers water from the water source to the individual zone valves.

Maintenance checklist means a document made available to the irrigation system's owner or owner's representative that contains information regarding the operation and maintenance of the irrigation system, including, but not limited to: checking and repairing the irrigation system, setting the automatic controller, checking the rain or moisture sensor, cleaning filters, pruning grass and plants away from irrigation emitters, using and operating the irrigation system, the precipitation rates of each irrigation zone within the system, any water conservation measures currently in effect from the water purveyor, the name of the water purveyor, a suggested seasonal or monthly watering schedule based on current evapotranspiration data for the geographic region, and the minimum water requirements for the plant material in each zone based on the soil type and plant material where the system is installed. Major maintenance, alteration, repair, or service means any activity that involves opening to the atmosphere the irrigation main line at any point prior to the discharge side of any irrigation zone control valve. This includes, but is not limited to, repairing or connecting into a main supply pipe, replacing a zone control valve, or repairing a zone control valve in a manner that opens the system to the atmosphere.

Master valve means a remote control valve located after the backflow prevention device that controls the flow of water to the irrigation system mainline.

Matched precipitation rate means the condition in which all sprinkler heads within an irrigation zone apply water at the same rate.

New installation means an irrigation system installed at a location where one did not previously exist. Pass-through contract means a written contract between a contractor or builder and a licensed irrigator or exempt business owner to perform part or all of the irrigation services relating to an irrigation system.

Potable water supply means any system of water supply intended for use for human consumption or other domestic use.

Premises means any piece of land to which water is provided including all improvements, mobile homes, single/multi-family dwellings, commercial structures or any other occupancy defined by current adopted building codes.

Pressure vacuum breaker means an assembly containing an independently operating internally loaded check valve and an independently operating loaded air inlet valve located on the discharge side of the check valve. Also known as a pressure vacuum breaker back-siphonge prevention assembly.

Reclaimed water means domestic or municipal wastewater which has been treated to a quality suitable for beneficial use, such as landscape irrigation.

Records of landscape irrigation activities means the irrigation plans, contracts, warranty information, invoices, copies of permits, and other documents that relate to the installation, maintenance, alteration, repair, or service of a landscape irrigation system.

Reduced pressure principle backflow prevention assembly means an assembly containing two independently acting approved check valves together with a hydraulically operating mechanically independent pressure differential relief valve located between the two check valves and below the first check valve.

Static water pressure means the pressure of water when it is not moving.

Supervision means the on-the-job oversight and direction by a licensed irrigator who is fulfilling his or her professional responsibility to the client and/or employer in compliance with local or state requirements. Also a licensed installer working under the direction of a licensed irrigator or beginning January 1, 2009, an irrigation technician who is working under the direction of a licensed irrigator to install, maintain, alter, repair or service an irrigation system.

TCEQ means the state commission on environmental quality.

Water conservation means the design, installation, service, and operation of an irrigation system in a manner that prevents the waste of water, promotes the most efficient use of water, and applies the least amount of water that is required to maintain healthy individual plant material or turf, reduce dust, and control erosion.

Zone flow means a measurement, in gallons per minute or gallons per hour, of the actual flow of water through a zone valve, calculated by individually opening each zone valve and obtaining a valid reading after the pressure has stabilized. For design purposes, the zone flow is the total flow of all nozzles in the zone at a specific pressure.

Zone valve means an automatic valve that controls a single zone of a landscape irrigation system.

SECTION II. PURPOSE.

The purpose of this article is to protect the public water supply of the city from contamination or pollution due to any existing or potential cross-connections.

SECTION III. CROSS-CONNECTIONS REGULATED.

No cross-connections shall be created, installed, used or maintained within the territory served by the city, except in accordance with this article.

SECTION IV. VALID LICENSE REQUIRED.

- (a) Any person who connects an irrigation system to the water supply within the city or the city's extraterritorial jurisdiction, commonly referred to as the ETJ, must hold a valid license, as defined by Title 30, V.T.C.A., Government Code ch. 30 and required by V.T.C.A., Occupations Code ch. 1903, or as defined by Title 22, V.T.C.A., Government Code ch. 365 and required by V.T.C.A., Occupations Code ch. 1301.
- (b) Exemptions. A property owner is not required to be licensed in accordance with Texas Occupations Code, Title 12, § 1903.002(c)(1) if he or she is performing irrigation work in a building or on a premises owned or occupied by the person as the person's home. A home or property owner who installs an irrigation system must meet the standards contained in 30 Tex. Admin. Code, ch. 344 regarding spacing, water pressure, spraying water over

impervious materials, rain or moisture shut-off devices or other technology, backflow prevention and isolation valves.

SECTION V. PERMIT REQUIRED.

Any person installing an irrigation system within the territorial limits or extraterritorial jurisdiction of the city is required to obtain a permit from the city. Any plan approved for a permit must be in compliance with the requirements of this chapter.

Exemptions:

- (a) An irrigation system that is an on-site sewage disposal system, as defined by V.T.C.A., Health and Safety Code § 355.002; or
- (b) An irrigation system used on or by an agricultural operation as defined by V.T.C.A., Agriculture Code § 251.002; or
- (c) An irrigation system connected to a groundwater well used by the property owner for domestic use.

Any exception utilized shall be separate and apart from the potable water service.

SECTION VI. BACKFLOW PREVENTION ~~DEVICE REQUIREMENTS~~ METHODS AND DEVICES.

Approved backflow prevention devices shall be installed at the expense of the user, either at the service connection or within the premises, as determined by a plumbing inspector contracted by or employed by the city, whenever:

- (a) The nature and extent of any activity of the premises, or the materials used in connection with any [activity] of the premises, or materials stored on the premises, could contaminate or pollute the drinking water supply.
- (b) Premises having any one or more cross-connections, as that term is defined in section 13.08.001, are identified or are present.
- (c) Internal cross-connections that are not correctable or intricate plumbing arrangements which make it impractical to ascertain whether or not cross-connections exist or are present.
- (d) There is a repeated history of cross-connections being established or re-established.
- (e) There is unduly restricted entry so that inspections for cross-connections cannot be made with sufficient frequency or with sufficient notice to assure that cross-connections do not exist.
- ~~(f) Materials of a toxic or hazardous nature are being used such that, if backflow should occur, a health hazard could result.~~

If conditions that present a health hazard exist, one of the following methods must be used to prevent backflow:

- 1. An air gap may be used if:
 - i. There is an unobstructed physical separation; and
 - ii. The distance from the lowest point of the water supply outlet to the flood rim of the fixture or assembly into which the outlet discharges is at least one inch or twice the diameter of the water supply outlet, whichever is greater.
- 2. Reduced pressure principle backflow prevention assemblies may be used if:
 - i. The device is installed at a minimum of 12 inches above ground in a location that will ensure that the assembly will not be submerged; and

- ii. Drainage is provided for any water that may be discharged through the assembly relief valve.
- 3. Pressure vacuum breakers may be used if:
 - i. No back-pressure condition will occur; and
 - ii. The device is installed at a minimum of 12 inches above any downstream piping and the highest downstream opening. Pop-up sprinklers are measured from the retracted position from the top of the sprinkler.
- 4. Atmospheric vacuum breakers may be used if:
 - i. No back-pressure will be present;
 - ii. There are no shutoff valves downstream from the atmospheric vacuum breaker;
 - iii. The device is installed at a minimum of six inches above any downstream piping and the highest downstream opening. Pop-up sprinklers are measured from the retracted position from the top of the sprinkler;
 - iv. There is no continuous pressure on the supply side of the atmospheric vacuum breaker for more than 12 hours in any 24-hour period; and
 - v. A separate atmospheric vacuum breaker is installed on the discharge side of each irrigation control valve, between the valve and all the emission devices that the valve controls.
- (g) Any mobile apparatus (e.g., tank truck) which uses the city's water or water from any premises or facility within the city water supply.
- (h) Installation of an approved backflow prevention device is deemed to be necessary to accomplish the purpose of these regulations in the judgment of a certified plumbing inspector contracted by or employed by the city.
- (i) An appropriate cross-connection report form has not been filed with the city.
- (j) A fire sprinkler system is connected to the city's water system.
- (k) Any irrigation system that is connected to the potable water supply must be connected through a backflow prevention method approved by the Texas Commission on Environmental Quality (TCEQ). The backflow prevention device must comply with the International Plumbing Code and be certified by the American Society of Sanitary Engineers; or the Foundation for Cross-Connection Control and Hydraulic Research, University of Southern California; or any other laboratory that has equivalent capabilities for both the laboratory and field evaluation of backflow prevention assemblies. The backflow prevention device must be installed in accordance with the laboratory approval standards or if the approval does not include specific installation information, the manufacturer's current published recommendations.
- (l) Backflow prevention devices used in applications designated as health hazards must be tested upon installation and annually thereafter.
- (m) If an existing irrigation system without a backflow-prevention assembly requires major maintenance, alteration, repair, or service, the system must be connected to the potable water supply through an approved, properly installed backflow prevention method before any major maintenance, alteration, repair, or service is performed.
- (n) The irrigator shall ensure the backflow prevention device is tested by a licensed backflow prevention assembly tester prior to being placed in service and the test results provided to the local water purveyor and the irrigation system's owner or owner's representative within ten business days of testing of the backflow prevention device.

SECTION VII. SPECIFIC CONDITIONS AND CROSS-CONNECTION CONTROL.

- (a) Before any chemical is added to an irrigation system connected to the potable water supply, the irrigation system must be connected through a reduced pressure principle backflow prevention assembly or air gap.
- (b) Connection of any additional water source to an irrigation system that is connected to the potable water supply can only be done if the irrigation system is connected to the potable water supply through a reduced-pressure principle backflow prevention assembly or an air gap.
- (c) Irrigation system components with chemical additives induced by aspiration, injection, or emission system connected to any potable water supply must be connected through a reduced pressure principle backflow device.
- (d) If an irrigation system is designed or installed on a property that is served by an on-site sewage facility, as defined in Title 30, V.T.C.A., Government Code ch. 285, then:
 - 1. All irrigation piping and valves must be the separation distances from the on-site sewage facilities system as required for a private water line in Title 30, V.T.C.A., Government Code § 285.91(10);
 - 2. Any connections using a private or public potable water source that is not the city's potable water system must be connected to the water source through a reduced pressure principle backflow prevention assembly as defined in Title 30, V.T.C.A., Government Code § 344.50; and
 - 3. Any water from the irrigation system that is applied to the surface of the area utilized by the on-site sewage facility system must be controlled on a separate irrigation zone or zones so as to allow complete control of any irrigation to that area so that there will not be excessive water that would prevent the on-site sewage facilities system from operating effectively.

SECTION VIII. WATER CONSERVATION.

All irrigation systems shall be designed, installed, maintained, altered, repaired, serviced, and operated in a manner that will promote water conservation as defined in the definitions section of this article.

SECTION IX. IRRIGATION PLAN DESIGN; MINIMUM STANDARDS.

- (a) An irrigator shall prepare an irrigation plan for each site where a new irrigation system will be installed. A paper or electronic copy of the irrigation plan must be on the jobsite at all times during the installation of the irrigation system. A drawing showing the actual installation of the system is due to each irrigation system owner after all new irrigation system installations. During the installation of the irrigation system, variances from the original plan may be authorized by the licensed irrigator if the variance from the plan does not:
 - 1. Diminish the operational integrity of the irrigations system;
 - 2. Violate any requirements of this article; and
 - 3. Go unnoted in red on the irrigation plan.
- (b) The irrigation plan must include complete coverage of the area to be irrigated. If a system does not provide complete coverage of the area to be irrigated, it must be noted on the irrigation plan.
- (c) All irrigation plans used for construction must be drawn to scale. The plan must include, at a minimum, the following information:
 - 1. The irrigator's seal, signature, and date of signing;

2. All major physical features and the boundaries of the areas to be watered;
3. A North arrow;
4. A legend;
5. The zone flow measurement for each zone;
6. Location and type of each:
 - i. Controller; and
 - ii. Sensor (for example, but not limited to, rain, moisture, wind, flow, or freeze).
7. Location, type, and size of each:
 - i. Water source, such as, but not limited to a water meter and point(s) of connection;
 - ii. Backflow prevention device;
 - iii. Water emission device, including, but not limited to, spray heads, rotary sprinkler heads, quick-couplers, bubblers, drip, or micro-sprays;
 - iv. Valve, including but not limited to, zone valves, master valves, and isolation valves;
 - v. Pressure regulation component; and
 - vi. Main line and lateral piping.
8. The scale used; and
9. The design pressure.

SECTION X. Installation of backflow prevention devices. DESIGN AND INSTALLATION; MINIMUM REQUIREMENTS.

To ensure proper operations and accessibility of all backflow prevention devices, the following requirements shall apply to the installation of these devices:

- (a) No part of the backflow prevention device shall be submerged in water or installed in a location subject to flooding. If installed in a vault or basement, adequate drainage shall be provided.
- (b) Devices must be installed at the point of delivery of the water supply, before any branch in the line, on private property located just inside of the property line. Alternate locations must be approved in writing by the city prior to installation.
- (c) The device must be protected from freezing and other severe weather condition.
- (d) All backflow device prevention assemblies shall be of a type and model approved by table 608.1, Application of Backflow Preventers, of the 2006 International Plumbing Code (exhibit A at the end of this article).
- (e) Only devices specifically approved by TCEQ for vertical installation may be installed vertically.
- (f) The device shall be readily accessible with adequate room for maintenance and testing. Devices 2" and smaller shall have at least 6" clearance on all sides of the device. All devices larger than 2" shall have a minimum clearance of 12" on the back side, 24" on the test cock side, 12" below the device, and 36" above the device. "Y" pattern double check valve assemblies shall be installed so that the checks are horizontal and the test cocks face upward.
- (g) The property owner assumes complete responsibility for all maintenance and testing of the device, as determined and required by the city.
- (h) If written permission is granted to install the backflow device inside the building, the device shall be readily accessible during regular working hours of 8:00 a.m. to 5:00 p.m., Monday through Friday.
- (i) RP devices may be installed in a vault only if relief valve discharge can be drained to

daylight through a “bore sight” type drain. The drain shall be of adequate capacity to carry the rated flow of the device and shall be screened on both ends. An approved air gap shall be located at the relief valve orifice. This air gap shall be at least twice the inside diameter of the incoming supply line as measured vertically above the top rim of the drain and in no case less than 1”.

- (j) Upon completion of installation, the city shall be notified and all devices must be inspected and tested. The testing and repairs of all devices are the financial responsibility of the water user.
- (k) All backflow devices must be registered with the city. Registration shall consist of date of installation, make, model, and serial number of the backflow device, and initial test report.
- (l) Any water pressure drop caused by the installation of a backflow device is not the responsibility of the city.
- (m) No irrigation design or installation shall require the use of any component, including the water meter, in a way which exceeds the manufacturer's published performance limitations for the component.
- (n) Spacing.
 - b. The maximum spacing between emission devices must not exceed the manufacturer's published radius or spacing of the device(s). The radius or spacing is determined by referring to the manufacturer's published specifications for a specific emission device at a specific operating pressure.
 - c. New irrigation systems shall not utilize aboveground spray emission devices in landscapes that are less than 48 inches not including the impervious surfaces in either length or width and which contain impervious pedestrian or vehicular traffic surfaces along two or more perimeters. If pop-up sprays or rotary sprinkler heads are used in a new irrigation system, the sprinkler heads must direct away from any adjacent surface and shall not be installed closer than four inches from a hardscape, such as, but not limited to, a building foundation, fence, concrete, asphalt, pavers, or stones set with mortar.
 - d. Narrow paved walkways, jogging paths, golf cart paths or other small areas located in cemeteries, parks, golf courses or other public areas may be exempted from this requirement if the runoff drains into a landscaped area.
- (o) Water pressure. Emission devices must be installed to operate at the minimum and not above the maximum sprinkler head pressure as published by the manufacturer for the nozzle and head spacing that is used. Methods to achieve the water pressure requirements include, but are not limited to, flow control valves, a pressure regulator, or pressure compensating spray heads.
- (p) Piping. Piping in irrigation systems must be designed and installed so that the flow of water in the pipe will not exceed a velocity of five feet per second for polyvinyl chloride (PVC) pipe.
- (q) Irrigation zones. Irrigation systems shall have separate zones based on plant material type, microclimate factors, topographic features, soil conditions, and hydrological requirements.
- (r) Matched precipitation rate. Zones must be designed and installed so that all of the emission devices in that zone irrigate at the same precipitation rate.
- (s) [No spray area.] Irrigation systems shall not spray water over surfaces made of concrete, asphalt, brick, wood, stones set with mortar, or any other impervious material, such as, but not limited to, walls, fences, sidewalks, streets, etc. All irrigation systems within ten feet of a public right-of-way shall be drip irrigation only.
- (t) Master valve. When provided, a master valve shall be installed on the discharge side of the backflow prevention device on all new installations.

- (u) PVC pipe primer solvent. All new irrigation systems that are installed using PVC pipe and fittings shall be primed with a colored primer prior to applying the PVC cement in accordance with the International Plumbing Code (Section 605).
- (v) Rain or moisture shut-off devices or other technology. All new automatically controlled irrigation systems must include sensors or other technology designed to inhibit or interrupt operation of the irrigation system during periods of moisture or rainfall. Rain or moisture shut-off technology must be installed according to the manufacturer's published recommendations. Repairs to existing automatic irrigation systems that require replacement of an existing controller must include a sensor or other technology designated to inhibit or interrupt operation of the irrigation system during periods of moisture or rainfall.
- (w) Isolation valve. All new irrigation systems must include an isolation valve between the water meter and the backflow prevention device.
- (x) Depth coverage of piping. Piping in all irrigation systems must be installed according to the manufacturer's published specifications for depth coverage of piping.
 - 1. If the manufacturer has not provided published specifications for depth coverage of piping, the piping must be installed to provide minimum depth coverage of six inches of select backfill, between the top of the pipe and the natural grade of the topsoil. All portions of the irrigation system that fail to meet this standard must be noted on the irrigation plan. If the area being irrigated has rock at a depth of six inches or less, select backfill may be mounded over the pipe. Mounding must be noted on the irrigation plan and discussed with the irrigation system owner or owner's representative to address any safety issues.
 - 2. If a utility, manmade structure, or roots create an unavoidable obstacle, which makes the six-inch depth coverage requirement impractical, the piping shall be installed to provide a minimum of two inches of select backfill between the top of the pipe and the natural grade of the topsoil.
 - 3. All trenches and holes created during installation of an irrigation system must be backfilled and compacted to the original grade.
- (y) Wiring irrigation systems.
 - a. Underground electrical wiring used to connect an automatic controller to any electrical component of the irrigation system must be listed by Underwriters Laboratories as acceptable for burial underground.
 - b. Electrical wiring that connects any electrical components of an irrigation system must be sized according to the manufacturer's recommendation.
 - c. Electrical wire splices which may be exposed to moisture must be waterproof as certified by the wire splice manufacturer.
 - d. Underground electrical wiring that connects an automatic controller to any electrical component of the irrigation system must be buried with a minimum of six inches of select backfill.
- (z) [Non-potable water.] Water contained within the piping of an irrigation system is deemed to be non-potable. No drinking or domestic water usage, such as, but not limited to, filling swimming pools or decorative fountains, shall be connected to an irrigation system. If a hose bib (an outdoor water faucet that has hose threads on the spout) is connected to an irrigation system for the purpose of providing supplemental water to an area, the hose bib must be installed using a quick coupler key on a quick coupler installed in a covered purple valve box and the hose bib and any hoses connected to the bib must be labeled "non-potable, not safe for drinking." An isolation valve must be installed upstream of a quick coupler connecting a hose bib to an irrigation system.
- (aa) A licensed irrigator or a licensed irrigation technician shall be onsite at all times while the

landscape irrigation system is being installed. When an irrigator is not onsite, the irrigator shall be responsible for ensuring that a licensed irrigation technician is onsite to supervise the installation of the irrigation system.

SECTION XI. COMPLETION OF IRRIGATION SYSTEM INSTALLATION.

Upon completion of the irrigation system, the irrigator or irrigation technician who provided supervision for the on-site installation shall be required to complete four items:

- (a) A final "walk through" with the irrigation system's owner or the owner's representative to explain the operation of the system;
- (b) The maintenance checklist on which the irrigator or irrigation technician shall obtain the signature of the irrigation system's owner or owner's representative and shall sign, date and seal the checklist. If the irrigation system's owner or owner's representative is unwilling or unable to sign the maintenance checklist, the irrigator shall note the time and date of the refusal on the irrigation system's owner or owner's representative signature line. The irrigation system owner or owner's representative will be given the original maintenance checklist and a duplicate copy of the maintenance checklist shall be maintained by the irrigator. The items on the maintenance checklist shall include, but are not limited to:
 - 1. The manufacturer's manual for the automatic controller, if the system is automatic;
 - 2. A seasonal (spring, summer, fall, winter) watering schedule based on either current/real time evapotranspiration or monthly historical reference evapotranspiration (historical ET) date, monthly effective rainfall estimates, plant landscape coefficient factors, and site factors;
 - 3. A list of components, such as the nozzle, or pump filters, and other such components that require maintenance and the recommended frequency for the service; and
 - 4. The statement, "This irrigation system has been installed in accordance with all applicable state and local laws, ordinances, rules, regulations or orders. I have tested the system and determined that it has been installed according to the irrigation plan and is properly adjusted for the most efficient application of water at this time."
- (c) A permanent sticker which contains the irrigator's name, license number, company name, telephone number and the dates of the warranty period shall be affixed to each automatic controller installed by the irrigation technician. If the irrigation system is manual, the sticker shall be affixed to the original maintenance checklist. The information contained on the sticker must be printed with waterproof ink and include:
- (d) The irrigation plan indicating the actual installation of the system must be provided to the irrigation system's owner or owner's representative.

SECTION XII. ACCESS TO PREMISES.

Authorized employees of the city, or their designated representatives with proper identification, shall have access during reasonable hours to all parts of premises and within the building to which water is supplied. If any water user refuses to allow access to premises or to the interior of a structure at reasonable times and on reasonable notice for inspection by a cross-connection specialist appointed by the city, a reduced pressure principle device will be required to be installed at the service connection to that premises. If the water user refuses to install the reduced pressure principle device, the city may apply to any court of competent jurisdiction for a warrant authorizing entry onto the premises for purpose of inspection of the water supply system.

SECTION XIII. TESTING, AND REPAIR OF BACKFLOW PREVENTION DEVICE MAINTENANCE, ALTERATION, REPAIR, AND SERVICE.

- (a) All backflow devices installed within the territory served by the city shall be tested immediately upon installation and at least annually thereafter by a state-certified tester. All such devices found not functioning properly shall be promptly repaired or replaced; the city may deny or discontinue water service to the premises. All testing and repairs are the financial responsibility of the water user.
- (b) The licensed irrigator is responsible for all work that the irrigator performed during the maintenance, alteration, repair, or service of an irrigation system during the warranty period. The irrigator or business owner is not responsible for the professional negligence of any other irrigator who subsequently conducts any irrigation service on the same irrigations system.
- (c) All trenches and holes created during the maintenance, alteration, repair, or service of an irrigation system must be returned to the original grade with compacted select backfill.
- (d) Colored PVC pipe primer solvent must be used on all pipes and fittings used in the maintenance, alteration, repair, or service of an irrigation system in accordance with the International Plumbing Code (Section 605).
- (e) When maintenance, alteration, repair or service of an irrigation system involves excavation work at the water meter or backflow prevention device, an isolation valve shall be installed, if an isolation valve is not present.

SECTION XIV. RESPONSIBILITY FOR COST OF COMPLIANCE.

All cost associated with the purchase, installation, inspections, testing, replacement, maintenance, parts and repair of the backflow device are the financial responsibility of the property owner.

SECTION XV. TERMINATION OF WATER SERVICE FOR NONCOMPLIANCE.

Failure on the part of any customer to either protect with approved devices or to discontinue the use of all cross-connections and to physically separate cross-connections is sufficient cause for the immediate discontinuance of public water service to the premises.

SECTION XVI. ADVERTISEMENT REQUIREMENTS.

- (a) All vehicles used in the performance of irrigation installation, maintenance, alteration, repair, or service must display the irrigator's license number in the form of "LI _____" in a contrasting color of block letters at least two inches high, on both sides of the vehicle.
- (b) All forms of written and electronic advertisements for irrigation services must display the irrigator's license number in the form of "LI _____." Any form of advertisement, including business cards, and estimates which displays an entity's or individual's name other than that of the licensed irrigator must also display the name of the licensed irrigator and the licensed irrigator's license number. Trailers that advertise irrigation services must display the irrigator's license number.
- (c) The name, mailing address, and telephone number of the commission must be prominently displayed on a legible sign and displayed in plain view for the purpose of addressing complaints at the permanent structure where irrigation business is primarily conducted and

irrigation records are kept.

SECTION XVII. CONTRACTS.

- (a) All contracts to install an irrigation system must be in writing and signed by each party and must specify the irrigator's name, license number, business address, current business telephone number(s), the date that each party signed the agreement, the total agreed price, and must contain the statement, "Irrigation in Texas is regulated by the Texas Commission on Environmental Quality (TCEQ), MC-178, P.O. Box 13087, Austin, Texas 78711-3087. TCEQ's website is: www.tceq.state.tx.us." All contracts must include the irrigator's seal, signature and date.
- (b) All written estimates, proposals, bids and invoices relating to the installation or repair of an irrigation system(s) must include the irrigator's name, license number, business address, current business telephone number(s), and the statement: "Irrigation in Texas is regulated by the Texas Commission On Environmental Quality (TCEQ), (MC-178), P.O. Box 13087, Austin, Texas 78711-3087. TCEQ's website is: www.tceq.state.tx.us." All contracts must include the irrigator's seal, signature and date.
- (c) An individual who agrees by contract to provide irrigation services as defined in Title 30, V.T.C.A., Government Code § 344.30 (relating to license required) shall hold an irrigator license issued under Title 30, V.T.C.A., Government Code ch. 30 (relating to occupational licenses and registrations) unless the contract is a pass-through contract as defined in Title 30, V.T.C.A., Government Code § 344.1(36) (relating to definitions). If a pass-through contract includes irrigation services, then the irrigation portion of the contract can only be performed by a licensed irrigator. If an irrigator installs a system pursuant to a pass-through contract, the irrigator shall still be responsible for providing the irrigation system's owner or through contract, the irrigator shall still be responsible for providing the irrigation system's owner or owner's representative a copy of the warranty and all other documents required under this chapter. A pass-through contract must identify by name and license number the irrigator that will perform the work and must provide a mechanism for contacting the irrigator for irrigation system warranty work.
- (d) The contract must include the dates that the warranty is valid.

SECTION XVIII. WARRANTIES FOR SYSTEMS.

- (a) On all installations of new irrigations systems, an irrigator shall present the irrigation system's owner or owner's representative with a written warranty covering materials and labor furnished in the new installation of the irrigation system. The irrigator shall be responsible for adhering to terms of the warranty. If the irrigator's warranty is less than the manufacturer's warranty for the system components, then the irrigator shall provide the irrigation system's owner or the owner's representative with applicable information regarding the manufacturer's warranty period. The warranty must include the irrigator's seal, signature, and date. If the warranty is part of an irrigator's contract, a separate warranty document is not required.
- (b) An irrigator's written warranty on new irrigation systems must specify the irrigator's name, business address, and business telephone number(s), must contain the signature of the irrigation system's owner or owner's representative confirming receipt of the warranty and must include the statement: "Irrigation in Texas is regulated by the Texas Commission on Environmental quality (TCEQ), MC-178, P.O. Box 130897, Austin, Texas 78711-3087. TCEQ's website is: www.tceq.state.tx.us."
- (c) On all maintenance, alterations, repairs, or service to existing irrigation systems, an

irrigator shall present the irrigation system's owner or owner's representative a written document that identifies the materials furnished in the maintenance, alteration, repair, or service. If a warranty is provided, the irrigator shall abide by the terms. The warranty document must include the irrigator's name and business contact information.

SECTION XIX. DUTIES AND RESPONSIBILITIES OF CITY IRRIGATION INSPECTORS.

A licensed irrigation inspector shall enforce the ordinance of the city, and shall be responsible for:

- (a) Verifying that the appropriate permits have been obtained for an irrigation system and that the irrigator and installer or irrigation technician, if applicable, are licensed;
- (b) Inspecting the irrigation system;
- (c) Determining that the irrigation system complies with the requirements of this article;
- (d) Determining that the appropriate backflow prevention device was installed, tested, and test results provided to the city;
- (e) Investigating complaints related to irrigation system installation, maintenance, alteration, repairs, or service of an irrigation system and advertisement of irrigation services; and
- (f) Maintaining records according to this article.

SECTION XX. ITEMS NOT COVERED BY THIS ARTICLE.

Any item not covered by this article and required by law shall be governed by the Texas Occupations Code, the Texas Water Code, Title 30 of the Texas Administrative Code, and any other applicable state statute or Texas Commission on Environmental Quality rule.

SECTION XVI. FEES.

See Appendix A.

SECTION XXI. ENFORCEMENT.

- (a) The city shall have the power to administer and enforce the provisions of this article as may be required by governing law. Any person, firm, corporation or agent who shall violate a provision of this Code, or fails to comply therewith, or with any of the requirements thereof, is subject to suit for injunctive relief as well as prosecution for criminal violations. Any violation of the ordinance codified in this chapter is declared to be a nuisance.
- (b) Any person violating any provision of [this] article shall, upon conviction, be fined a sum not exceeding \$2,000.00. Each day that a provision of this article is violated shall constitute a separate offense. An offense under this article is a Class C misdemeanor, punishable by a fine of up to \$2,000.00.
- (c) Nothing in this article shall be construed as a waiver of the city's right to bring a civil action to enforce the provisions of this article and to seek remedies as allowed by law, including, but not limited to the following:
 - 1. Injunctive relief to prevent specific conduct that violates the article or to require specific conduct that is necessary for compliance with the article; and
 - 2. Other available relief.

2. SEVERABILITY PROVISION

By the adoption of this ordinance, should there be any word, sentence, phrase, and/or expression that may be deemed by a court of competent jurisdiction to be invalid, or legally deleted from the content of his ordinance, it is declared that the remaining portion or portions of this ordinance shall remain fully enabled, active and in full force.

3. CUMULATIVE PROVISION

Should there be any existing ordinance, regulation, policy, and/or guideline that may be in conflict with the established regulations of this zoning ordinance, whether in whole or in part, the terms of this ordinance shall be controlling and override any such existing conflict.

4. PUBLICATION DATE

Once adopted, the City secretary shall as soon as practicable, forward the caption of this coning ordinance to be published in a newspaper of local circulation.

**READ, DISCUSSED, AND APPROVED ON THIS THE 15TH DAY OF JULY IN THE
YEAR OF OUR LORD, 2025.**

1st Reading: July 15, 2025

2nd Reading: August 5, 2025

CITY OF MERCEDES:

Oscar D. Montoya, Mayor

ATTEST:

Joselynn Castillo
City Secretary

APPROVED AS TO FORM:

Martie Garcia Vela
City Attorney

DATE: August 5, 2025
FROM: Denisse Hernandez, Interim Planning Director
ITEM: **Discussion and possible action to Approval to accept the Voluntary Annexation Petition filed for Salvador Roel Garcia and Jeffrey Adam Bryant**

BACKGROUND INFORMATION:

Salvador Roel Garcia and Jeffrey Adam Bryant have submitted a petition for voluntary self-annexation of a 10.11-acre tract of land located just outside current city limits at Mile 6 North and Mile 1 1/2 East. The property owners are seeking annexation in order to proceed with the development of an eco-lodge project, which would fall under the city's regulatory and permitting framework upon annexation.

The proposed project, named Blue Bunting Lodge, is planned as an eco-friendly retreat consisting of five cabin units designed to serve as short-term rentals for visitors to the region. The project specifically targets birdwatchers, butterfly enthusiasts, and nature lovers, with the property positioned in an area supporting a rich diversity of wildlife.

According to the applicants, the site currently hosts:

- 227 running bird species total, and
- 119 running butterfly species total.

Blue Bunting Lodge is envisioned as a space where guests can immerse themselves in the native ecosystems of the Lower Rio Grande Valley, with unique opportunities to observe local wildlife without leaving the comfort of their cabins. The development reflects the owners' combined backgrounds in hospitality, project management, and a shared passion for conservation and wildlife education.

The applicants seek annexation to proceed with permitting and operational planning within the city's jurisdiction.

BOARD REVIEW/CITIZEN FEEDBACK:**ALTERNATIVES/OPTIONS:****FISCAL IMPACT:** (Total Costs)

Proposed Expenditure/(Revenue):
\$

Account Number(s):

Finance Review by: Not Applicable

LEGAL REVIEW: Not Applicable

ATTACHMENTS:

1. ANNEXATION PETITION
2. BlueBuntingDesign
3. Blue Bunting Presentation

STAFF RECOMMENDATION: Staff recommends consideration of the self-annexation petition to allow for the eco-lodge development to move forward under city ordinances and standards. Approval would bring the property within city limits and facilitate coordinated development review.



city of

mercedes

It Starts Here!

Planning Department

400 S Ohio Ave

Mercedes, TX 78570

(956) 565-3114

Voluntary Annexation Petition

CASE #

To the Mayor and City Commission:

Salvador Roel Garcia and Jeffrey Adam Bryant are the sole owners of the tract of land, which is more particularly described by metes and bounds in Exhibit A to this petition, hereby petitions the City Commission of the City of Mercedes to annex the following area(s):

Being a 10.11-acre tract of land out of Lot Two (2), Block Forty (40), CAPISALLO DISTRICT SUBDIVISION, Hidalgo County, Texas as per map or plat thereof recorded in Volume "P", Page 227, Deed Records, Hidalgo County, Texas

Please view the attached survey and metes and bounds

Salvador Roel Garcia & Jeffrey Adam Bryant

Owner's Name (Print)



Owner (Signature)

June 30, 2025

Date

STATE OF TEXAS

COUNTY OF HIDALGO

Before me, the undersigned authority, a Notary Public in and for Hidalgo County, Texas, on this day personally appeared Salvador Roel Garcia & Jeffrey Adam Bryant, whom stated upon his oath the following;

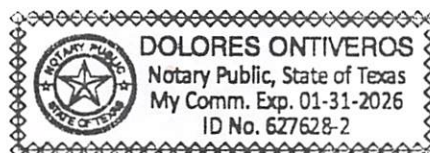
Our names are Salvador Roel Garcia & Jeffrey Adam Bryant, and we are the owners of the land or representative of the majority of the landowners. There are no residents nor are there any qualified voters in the area to be annexed.

We, Salvador Roel Garcia & Jeffrey Adam Bryant, hereby certify under penalty of perjury that to the best of my knowledge and belief, the property mentioned above currently does not owe any property taxes to the relevant tax authority.

Further affiant sayeth not.

SWORN TO and subscribed before me on this the 2nd day of July, 2025.


Notary Public in and for the State of Texas



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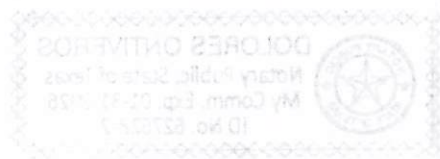
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GUZMAN & MUÑOZ
ENGINEERING AND SURVEYING, INC.

2020 East Expressway 83
Mercedes, Texas 78570

PHONE: (956) 565-4637
FAX: (956) 565-4636

METES & BOUNDS DESCRIPTION
Lot 2, Block 40, Capiasallo District Subdivision
Hidalgo County, Texas

Being a 10.11 Acre (10.00 Acre Net) Tract of Land out of Lot 2, Block Forty (40), Capiasallo District Subdivision, Hidalgo County, Texas as recorded in Volume P, Page 227, Capiasallo District Subdivision, Map Records of Hidalgo County, Texas, said 10.11 Acre tract deeded to Roel Garcia and Jeffrey Adam Bryant as recorded in Document No. 2022-000342, Official Records of Hidalgo County, Texas, said 10.11 Acre tract being more particularly described as follows:

COMMENCING at a cotton picker spindle found at the intersection of the centerline of Mile 6 N Road and Mile 1 1/2 E Road, said intersection being the Northwest corner of said Lot 2, Block 40, Capiasallo District Subdivision, THENCE, along the North line of Lot 2, Block 47, same being the centerline of Mile 6 N Road, a distance of 347.68 feet to a magnetic nail found for the Northwest corner of said 10.11 Acre (Gross Acreage) tract and the POINT OF BEGINNING of the herein described tract;

THENCE, N 88° 43' 04" E, along the North line of said Lot 2, same being the centerline of Mile 6 N Road, a distance of 229.08 feet, to a cotton picker spindle found that marks the most Northerly Northeast corner of the herein described tract;

THENCE, S 01° 16' 56" E, at a distance of 20.0 feet, pass a 1/2 inch iron rod found that marks the South ROW of Mile 6 N Road and the Northeast corner of said 10.11 Acre lot, continuing for a total distance of 217.60 feet to a 1/2 inch iron rod found for an interior corner of the herein described tract;

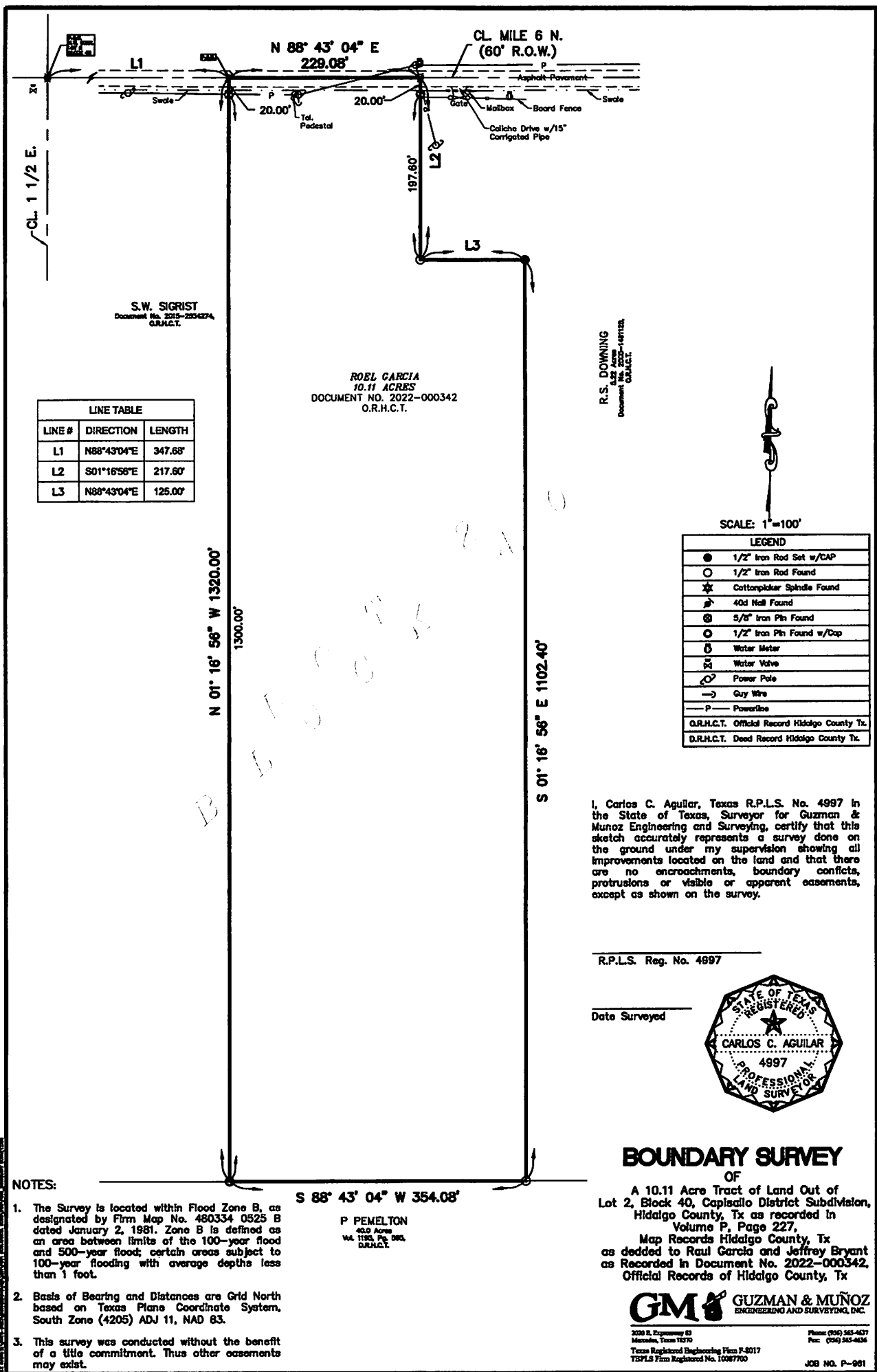
THENCE, N 88° 43' 04" E, a distance of 125.00 feet to a 1/2 inch iron rod with cap marked "GMES 10087700" set for the most Easterly Northeast corner of the herein described tract;

THENCE, S 01° 16' 56" E, a distance of 1102.40 feet to a 1/2 inch iron rod found on the South line of said Lot 2 for the Southeast corner of the herein described tract;

THENCE, S 88° 43' 04" W, along the South line of said lot 2 a distance of 354.08 feet to a 1/2 inch iron rod found for the Southwest corner of the herein described tract;

THENCE, N 01° 16' 56" W, at a distance of 1300.00 feet pass a 5/8 inch iron rod found at the South ROW of Mile 6 N Road, continuing for a total distance of 1320.00 feet to the POINT of BEGINNING and Containing 10.11 Acres (Gross Acreage) of land, more or less.

Basis of Bearings is Grid North, Texas State Plane Coordinate System, South Zone, (4205), NAD 83.





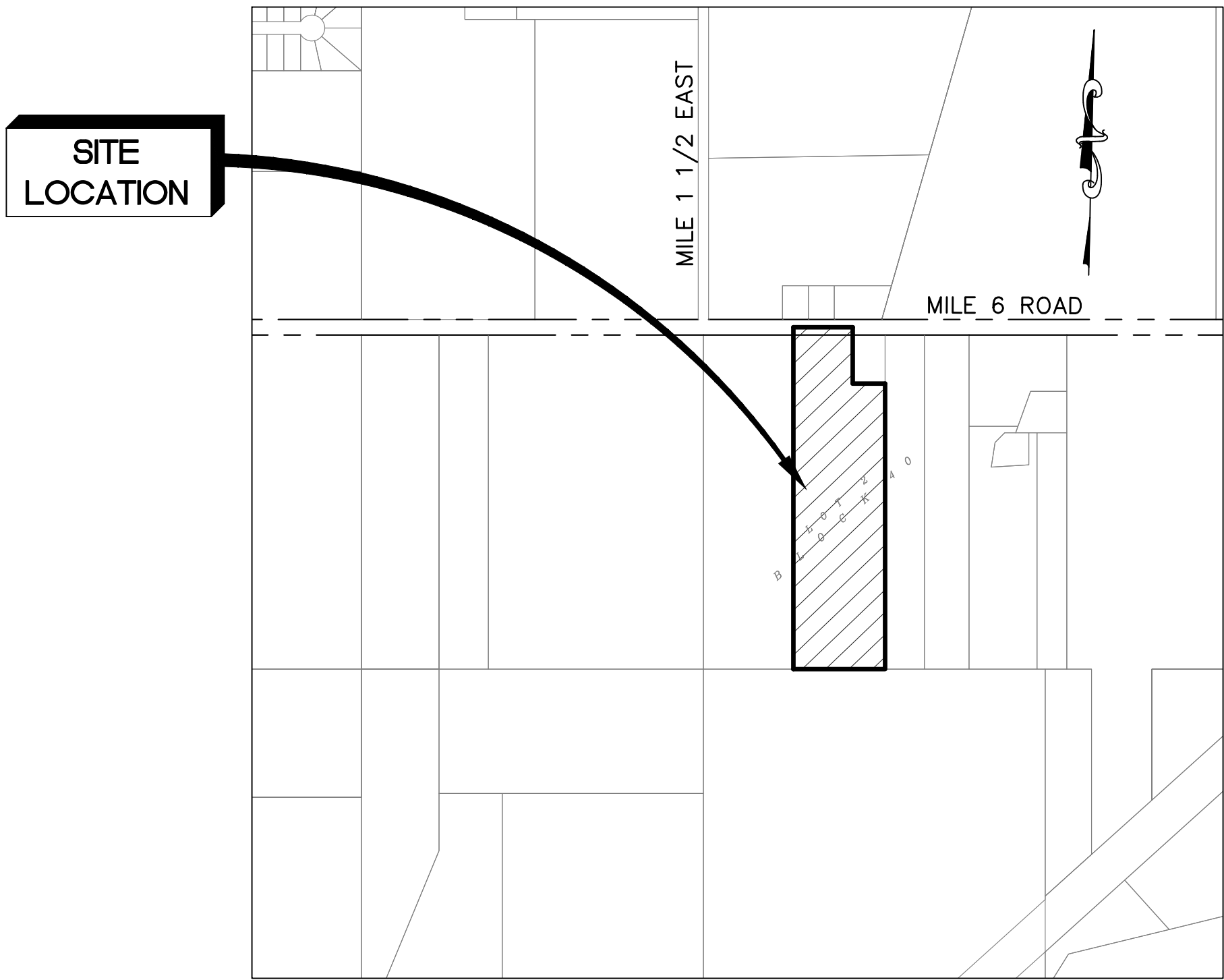
CONSTRUCTION PLANS

FOR

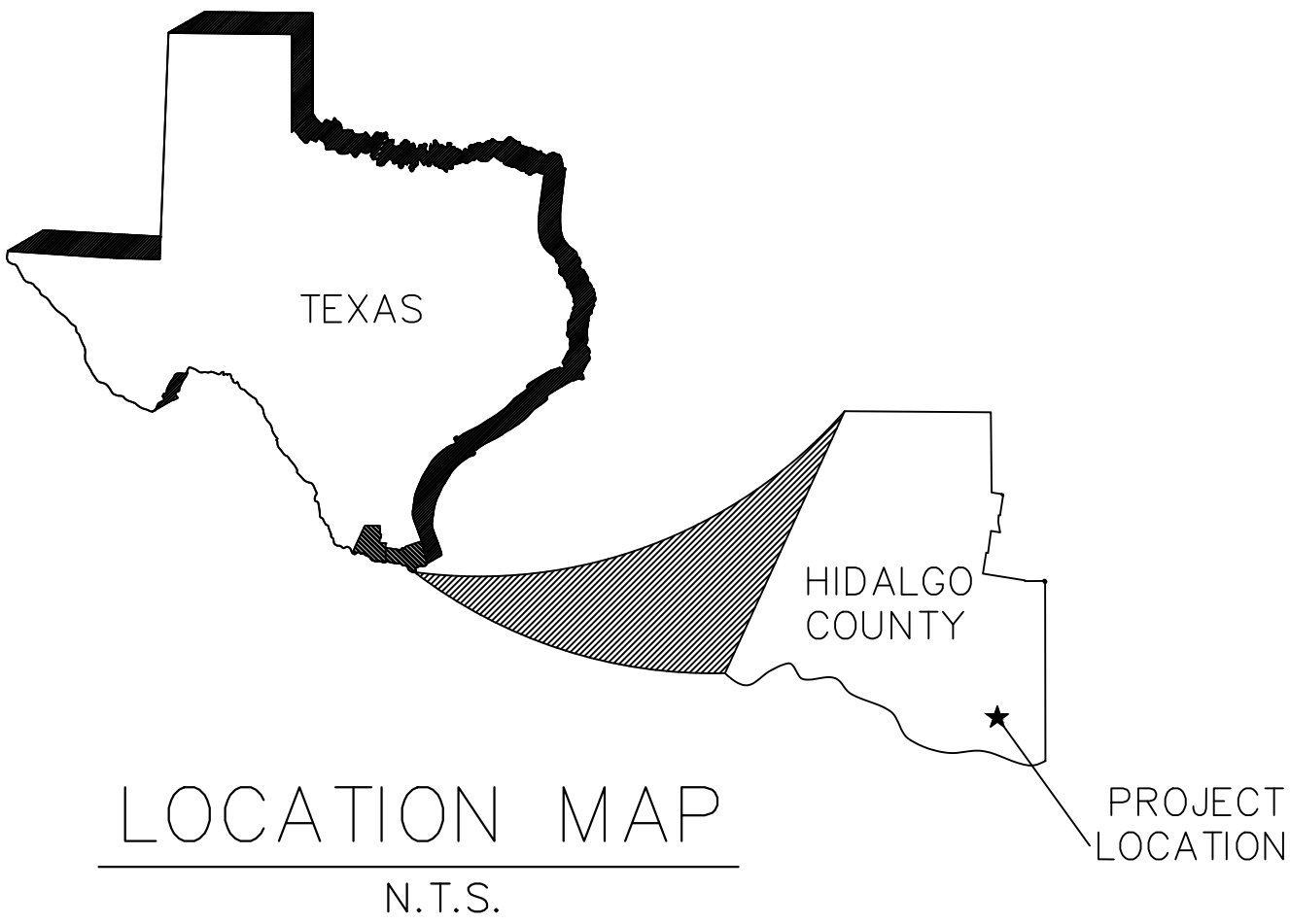
BLUE BUNTING SUBDIVISION

MERCEDES, TEXAS

PROJECT INDEX	
Sheet No.	Description
1	COVER SHEET
2	GENERAL NOTES
3	EXISTING SITE CONDITIONS
4	DIMENSION PLAN
5	PAVING & GRADING PLAN
6	UTILITY PLAN
7	EROSION CONTROL PLAN
8	EROSION CONTROL PLAN DETAILS
9	WATER DETAILS
10	DRAINAGE DETAILS
11	PAVING AND MARKING DEATILS



VICINITY MAP:
1" = 500'



OMAR RODRIGUEZ, P.E.

PRELIMINARY
THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF JOSE OMAR RODRIGUEZ, P.E. 133529 ON June 21, 2023. IT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES.

DATE

JUNE, 2023

FILE NAME: A:\JUNES-2023\ENGINEERING\SUBDIVISION SUB-DWG\1981 - PRELIMINARY SUB-DWG\1981 - GENERAL NOTES.DWG PLOT DATE: June 28, 2023

GENERAL NOTES:

- ALL MATERIALS AND CONSTRUCTION PROCEDURES WITHIN THE SCOPE OF THIS PROJECT SHALL COMPLY WITH THE PROJECT GEOTECH REPORT, PROJECT SPECIFICATIONS, THE CURRENT APPLICABLE CITY, COUNTY, AND OR STATE STANDARD SPECIFICATIONS FOR PUBLIC WORKS CONSTRUCTION.
- THE LOCATION OF THE EXISTING UTILITIES SHOWN ON THESE PLANS ARE BASED OF EXISTING RECORD INFORMATION AND FIELD MEASUREMENTS. THE CONTRACTOR SHALL BE REQUIRED TO LOCATE ALL PUBLIC OR PRIVATE UTILITIES. THE CONTRACTOR SHALL CONTACT 1-800-DIG-TESS PRIOR TO CONSTRUCTION. ANY UTILITY CONFLICTS THAT ARISE SHALL BE COMMUNICATED O THE ENGINEER IMMEDIATELY AND PRIOR TO CONSTRUCTION. ANY DAMAGE TO EXISTING UTILITIES SHALL BE THE SOLE RESPONSIBILITY OF THE CONTRACTOR AND THE REPAIR SHALL BE AT CONTRACTORS EXPENSE.
- THE CONTRACTOR SHALL BE RESPONSIBLE FOR ACQUIRING ALL NECESSARY PERMITS/APPROVALS BEFORE BEGINNING CONSTRUCTION.
- ALL AREAS DISTURBED BY CONSTRUCTION SHALL BE REVEGETADED. CONTRACTOR SHALL BE RESPONSIBLE FOR ESTABLISHING VEGETATION IN ALL DISTURBED AREAS BY PERIODIC WATERING AS REQUIRED.
- CONTRACTOR IS RESPONSIBLE FOR RESTORING TO ITS ORIGINAL OR BETTER CONDITION ANY DAMAGE DONE TO EXISTING UTILITIES, FENCES, PAVEMENTS, SIGNAGE OR OTHER ITEMS INTENDED TO REMAIN.
- ALL SAFETY REQUIREMENTS AND EQUIPMENT AS REQUIRED BY THE MOST CURRENT OSHA STANDARDS SHALL BE OBSERVED AND IMPLEMENTED.
- IT SHALL BE THE CONTRACTORS RESPONSIBILITY TO REMOVE EXCAVATED SPOILS AND DEBRIS FROM SITE IN A LEGAL MANNER AT CONTRACTORS EXPENSE.

PAVING NOTES:

- CONTRACTOR SHALL PERFORM PAVEMENT CONSTRUCTION INCLUDING SUBGRADE STABILIZATION IN STRICT ACCORDANCE WITH GEOTECHNICAL REPORT.
- ALL CONCRETE SHALL BE CLASS 'A' MINIMUM 3,000 PSI CYLINDER CONCRETE STRENGTH AT 28 DAYS, UNLESS OTHERWISE NOTED BY GEOTECHNICAL REPORT OR PLANS.
- ALL CONCRETE WORK TO BE FORMED UNLESS OTHERWISE APPROVED.
- ALL EXPOSED CONCRETE WORK TO BE CHAMFERED

STORM SEWER NOTES:

- CONTRACTOR SHALL BE RESPONSIBLE FOR MAINTAINING TRENCH SAFETY
- REFERENCE DRAINAGE DETAILS FOR PIPE TRENCH, BEDDING, AND BACKFILL DETAILS.
- IT IS THE CONTRACTORS RESPONSIBILITY TO ENSURE PROPER SIZE OF STORM MANHOLES/JUNCTION BOXES NEEDED WHERE INDICATED ON PLAN. CONTRACTOR SHALL CONNECT STORM DRAIN PIPE TO JUNCTION BOXES PER MANUFACTURERS SPECIFICATIONS.
- TOPS OF MANHOLES, JUNCTION BOXES, AND GRATES SHALL BE SET FLUSH WITH FINISHED PAVEMENT OR 3" ABOVE FINISHED GRADE IN UNPAVED AREAS.

SANITARY SEWER NOTES:

- ALLOWABLE SANITARY SEWER PIPE MATERIAL FOR GRAVITY LINES SHALL BE POLYVINYL CHLORIDE (PVC) OR AS APPROVED BY CITY ENGINEER: - 4-INCH TO 15-INCH: ASTM D-3034, SDR 26
- MINIMUM SANITARY SEWER SIZE SHALL BE 4-INCH FOR SINGLE SERVICE OR AS REQUIRED BY CITY DESIGN REQUIREMENTS.
- CHEMICALLY WELDED SANITARY SEWER JOINTS ARE NOT ACCEPTABLE. USE RUBBER GASKETED BELL & SPIGOT SANITARY SEWER JOINTS
- FOR PUBLIC SANITARY SEWER SYSTEMS, CONTRACTOR SHALL TEST SANITARY SEWER IN ACCORDANCE WITH TCEQ TAC CHAPTER 217.57 INCLUDING LOW PRESSURE AIR TEST AND DEFLECTION TEST.
- SANITARY FORCEMAIN LINES SHALL BE HYDROSTATICALLY TESTED AT 125 PSI.

WATER LINE NOTES:

- ALLOWABLE WATER LINE PIPE MATERIAL SHALL BE POLYVINYL CHLORIDE (PVC):
 - 2-INCH TO 3-INCH: SCH 40 OR AS APPROVED BY CITY ENGINEER
 - 4-INCH TO 12-INCH: AWWA C900, CLASS 150 (DR-18)
 - 14-INCH TO 24-INCH : AWWA C905, CLASS 150 (DR-18)
- ALL WATER LINE FITTINGS FOR PIPE SIZES 4-INCH TO 12-INCH SHALL BE DUCTILE IRON MECHANICAL RESTRAINED JOINTS.
- WATER LINES SHALL BE BANK-SAND BEDDED AND BACKFILLED IN ACCORDANCE WITH THE LATEST CITY SPECIFICATION AND DETAILS.

SITE PREPARATION AND GRADING NOTES

- SITE PREPARATION, GRADING, EXCAVATION AND FILL SHALL BE PERFORMED IN ACCORDANCE WITH THE PROJECT GEOTECHNICAL REPORT AND SPECIFICATIONS.
- ALL ELEVATIONS AND PROPOSED CONTOURS SHOWN ON THE GRADING PLANS REFLECT FINISHED GRADES. THE THICKNESS OF PAVING, BASE, GRASS, TOP-SOIL, ETC., MUST BE CONSIDERED TO OBTAIN SUBGRADE ELEVATIONS.
- THE CONTRACTOR SHALL VERIFY THE SUITABILITY OF EXISTING AND PROPOSED SITE CONDITIONS INCLUDING GRADES AND DIMENSIONS BEFORE COMMENCEMENT OF CONSTRUCTION. THE ENGINEER SHALL BE NOTIFIED IMMEDIATELY OF ANY DISCREPANCIES.
- THE CONTRACTOR SHALL REMOVE TOP SOIL, GRASS, TREES, ROOTS, DEBRIS ETC., AND DISPOSE OFFSITE THOSE MATERIALS NOT SUITABLE FOR REUSE AS SPECIFIED IN PLAN DRAWINGS.
- CONTRACTOR IS RESPONSIBLE FOR ALL COORDINATION WITH TESTING LABORATORY FOR MATERIALS TESTING.
- THE CONTRACTOR SHALL EXERCISE EXTREME CAUTION IN WORKING NEAR UTILITIES. THE CONTRACTOR IS RESPONSIBLE FOR CONTACTING ALL UTILITY COMPANIES AND ENSURE THAT ALL UTILITIES HAVE BEEN ADEQUATELY LOCATED AND IDENTIFIED.

LEGEND	
	1/2" Iron Rod Found
	3/4" Iron Rod Found
	Power Pole
	Powerline
	Water Meter
	Fire Hydrant
	Water Valve
	Water Line
	Storm Drain Manhole
	San. Sewer Manhole
	San. Sewer Line
	Telephone Pedestal
	Telephone Line
	Fiber Optic Line
	Street Sign
	Guy Wire
	San. Sewer Cleanout
	Tele. Pad
	Stop Sign
	R.O.W. Line
	Prop. San Swr.
	Prop. Water Line
	Prop. 2" Water Line
	Prop. 6" Water Line
	Prop. Strm. Swr. (24" And Smaller)
	Prop. Strm Swr. (30" And Larger)
	Grate Inlet
	Type "A" Inlet
	Prop. San Swr. Manhole
	Prop. Fire Hydrant

Checked By: J.O.R.

Approved By: J.O.R.

Drawn By: J.H.

Date: JUNE 2023

Revision:	DATE						
	DESCRIPTION						
NO.							

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MERCEDES, TEXAS

BLUE BUNTING SUBDIVISION

GENERAL NOTES



GUZMAN & MUÑOZ
ENGINEERING AND SURVEYING, INC.
MERCEDES, TEXAS

2020 E. Expressway 83
Mercedes, Texas 78570

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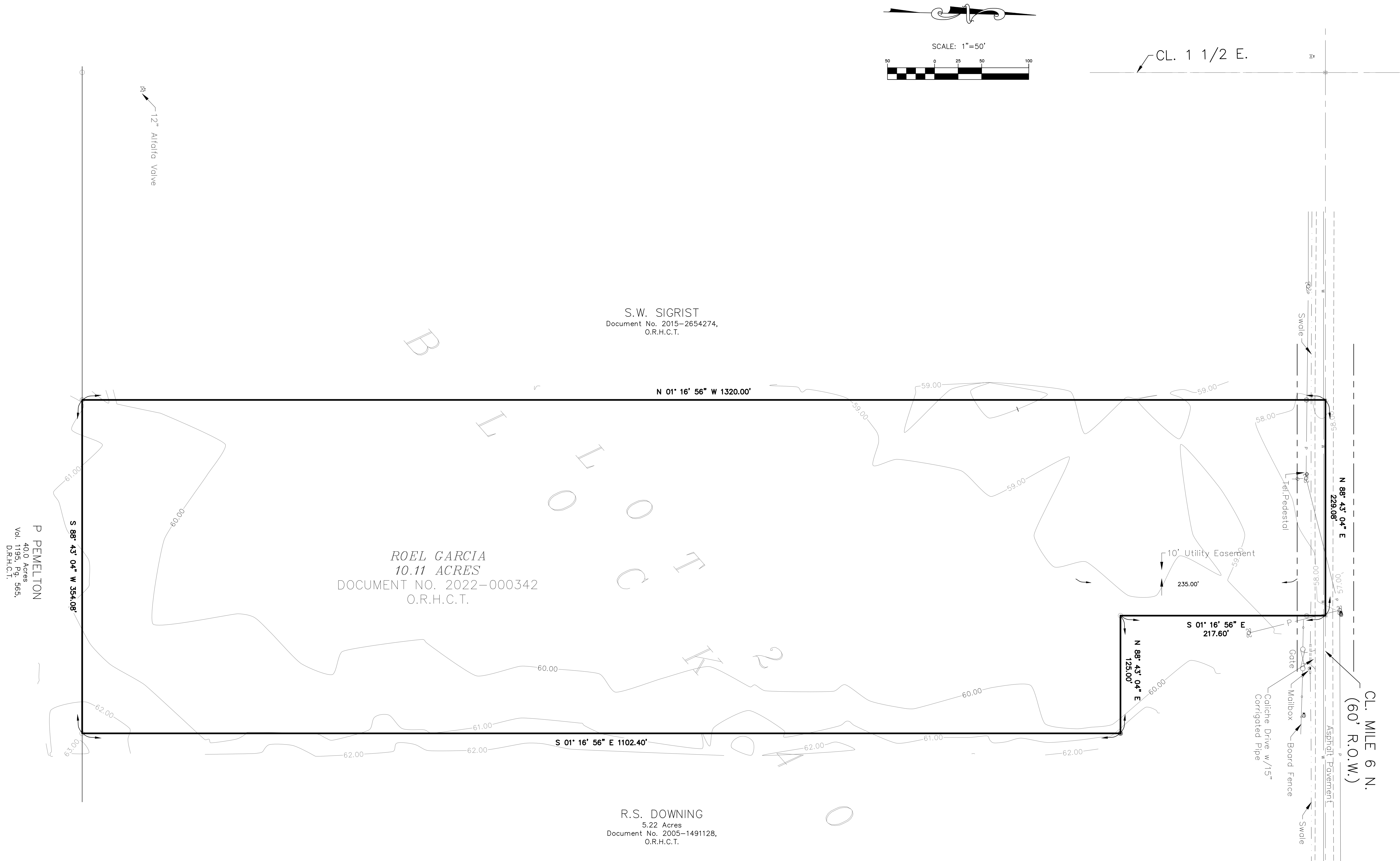
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F-8017

TBPLS FIRM
REGISTRATION NO.
10087700

Project No. P-961

Sheet 2 Of 11

Page 147 of 203



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Approved By:	J.L.M.
Drawn By:	A.R./J.H.

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MERCEDES, TEXAS
BLUE BUNTING SUBDIVISION
EXISTING SITE CONDITIONS



GM **GUZMAN & MUÑOZ**
ENGINEERING AND SURVEYING, INC.

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Fax: (956) 565-4636

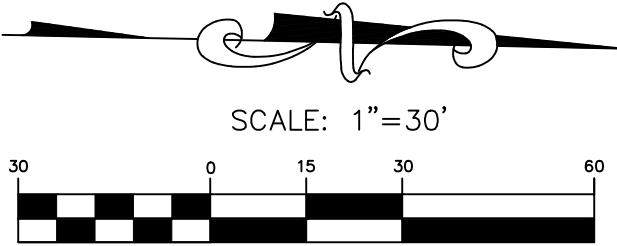
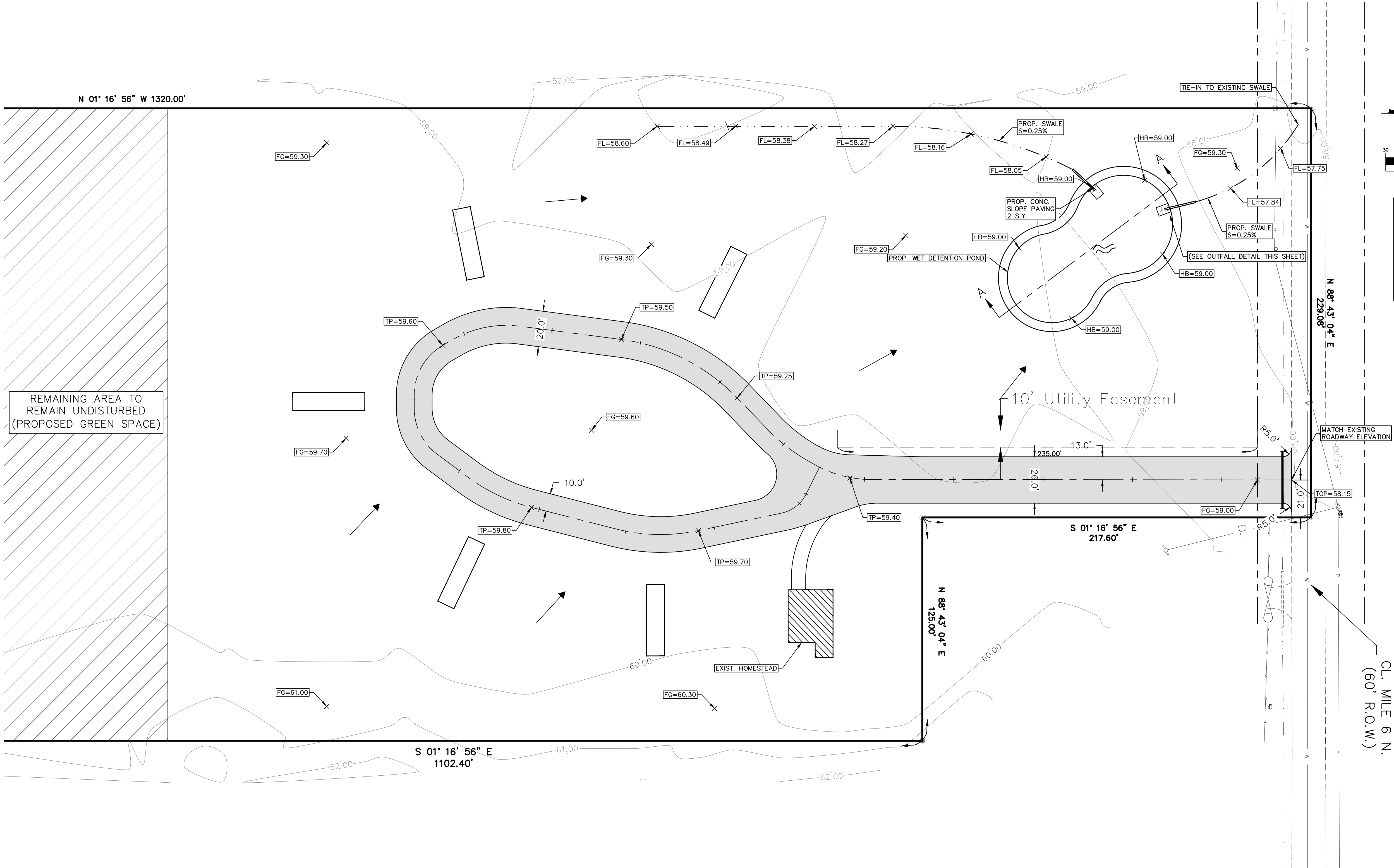
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Project No. P961

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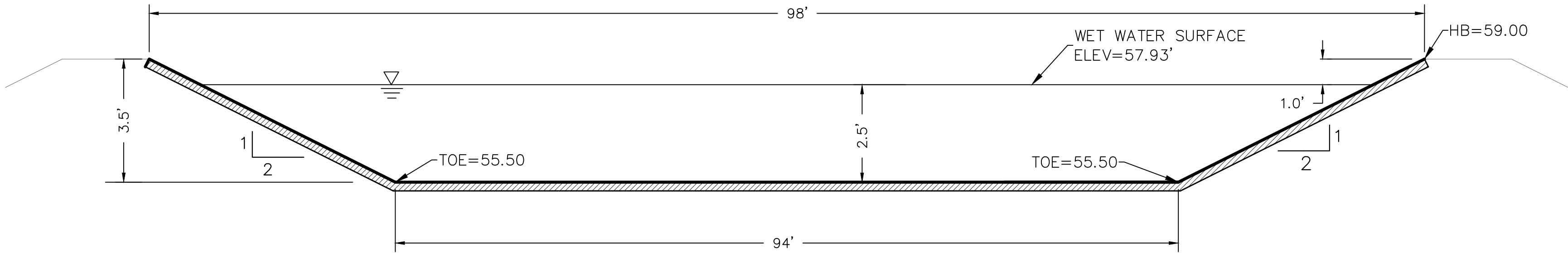
FILE NAME: Z:\GMES-2023\ENGINEERING\HID\MER\P961 ROELGARCIA SUB\DWG\P961 GRADING PLAN.DWG PLOT DATE: June 23, 2023



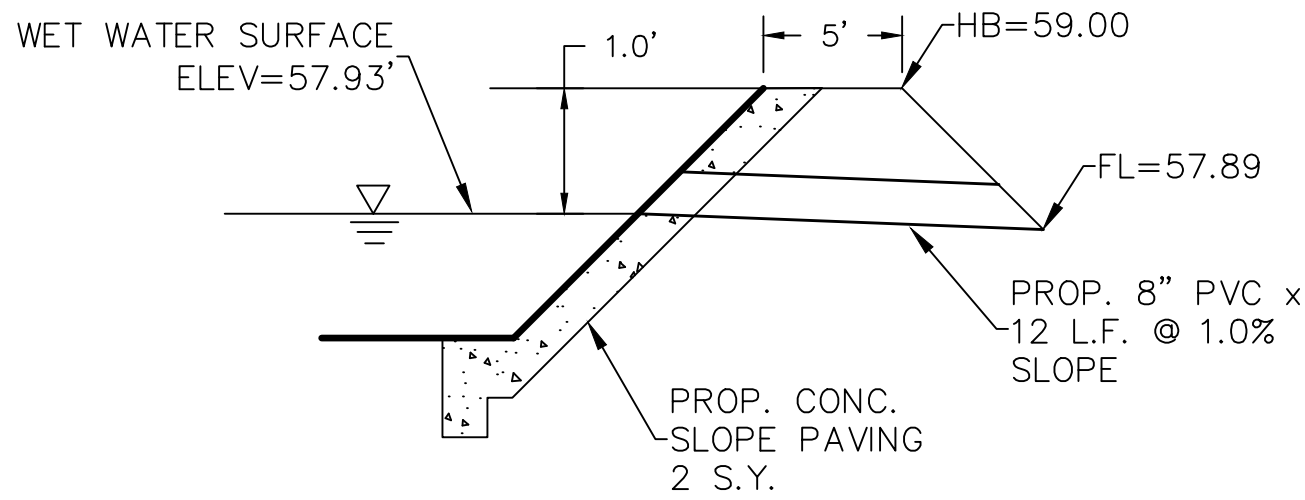
LEGEND	
FG	FINISHED GRADE
FL	FLOW LINE
TP	TOP OF PAVEMENT
HB	HIGH BANK
→	PROP. SHEET FLOW PATH
	HOT MIXED ASPHALTIC CONCRETE PAVEMENT

VOLUME SUMMARY	
REQUIRED DETENTION=	3,763 CF
PROVIDED DETENTION=	3,839 CF
TOTAL EXCAVATION=	13,438 CF

REMAINING AREA TO
REMAIN UNDISTURBED
(PROPOSED GREEN SPACE)



CROSS SECTION
A-A
NOT TO SCALE



OUTFALL DETAIL
NOT TO SCALE

Checked
By: J.L.M.

Approved
By: J.L.M.

Drawn
By: A.R./J.H.

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MERCEDES, TEXAS
BLUE BUNTING SUBDIVISION
PAVING + GRADING PLAN

GM
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MERCEDES, TEXAS

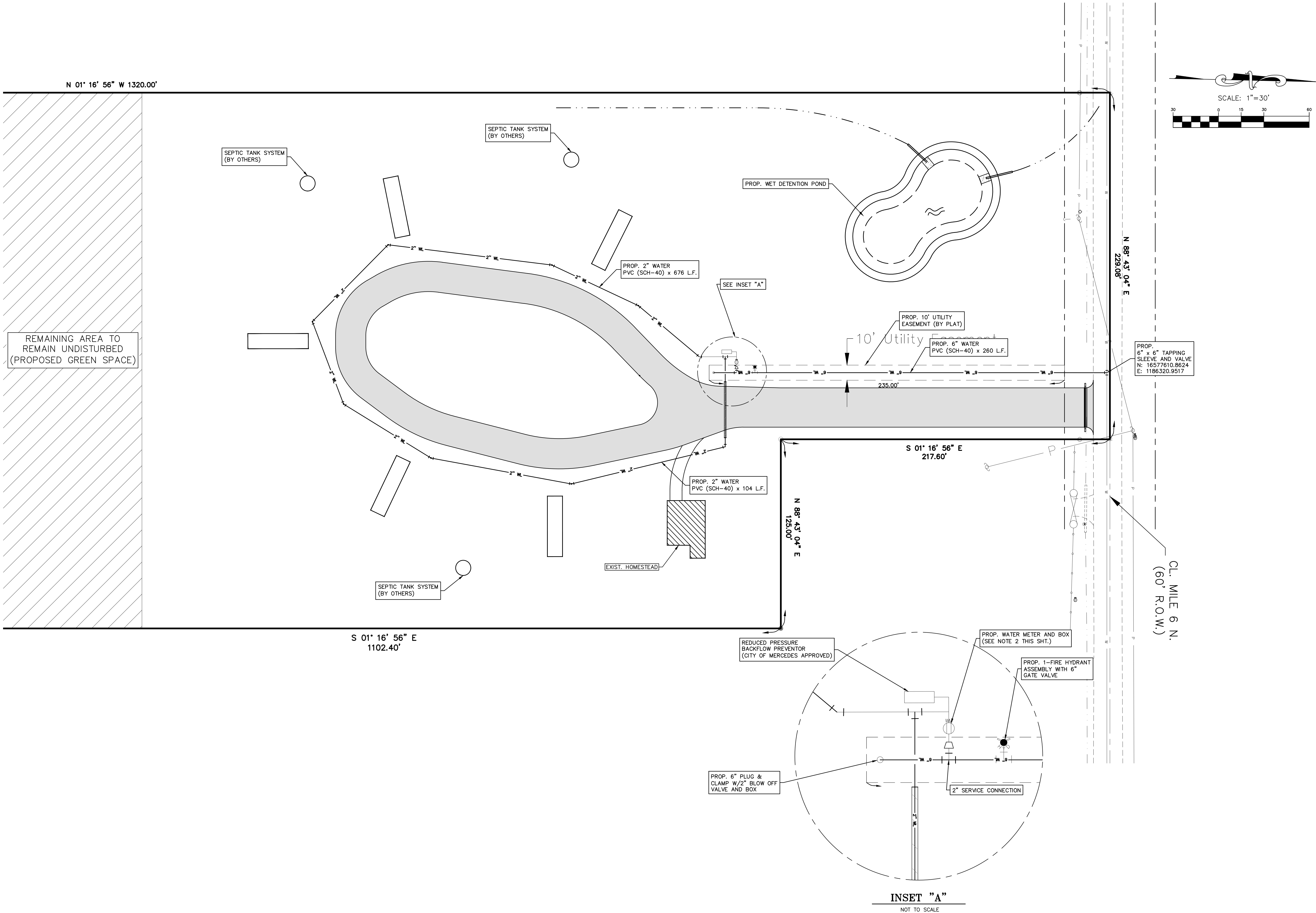
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Fax: (956) 565-4636
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Mercedes, Texas 78570

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MERCEDES, TEXAS
BLUE BUNTING SUBDIVISION
UTILITY PLAN

GUZMAN & MUÑOZ
ENGINEERING AND SURVEYING, INC.
MERCEDES, TEXAS

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Fax: (956) 565-4636

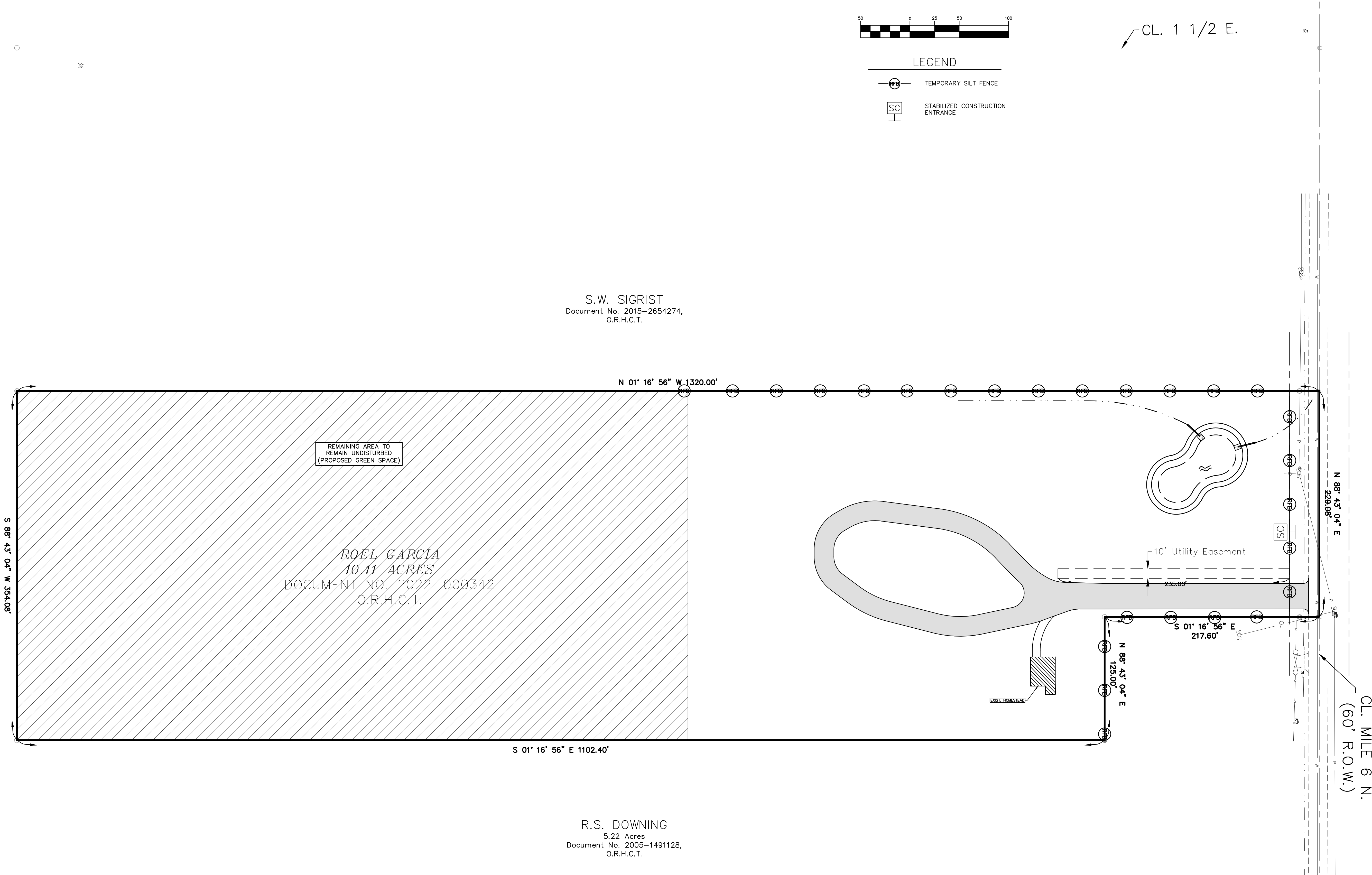
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Project No. P961

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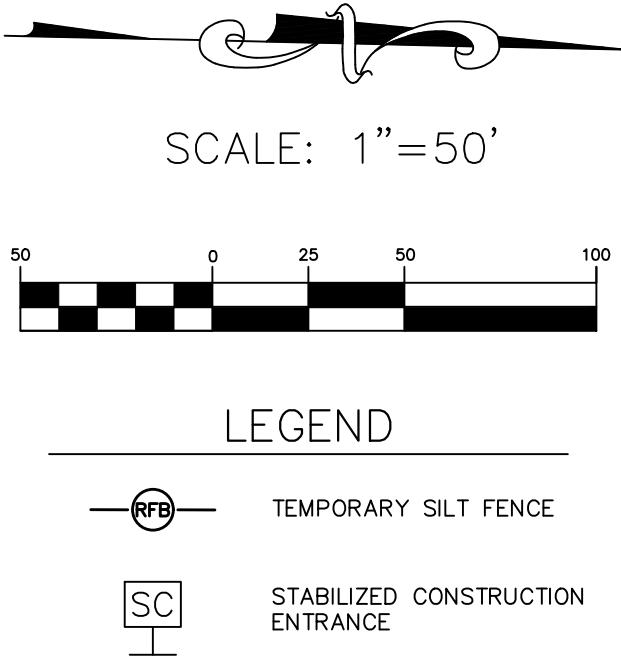
P PEMELTON
40.0 Acres
Vol. 1195, Pg. 565,
D.R.H.C.T.



S.W. SIGRIST
Document No. 2015-2654274,
O.R.H.C.T.

ROEL GARCIA
10.11 ACRES
DOCUMENT NO. 2022-000342
O.R.H.C.T.

R.S. DOWNING
5.22 Acres
Document No. 2005-1491128,
O.R.H.C.T.



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Drawn By: A.R./J.H.
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MERCEDES, TEXAS
BLUE BUNTING SUBDIVISION
EROSION CONTROL PLAN

GUZMAN & MUÑOZ
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MERCEDES, TEXAS

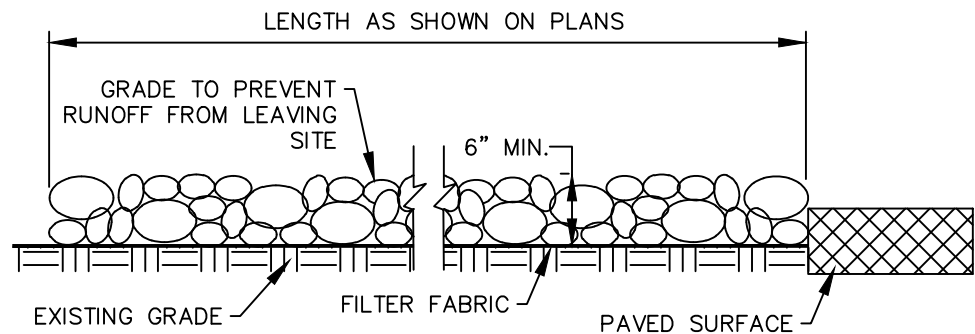
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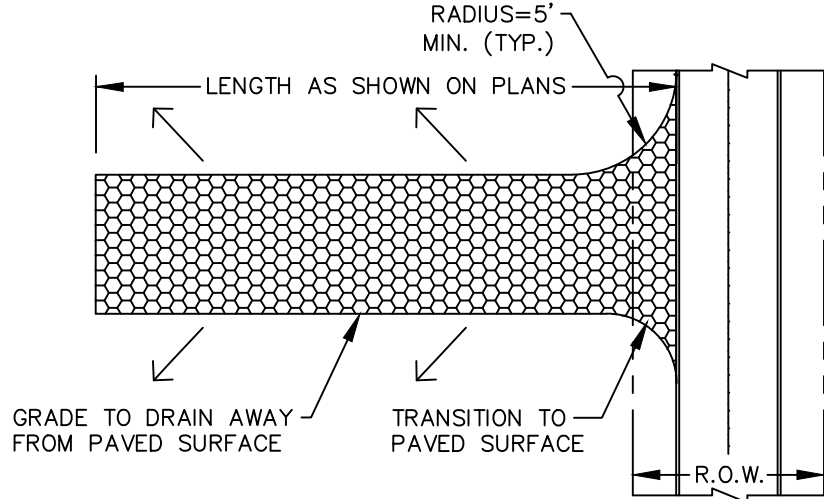
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PROFILE VIEW



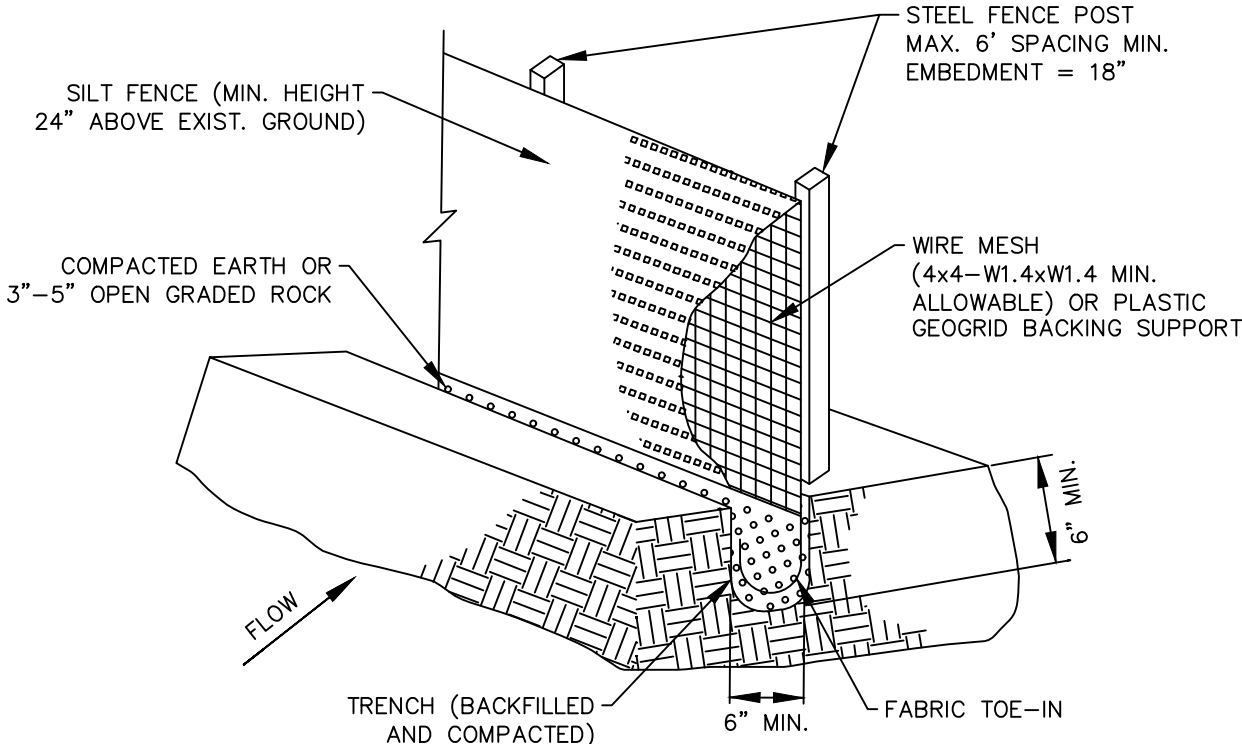
PLAN VIEW

STABILIZED CONSTRUCTION ENTRANCE GENERAL NOTES:

1. LIMIT SITE ACCESS TO ONE ROUTE DURING CONSTRUCTION, IF POSSIBLE; TWO ROUTES FOR LINEAR AND LARGER PROJECTS.
2. PREVENT TRAFFIC FROM AVOIDING OR SHORTCUTTING THE FULL LENGTH OF THE CONSTRUCTION EXIT BY INSTALLING BARRIERS. BARRIERS MAY CONSIST OF SILT FENCE, CONSTRUCTION SAFETY FENCING, OR SIMILAR BARRIERS.
3. DESIGN THE ACCESS POINT(S) TO BE AT THE UPSLOPE SIDE OF THE CONSTRUCTION SITE. DO NOT PLACE CONSTRUCTION ACCESS AT THE LOWEST POINT ON THE CONSTRUCTION SITE.
4. STABILIZED CONSTRUCTION EXITS ARE TO BE CONSTRUCTED SUCH THAT DRAINAGE ACROSS THE EXIT IS DIRECTED TO A CONTROLLED, STABILIZED OUTLET ONSITE WITH PROVISIONS FOR STORAGE, PROPER FILTRATION, AND REMOVAL OF WASH WATER.
5. THE EXIT MUST BE SLOPED AWAY FROM THE PAVED SURFACE SO THAT STORM WATER FROM THE SITE DOES NOT DISCHARGE THROUGH THE EXIT ONTO ROADWAYS.
6. MINIMUM WIDTH OF EXIT SHALL BE 15 FEET.
7. THE CONSTRUCTION EXIT MATERIAL SHALL BE A MINIMUM THICKNESS OF 6 INCHES. THE STONE OR RECYCLED CONCRETE USED SHALL BE 3-5 INCHES IN SIZE WITH LITTLE OR NO FINES.
8. THE GEO-TEXTILE FABRIC MUST MEET THE FOLLOWING CRITERIA:
 - TENSILE STRENGTH, ASTM D4632 TEST METHOD FOR GRAB BREAKING LOAD AND ELONGATION OF GEO-TEXTILES, 300 LBS.
 - PUNCTURE STRENGTH, ASTM D4833 TEST METHOD FOR INDEX PUNCTURE RESISTANCE OF GEO-TEXTILES, GEO-MEMBRANES, AND RELATED PRODUCTS, 120 LBS.
 - MULLEN BURST RATING, ASTM D3786 STANDARD TEST METHOD FOR HYDRAULIC BURSTING STRENGTH OF TEXTILE FABRICS-DIAPHRAM BURSTING STRENGTH TESTER METHOD, 600 PSI.
 - APPARENT OPENING SIZE, ASTM D4751 TEST METHOD FOR DETERMINING APPARENT OPENING SIZE OF A GEO-TEXTILE, U.S. SIEVE NO. 40 MAX.)
9. WHEN NECESSARY, VEHICLES SHALL BE CLEANED TO REMOVE SEDIMENT PRIOR TO ENTRANCE ONTO PUBLIC ROADWAY. WHEN WASHING IS REQUIRED, IT SHALL BE DONE ON AN AREA STABILIZED WITH CRUSHED CRUSHED STONE WITH DRAINAGE FLOWING AWAY FROM BOTH THE STREET AND THE STABILIZED ENTRANCE. ALL SEDIMENT SHALL BE PREVENTED FROM ENTERING ANY STORM DRAIN, DITCH OR WATERCOURSE USING APPROVED METHODS.
10. THE ENTRANCE SHALL BE MAINTAINED IN A CONDITION WHICH WILL PREVENT TRACKING OR FLOWING OF SEDIMENT ONTO PAVED SURFACES. THIS MAY REQUIRE PERIODIC TOP DRESSING WITH ADDITIONAL STONE AS CONDITIONS DEMAND. ALL SEDIMENT SPILLED, DROPPED, WASHED, OR TRACKED ONTO PAVED SURFACES MUST BE REMOVED IMMEDIATELY.

1 STABILIZED CONSTRUCTION ENTRANCE/EXIT

N.T.S.



ISOMETRIC VIEW

SILT FENCE NOTES;

1. STEEL POSTS WHICH SUPPORT THE SILT FENCE SHALL BE INSTALLED WITH A SLIGHT ANGLE TOWARD THE ANTICIPATED RUNOFF SOURCE. POST MUST BE EMBEDDED A MINIMUM OF 18".
2. THE TOE OF THE SILT FENCE SHALL BE TRENCHED IN WITH A SPADE OR MECHANICAL TRENCHER, SO THAT THE DOWNSLOPE FACE OF THE TRENCH IS FLAT AND PERPENDICULAR TO THE LINE OF FLOW. WHERE FENCE CANNOT BE TRENCHED IN WEIGHT FABRIC FLAP WITH WASHED GRAVEL ON UPHILL SIDE, AS NECESSARY, TO PREVENT FLOW UNDER FENCE.
3. THE TRENCH MUST BE A MINIMUM OF 6 INCHES DEEP AND 6 INCHES WIDE TO ALLOW FOR THE SILT FENCE FABRIC TO BE LAID IN THE GROUND AND BACKFILLED.
4. SILT FENCE SHOULD BE SECURLY FASTENED TO EACH STEEL SUPPORT POST OR TO BACKING SUPPORT, WHICH IS IN TURN ATTACHED TO THE STEEL FENCE POST. FABRIC SHALL OERLAP AT ABUTTING ENDS A MINIMUM OF 3 FEET AND SHALL BE JOINED SUCH THAT NO BYPASS OR LEAKAGE OCCURS.
5. INSPECTION SHALL BE MADE WEEKLY OR AFTER EACH RAINFALL. REPAIR OR REPLACEMENT SHALL BE MADE PROMPTLY AS NEEDED.
6. SILT FENCE SHALL BE REMOVED WHEN THE SITE IS COMPLETELY STABILIZED AS NOT TO BLOCK OR IMPEDE STORM FLOW OR DRAINAGE.
7. ACCUMULATED SILT SHALL BE REMOVED WHEN IT REACHES A DEPTH OF 6 INCHES. THE SILT SHALL BE DISPOSED OF IN AN APPROVED SITE AND IN SUCH A MANNER AS TO NOT CONTRIBUTE TO ADDITIONAL SILTATION.

2 TEMPORARY SILT FENCE

N.T.S.

Checked By: J.O.R.

Approved By: J.O.R.

Drawn By: J.H.

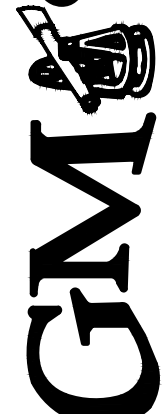
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MERCEDES, TEXAS
BLUE BUNTING SUBDIVISION
EROSION CONTROL DETAILS



GUZMAN & MUÑOZ
ENGINEERING AND SURVEYING, INC.
MERCEDES, TEXAS

2020 E. Expressway 83
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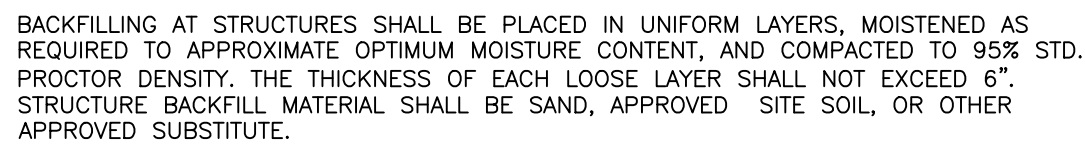
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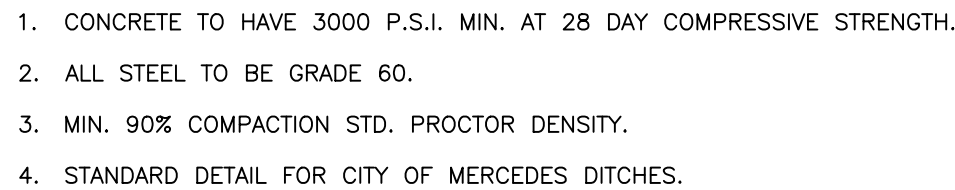
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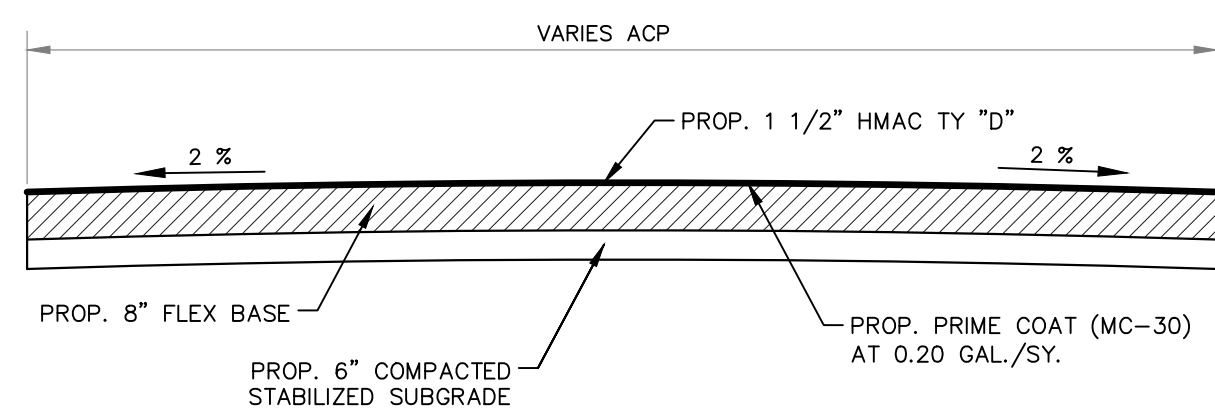
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**MERCEDES, TEXAS
BLUE BUNTING SUBDIVISION**

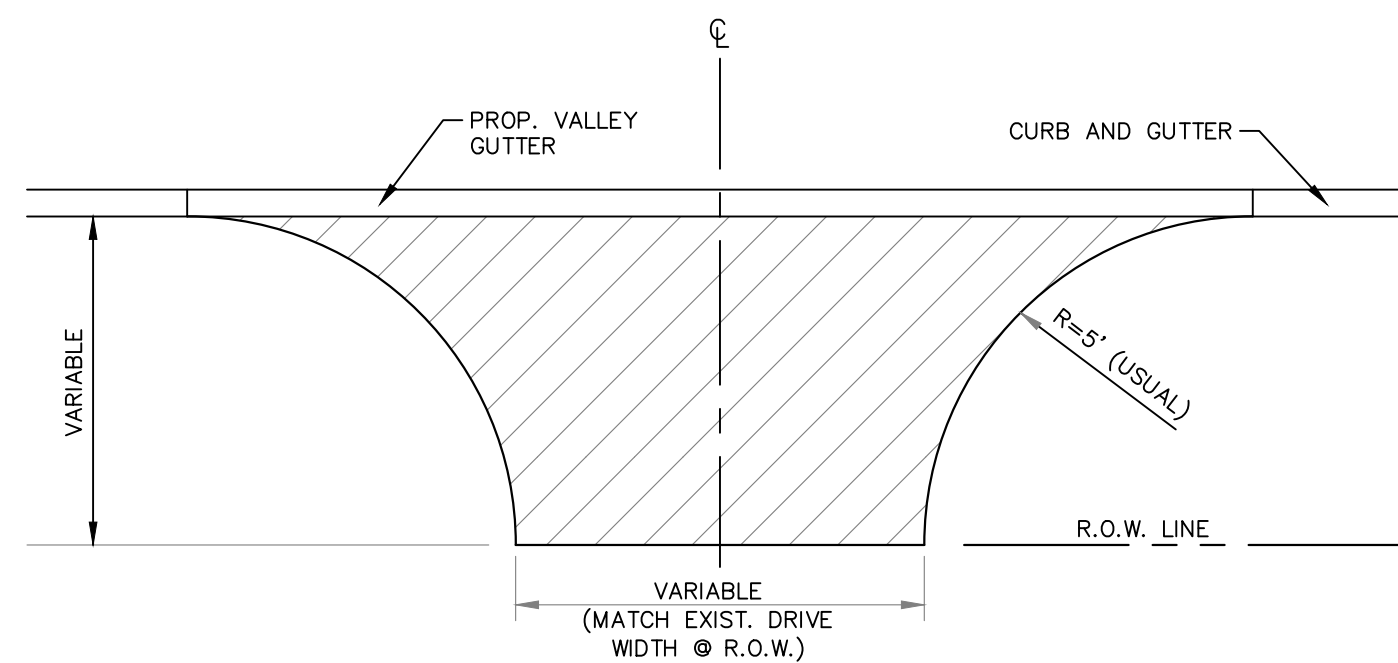
DRAINAGE DETAILS

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PROP. PAVEMENT CROSS-SECTION
PRIVATE ROAD



NOTE:

USE 5" THICKNESS FOR CONCRETE DRIVEWAY
(WITH 6"x 6"x 6 GAUGE WIRE MESH)

USE 1 1/2" HMAC & 6" CALICHE FOR ASPHALT DRIVEWAY.

USE 8" REWORKED CALICHE FOR CALICHE DRIVEWAY

PLAN OF PRIVATE DRIVEWAYS

N.T.S.

[illegible]



RIO GRANDE VALLEY - TX

2415 Mile 6 N

Mercedes, TX 78570

info@bluebuntinglodge.com

bluebuntinglodge.com

Table of Contents

- Mission Statement
- Business Profile
- Keys to Success
- Location
- Management
- Market Analysis
- Pricing and Competition
- Products and Services



Mission Statement

Blue Bunting Lodge aims to bring ecotourism revenue to Mercedes by offering what nobody else in the Rio Grande Valley currently does: high-end, entirely private accommodations in a nature preserve setting. We will bridge the gap between wilderness camping and luxury hotels by creating an ecolodge: short-term, fully-furnished luxury rental cabins built with minimal impact on the native habitat. This is a model that attracts high-end tourists around the globe, but does not currently exist in the Rio Grande Valley.

Our target clients are those members of the national/international birding and butterflying community who don't mind spending more for an environmentally-friendly business offering that unique, immersive experience.



Business Profile

Blue Bunting Lodge will provide the Valley's only high-end lodging in a nature preserve setting and offer nightly rentals of Spanish-style cabins strategically placed on our 10-acre property. Each 435-sf cabin will have all the comforts of home, including one-bedroom, full bath, kitchen and laundry facilities and private outdoor space. The cabins will be well-spaced and screened with vegetation to ensure our guests' privacy. We will offer guided bird and butterfly tours across the Valley, sell lodge merchandise, binoculars and field guides in our gift shop, and showcase/sell artwork by local artists. Our facilities will also include a covered outdoor space that can be rented for photography, weddings, team-building exercises, etc.

The business will create 3 new jobs and bring in a potential \$315K in tourist dollars per year to the City of Mercedes. As the business grows, the number of jobs and tourist dollars brought to the city will grow.



Keys to Success

- Of paramount importance to both the wildlife and our guests will be embracing a nature preserve atmosphere throughout the property. This is an ecolodge, not a subdivision. Subdivision status triggers requirements which would undermine the intimate, park-like setting our target clients expect from an ecolodge. Those requirements include building extra-wide, paved roads, forcing each cabin to have a separate septic system, and adding the only street lights within half a mile. Not only would all these requirements detract significantly from the ecolodge's appeal to our guests and the wildlife they come to see, they create undue obstacles for our small business. Businesses built on our model (multiple structures on a single lot in a natural setting) exist legally and safely elsewhere in Texas, but not here in the Valley.



Keys to Success, continued

- At Blue Bunting Lodge, we are in the process of reclaiming 10 acres of farmland, and returning it to its natural state: Tamaulipan thornscrub. This new patch of native forest will have wooded trails, bird feeding stations and butterfly gardens. Even in the early stages of revegetation, we have attracted over 225 species of birds, and 120 species of butterflies, many of them found nowhere else in the U.S. 150,000 ecotourists come to the Rio Grande Valley every year, spending over \$10 million in the hopes of seeing these very creatures. What will bring those tourists and their tourist dollars to us, and Mercedes, is having nature right outside their front door.
- We will be appealing to green tourists by minimizing our impact to the environment. This will include being solar-powered, offering electric car charging, using only environmentally-friendly products, recycling (including composting), and minimizing water usage by landscaping with drought-tolerant native plants.



I Keys to Success, continued

- Our lodge will also capture some of the Mexican cultural experience by offering our guests Spanish-style cabins with a stucco exterior and tile roof. The interior design of the cabins will also have a Mexican flair, including bold colors and textures, Saltillo tile floors, and Talavera sinks.
- In addition to each cabin's private, outdoor space, we will have a large palapa for outdoor socializing, communal eating, weddings, etc. The palapa will be at the center of the property, nestled into a large butterfly garden.



Location

- When searching for a location for our business, we chose Mercedes for its centralized position. It is a perfect mid-valley location, offering our guests a single home base from Cameron and Hidalgo Counties. Currently, the only local lodging options catering specifically to birders are in the McAllen metro area.



Management

Our experience, both personal and professional, makes us the perfect team to bring success to Blue Bunting Lodge.

- In addition to more than a decade's experience working in the hospitality industry, Jeff Bryant owned and operated his own business for 15 years. This included forecasting, and managing budgets as well as maintaining schedules, vendor relationships and providing exemplary customer service to clients. He has also been an avid birder for 35 years, has been traveling to the Rio Grande Valley to bird for over 25 years and has established himself as a subject matter expert in the local birding and butterflying communities.



Management, continued

- Jeff has already established relationships with naturalists at local State Parks and the National Butterfly Center in Mission. He's also fostered working relationships with many local birding guides. One of the more famous ones, who was on the cover of Texas Monthly Magazine, already features Blue Bunting Lodge in her blog as a local birding hotspot. This networking in the birding community will be invaluable when we are ready to accept guests.
- Roel Garcia has a degree in Business Administration from UT-PA (now UTRGV). He was born and raised in Mercedes and began his career in financial management at several local banks. He then worked for the Texas Legislature creating budgets for state agencies.



Management, continued

- Roel has earned Project Management Professional Certification (PMP). Over the last 23 years, he has enabled and maintained the health of 9-1-1 services nationwide by coordinating with wireless carriers, other telecommunications companies, government agencies and internal teams.
- Both Roel and Jeff have purchased and maintained several rental properties throughout their careers which included budgeting and tracking of revenues and expenses, as well as advertising vacancies and keeping up with maintenance schedules. Our last business venture was a beach house in Washington State. We designed that home, just as we have designed the Blue Bunting Lodge cabins, specifically to appeal to short-term rentals. Thanks to all our reviews, we know exactly what high-end renters value and how to keep them coming back and recommending us to others.



Market Analysis

Blue Bunting Lodge's target market is that subset of the birding and butterflying community who are prepared to spend a bit more for an environmentally-friendly business offering our unique, immersive experience. According to a Texas A&M 2011 study, the average Texas Nature Tourist has an income higher than the average South Texas tourist (most with an annual household income above \$50,000) and generally stays for an average of 19 days during their visit. These tourists are coming not only from the U.S. but from all over the world. The COVID lockdowns of recent years actually increased the portion of the population that self-identifies as birders as people searched for a safe, outdoor past time.



Pricing and Competition

We've reviewed what other lodging outlets that cater to the birding community charge, and factored in the unique experience we will be offering our guests to come up with a sustainable nightly rate for our cabins. While there will always be a place for inexpensive, no-frills accommodations like the Alamo Inn, our personal experience, as well as informal research among visiting birders here in the Valley tells us most are willing to pay more for privacy and updated, upgraded rooms with the convenience of a full kitchen and laundry. Our intended price point of \$175 per night prices us squarely between the only two somewhat comparable local properties: Alamo Inn and the cabin at Peculiar Nest in McAllen. The nearest hotel (the La Quinta on the expressway,) charges a base rate of \$124, without offering private cabins, a serene setting well off the highway, or a private porch from which you might see any of more than 200 bird and 100 butterfly species. Ecolodges we have patronized in other birding hotspots (often in poor countries where cheap lodging abounds) command upwards of \$300/night!



Products and Services

Millions of Americans, mostly birders, spend over \$17 Billion on wildlife-watching travel within the U.S. every year. The LRGV is one of the three hottest destinations in the country for birders, butterflyers, and the fast-growing ranks of dragonfly enthusiasts. The demand is absolutely there, and we intend to attract our share of those ecotourists, and the dollars they will spend, to Mercedes.

Blue Bunting Lodge will not only be Mercedes' only lodging option catering specifically to ecotourists, but a wildlife-watching spot in its own right. Already we have recorded well over 200 bird species on the property, including some rare enough to attract visiting birders. With our list of 126 butterfly species, we're already on the itinerary for the Butterfly Festival tours in November. Our nature preserve setting with small, well spaced structures and minimal lighting and pavement will give us a competitive advantage over other lodging destinations in the Valley. This park-like setting will bring additional birding and butterfly tours to our property to spend the day exploring the grounds of the Blue Bunting Lodge.



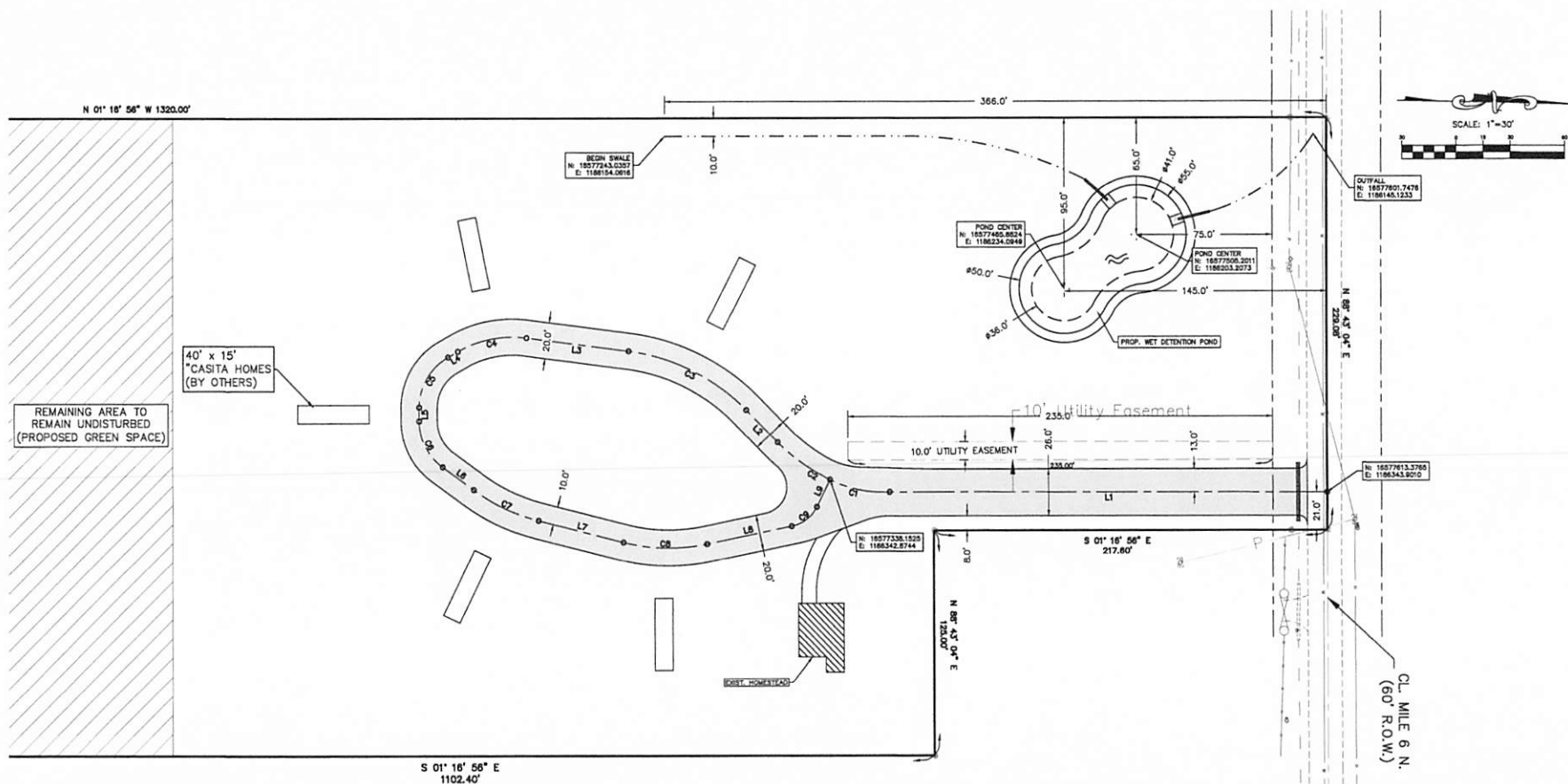
Products and Services, continued

In addition to lodging, we will also offer expert guide services. Co-owner Jeff Bryant is already a bird guide and official butterfly guide for the RGV Butterfly Festival. While there are many national and international tour agencies offering tours of the LRGV, our edge is that we have a local guide, intimately familiar with the area and in close contact with local birders. This means we know not just where the birds usually are but where the most desired species can be found today.

We will be supporting local businesses when buying our logo merchandise (mugs, shirts, caps, fleece wear) for sale in the gift shop. Our shop will also offer essential birding gear, such as field guides and binoculars. Additionally, we've engaged an artist who has created bird-themed cards and bookmarks for sale and paintings, available for purchase, to adorn the cabin walls.







Line Table: Alignments		
Line #	Length	Direction
L1	242.10	S1° 12' 32.41"E
L2	24.99	S44° 45' 20.05"W
L3	57.12	S6° 10' 41.28"W
L4	6.30	S31° 18' 48.61"E
L5	7.63	N88° 43' 03.91"E
L6	21.29	N35° 23' 31.39"E
L7	48.61	N13° 03' 26.43"E
L8	47.61	N13° 10' 27.32"W
L9	16.84	N64° 50' 49.17"W

Curve #	Radius	Length	Chord Direction	DELTA	CHORD DIRECTION	CHORD LENGTH
C1	66.12	39.75	S12° 50' 40.99"W	34.4449	S12° 50' 41"W	S12° 50' 41"W
C2	98.00	8.04	S29° 33' 22.12"E	4.6987	S29° 33' 22"W	S29° 33' 22"W
C3	110.00	74.06	S25° 28' 00.86"W	38.5774	S25° 28' 01"W	S25° 28' 01"W
C4	60.00	39.26	S12° 34' 03.67"E	37.4916	S12° 34' 04"E	S12° 34' 04"E
C5	32.00	33.49	S61° 17' 52.35"E	59.9697	S61° 17' 52"E	S61° 17' 52"E
C6	32.00	39.78	N62° 03' 17.65"E	53.3257	N62° 03' 18"E	N62° 03' 18"E
C7	102.00	39.76	N24° 13' 28.91"E	22.3342	N24° 13' 29"E	N24° 13' 29"E
C8	102.00	46.70	N03° 03' 30.44"W	26.2316	N03° 03' 30"W	N0° 03' 30"W
C9	20.00	10.14	N39° 00' 38.25"W	51.6727	N39° 00' 38"W	N39° 00' 38"W

Checked By:	J.L.M.
Approved By:	J.L.M.
Drawn By:	A.R./J.H.
Date:	JUNE 2023
Revision: DESCRIPTION	DATE
NO.	
PRELIMINARY THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INFORMING YOU ABOUT THE ACTIVITY OF AEGIS OILS PROGRAM, P.E. EXERCISE ON June 18, 2023 IT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, OR POST PURCHASE.	
MERCEDES, TEXAS ELIUE BUNTING SUBDIVISION DIMENSION PLAN	
 G&M GUZMAN & MUÑOZ ENGINEERING AND SURVEYING, INC. MERCEDES, TEXAS Phone: (956) 565-4637 Fax: (956) 565-4636 2020 L. Epperson #3 Mercedes, Texas 78150	
TEXAS REGISTERED ENGINEERING FIRM #E-807 TIFLA FIRM REGISTRATION NO. 10087700	
Project No.	P961
Sheet	4 Of 1

Blue Bunting Lodge Projections

Assumptions: Avg of \$100 utilities per unit per month; \$100 per unit in insurance costs; 1 staff personnel at \$12 per hour (\$2,080/mo)

Potential property valuation \$438,000 City Hotel Tax Rate 0.07
Property Tax Rate 2.8104% Avg spent per person per day 228

Potential property tax \$12,309.55

Mercedes City property tax rate 0.7850%
Potential Mercedes City property taxes \$3,438.30

Per unit expenses include utilities, insurance, maintenance

Monthly net revenue factors in salary for housekeeping services

		Nightly Rate	# of nts rented	Reservation total	Per unit Expenses	Net total revenue	Monthly net revenue for all units	Total tourism dollars spent locally	Hotel taxes (7%)
January	Unit 1	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 2	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 3	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 4	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 5	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
Monthly total							\$14,795.00		
February	Unit 1	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 2	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 3	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 4	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 5	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
Monthly total							\$14,795.00		
March	Unit 1	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 2	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 3	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 4	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 5	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
Monthly total							\$14,795.00		
April	Unit 1	\$175.00	15	\$2,625.00	\$300.00	\$2,325.00		\$6,840	\$183.75
	Unit 2	\$175.00	15	\$2,625.00	\$300.00	\$2,325.00		\$6,840	\$183.75
	Unit 3	\$175.00	15	\$2,625.00	\$300.00	\$2,325.00		\$6,840	\$183.75
	Unit 4	\$175.00	15	\$2,625.00	\$300.00	\$2,325.00		\$6,840	\$183.75
	Unit 5	\$175.00	15	\$2,625.00	\$300.00	\$2,325.00		\$6,840	\$183.75
Monthly total							\$9,545.00		
May	Unit 1	\$175.00	8	\$1,400.00	\$300.00	\$1,100.00		\$3,648	\$98.00
	Unit 2	\$175.00	8	\$1,400.00	\$300.00	\$1,100.00		\$3,648	\$98.00
	Unit 3	\$175.00	8	\$1,400.00	\$300.00	\$1,100.00		\$3,648	\$98.00
	Unit 4	\$175.00	8	\$1,400.00	\$300.00	\$1,100.00		\$3,648	\$98.00
	Unit 5	\$175.00	8	\$1,400.00	\$300.00	\$1,100.00		\$3,648	\$98.00
Monthly total							\$3,420.00		
June	Unit 1	\$175.00	4	\$700.00	\$300.00	\$400.00		\$1,824	\$49.00
	Unit 2	\$175.00	4	\$700.00	\$300.00	\$400.00		\$1,824	\$49.00
	Unit 3	\$175.00	4	\$700.00	\$300.00	\$400.00		\$1,824	\$49.00
	Unit 4	\$175.00	4	\$700.00	\$300.00	\$400.00		\$1,824	\$49.00
	Unit 5	\$175.00	4	\$700.00	\$300.00	\$400.00		\$1,824	\$49.00
Monthly total							-\$80.00		
July	Unit 1	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
	Unit 2	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
	Unit 3	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
	Unit 4	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
	Unit 5	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
Monthly total							-\$3,580.00		
August	Unit 1	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
	Unit 2	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
	Unit 3	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
	Unit 4	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
	Unit 5	\$175.00	0	\$0.00	\$300.00	-\$300.00		\$0	\$0.00
Monthly total							-\$3,580.00		
September	Unit 1	\$175.00	6	\$1,050.00	\$300.00	\$750.00		\$2,736	\$73.50
	Unit 2	\$175.00	6	\$1,050.00	\$300.00	\$750.00		\$2,736	\$73.50
	Unit 3	\$175.00	6	\$1,050.00	\$300.00	\$750.00		\$2,736	\$73.50
	Unit 4	\$175.00	6	\$1,050.00	\$300.00	\$750.00		\$2,736	\$73.50
	Unit 5	\$175.00	6	\$1,050.00	\$300.00	\$750.00		\$2,736	\$73.50
Monthly total							\$1,670.00		
October	Unit 1	\$175.00	10	\$1,750.00	\$300.00	\$1,450.00		\$4,560	\$122.50
	Unit 2	\$175.00	10	\$1,750.00	\$300.00	\$1,450.00		\$4,560	\$122.50
	Unit 3	\$175.00	10	\$1,750.00	\$300.00	\$1,450.00		\$4,560	\$122.50
	Unit 4	\$175.00	10	\$1,750.00	\$300.00	\$1,450.00		\$4,560	\$122.50
	Unit 5	\$175.00	10	\$1,750.00	\$300.00	\$1,450.00		\$4,560	\$122.50
Monthly total							\$5,170.00		
November	Unit 1	\$175.00	12	\$2,100.00	\$300.00	\$1,800.00		\$5,472	\$147.00
	Unit 2	\$175.00	12	\$2,100.00	\$300.00	\$1,800.00		\$5,472	\$147.00
	Unit 3	\$175.00	12	\$2,100.00	\$300.00	\$1,800.00		\$5,472	\$147.00
	Unit 4	\$175.00	12	\$2,100.00	\$300.00	\$1,800.00		\$5,472	\$147.00
	Unit 5	\$175.00	12	\$2,100.00	\$300.00	\$1,800.00		\$5,472	\$147.00
Monthly total							\$6,920.00		
December	Unit 1	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 2	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 3	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 4	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
	Unit 5	\$175.00	21	\$3,675.00	\$300.00	\$3,375.00		\$9,576	\$257.25
Monthly total							\$14,795.00		

Net profit \$78,665.00

Total tourist dollars spent locally by our guests \$316,920

Total Hotel Taxes \$8,513.75



DATE: August 5, 2025
FROM: tvillagomez User, Public Works Director
ITEM: **Discussion and possible action to Approval of Budget Amendment for Equipment Maint./Sidewalk Repair**

BACKGROUND INFORMATION: The Public Works Department is requesting a budget transfer to allocate additional funds to the following line items: Equipment Maintenance, Sidewalk Supplies, and Street Sign Supplies. These funds are needed to support the installation of a new sidewalk along Florida Street and to purchase signage materials for 3rd Street, which is being converted to a one-way street.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue): **Account Number(s):**
\$

Finance Review by: Yes

LEGAL REVIEW: Not Applicable

ATTACHMENTS:

1. Budget Amendment for Aug 5th City Meeting

STAFF RECOMMENDATION: Authorize the requested budget transfer to ensure timely completion of these infrastructure improvements.



CITY OF MERCEDES
BUDGET AMENDMENT



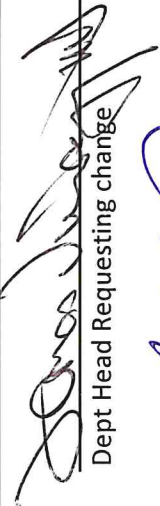
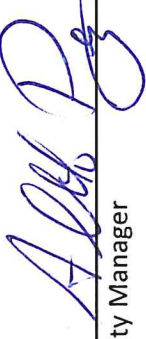
FUND: 01 BUDGET AMENDMENT#

DEPARTMENT: PUBLIC WORKS DATE POSTED:

Fund	G/L ACCT#	DESCRIPTION	Approved Budget	(Decrease)	Add	Amended Budget
01	528-3070	SWEEPER BURSHES	5,000.00	(2,820.80)		2,179.20
01	528-3041	EQUIP. SUPPLIES	5,700.00	(2,400.00)		3,300.00
01	528-2530	LIGHTS	5,000.00	(4,000.00)		1,000.00
01	528-2520	EQUIP. MAINT.	15,000.00		9,220.80	24,220.80
						-
01	528-3020	S-CHEMICALS	18,000.00	(6,000.00)		12,000.00
01	528-2521	CHRISTMAS MAINT.	8,000.00	(2,000.00)		6,000.00
01	528-2546	SIDEWALK	50,000.00		8,000.00	58,000.00
						-
						-

Justification/Explanation for change:
TRANSFER OF FUNDS REQUESTED TO COVER THE EXPENSE FOR EQUIPMENT MAINT. THAT IS NEEDED

TRANSFER OF FUNDS REQUESTED TO COVER THE EXPENSE TO INSTALL NEW SIDEWALK FROM 10TH TO 5TH ST. OF FLORIDIA


Dept Head Requesting change

City Manager
Approved: _____
Finance Dept
Mayor



FUND: 01 BUDGET AMENDMENT# _____

DEPARTMENT: PUBLIC WORKS

DATE POSTED: _____

[illegible]

Justification/Explanation for change:

PUBLIC WORKS IS REQUESTING TO TRANSFER FUND FOR THE ADVERTSMNT FOR CONVERTING 3RD ST TO ONE-WAY FROM TEXAS

TO OHIO AND TO REPLACE SIGNS THROUGH OUT THE CITY


Dept Head Requesting change

Finance Dept

Approved: AKB/ez
City Manager

Mayor

DATE: August 5, 2025
FROM: Javier Campos, Fire Chief
ITEM: **Discussion and possible action to Discussion and Possible Action to Approve a Memorandum of Agreement (MOA) Between the City of Mercedes and FEMA for Participation in the Integrated Public Alert and Warning System (IPAWS)**

BACKGROUND INFORMATION: The City of Mercedes Emergency Management Office seeks to formalize an agreement with the Federal Emergency Management Agency (FEMA) to participate in the Integrated Public Alert and Warning System (IPAWS). IPAWS is a national system for local alerting that enables authorized officials to send emergency alerts and warnings to the public through multiple communication pathways, including radio, cellular networks, and internet services.

Once approved by TDEM and FEMA, this MOA is a critical step in enhancing the city's capabilities in emergency communication and public safety. Participation in IPAWS allows the City of Mercedes to issue timely and effective alerts during emergencies, such as severe weather events, hazardous material incidents, and other critical public safety threats.

BOARD REVIEW/CITIZEN FEEDBACK: (Let us know if this was approved or denied by a board)

ALTERNATIVES/OPTIONS: (If your recommendation isn't approved, do you have another option that can be approved)

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):

Account Number(s):

\$ 0

Finance Review by: (Has finance reviewed it to make sure we have the funds Yes/No/Not Applicable)

LEGAL REVIEW: Yes

ATTACHMENTS:

1. For_City_of_Mercedes_-_IPAWS_COG_MOA_for_Sign

STAFF RECOMMENDATION: The City of Mercedes Emergency Management Office recommends approval of the Memorandum of Agreement between the City of Mercedes and

FEMA IPAWS. This agreement will significantly enhance the city's ability to communicate with the public during emergencies and aligns with our ongoing commitment to improving emergency preparedness and response.

Memorandum of Agreement between the City of Mercedes

and the



Federal Emergency Management Agency Integrated Public Alert and Warning System (IPAWS) Program Management Office

Regarding the use of: City of Mercedes Interoperable System(s) and IPAWS OPEN Platform for Emergency Networks (IPAWS-OPEN)

Version 4.8

07/18/2025

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Document Change History

Version	Date	Author	Description
4.0	06/13/2019	Al Kenyon	Updated COG MOA with stakeholders' input
4.1	06/13/2019	Al Kenyon	Delete CISO and CIO signature blocks per CIO Corrected IPAWS Suite #, Zipcode
4.2	6/20/2019	Gustavo Barbet Jr	Fixed grammatical errors and made minor wording changes throughout document
4.3	9/6/2019	Mark Lucero	Changes to Section 3.0 from paragraph to bullet format
4.4	1/31/2020	Gustavo Barbet Jr	Updated FEMA CISO POC
4.5	6/30/2020	Gustavo Barbet Jr	Updated FEMA CISO POC
4.6	10/15/2020	Mark Lucero, Al Kenyon, Justin Singer	Authority Section, Version History Page, and Footer Updates
4.7	5/24/21	Mark Lucero	Update AWS Cloud, IPAWS-OPEN Tech Lead
4.8	4/26/2022	Gustavo Barbet Jr	Updated FEMA CISO POC

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MEMORANDUM OF AGREEMENT

1.0 SUPERSEDES: TX City of Mercedes signed //

2.0 INTRODUCTION

The purpose of this memorandum is to establish a management agreement between the City of Mercedes hereinafter referred to as the Collaborative Operating Group (COG), and the Federal Emergency Management Agency (FEMA) IPAWS Program regarding the utilization and security of City of Mercedes Interoperable System(s) (as shown in Appendix A), which interoperate with the IPAWS-Open Platform for Emergency Networks (IPAWS-OPEN). The expected benefit is to enable information interoperability across emergency response organizations and systems as intended by the FEMA IPAWS Program.

This agreement will govern the relationship between the Collaborative Operating Group and FEMA, including designated managerial and technical staff and system users associated with the aforementioned COG. As indicated within the terms of this agreement, both parties agree to allow system interoperability through the use of SOAP over HTTPS via the public internet. Under this agreement, no direct or networked connection using VPN (or equivalent technology) between the systems named in Appendix A and IPAWS-OPEN is allowed. In the event a direct connection is required, an Interconnection Security Agreement must be executed.

3.0 AUTHORITY

This agreement is authorized under the following authorities and regulations:

- Section 706 of 47 U.S.C. 666, The War Powers Act: Provides for Presidential Access to commercial communications during “a state of public peril or disaster or other national emergency”
- Public Law 93-288, The Stafford Act. Sec. 202. Disaster Warning: Directs FEMA to provide technical assistance to State and local governments to ensure that timely and effectively disaster warning is provided
- Public Law 114-143, The IPAWS Modernization Act: Enacts to law the policy statement and similar requirements found in Executive Order 14307
- Sec. 202. Disaster Warning: Directs FEMA to provide technical assistance to State and local governments to ensure that timely and effectively disaster warning is provided
- Executive Order 13407 of June 26, 2006, Public Alert and Warning System: Established as policy the requirement for the United State to have an effective, reliable, integrated, flexible, and comprehensive system to alert and warn the American people
- 47 CFR Part 10, Wireless Emergency Alert (WEA): Provide for alert and warning to devices on wireless carrier networks
- 47 CFR Part 11, Emergency Alert System (EAS): Provide for alert and warning over TV and radio broadcast

4.0 BACKGROUND

It is the intent of both parties to this agreement to establish and utilize a standardized web based application interface (as defined by the IPAWS-OPEN Web Service Interface Design Guidance) between the information technology (IT) systems shown below to facilitate the exchange of emergency messages within the production environment. The testing of the interoperability of these systems has been performed through the use of FEMA's Test and Development environment to ensure the transference and receipt of emergency messages using approved messaging standards. The interoperability between these systems is supported by the use of SOAP over HTTPS via the public internet.

5.0 COMMUNICATIONS

Frequent formal communications are essential to ensure the successful management and operation of system interoperability. Both parties agree to maintain open lines of communication between designated staff (as indicated in Appendix B) at both the managerial and technical levels. All communications described herein must be conducted in writing and may be disseminated by electronic means unless otherwise noted.

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The owners of the respective systems agree to designate and provide contact information for technical leads for their respective systems, and to facilitate direct contacts between technical leads to support the management and operation of system interoperability. To safeguard the confidentiality, integrity, and availability of the systems and the data they store, process, and transmit, both parties agree to provide notice of specific events within the timeframes indicated below:

- **Security Incidents:** Technical, administrative and/or help desk staff will immediately notify their designated counterparts by telephone or e-mail when a security incident(s) is detected and/or a violation of the Rules of Behavior (see Appendix C) has been identified. Both parties agree to make the appropriate technical and administrative individuals available for all necessary inquiries and/or investigations. Containment and/or resolution procedures will be documented by the identifying party and after-action reports generated and submitted to the system owner and/or designated security officials within five (5) business days after detection of the incident(s).
- **Disasters and Other Contingencies:** The FEMA IPAWS Program Office will notify the COG by telephone, e-mail or other acceptable means in the event of a disaster or other contingency that disrupts the normal operation of IPAWS-OPEN.
- **System Interconnections:** This MOA is intended for systems interoperating with IPAWS-OPEN using SOAP over HTTPS via the public Internet. If in the future, an interconnection (i.e. dedicated system-to-system connection) is required to IPAWS-OPEN, this MOA must be updated and an Interconnection Security Agreement (ISA) must be executed. If a change in status from interoperating to interconnected system is required, the initiating party will notify the other party at least 3 months before the planned interconnection is to be in place.
- **Discontinuation of Use:** In the event the use of IPAWS-OPEN is no longer required, the COG agrees to immediately notify, in writing, the FEMA IPAWS Program Office at which time the COGID and associated access credentials will be deactivated.
- **Personnel Changes:** Both parties agree to provide notification of changes to their respective system owner or technical lead. In addition, both parties will provide notification of any changes in the point of contact information provided in Appendix B. All relevant personnel changes and changes to contact information must be provided within 5 business days of the change.

6.0 TYPE OF INTERCONNECTIVITY

Both parties agree that the COG will utilize only the assigned COGID, associated credentials and digital certificates provided by the FEMA IPAWS Program Office to support interoperability between the system(s) listed in Appendix A and IPAWS-OPEN. In addition, all interoperable systems must be configured to interface with IPAWS-OPEN over the public Internet using only approved web service standards and associated requirements. A listing of approved web service standards and supporting requirements can be obtained from the IPAWS-OPEN Web Service Interface Design Guidance document.

In the event, a dedicated connection is required, both parties will agree to negotiate and execute an Interconnection Security Agreement (ISA) as required per Department of Homeland Security (DHS) policy which must be signed by all required parties before the interconnection is activated. Proposed changes to either system that affect system interoperability will be reviewed and evaluated to determine the potential impact. If the proposed changes impact the agreed upon terms, the MOA will be renegotiated and executed before changes are implemented.

7.0 SECURITY

To ensure the joint security of the systems and the message data they store, process, and transmit, both parties agree to adhere to and enforce the Rules of Behavior (as specified in Appendix C). In addition, both parties agree to the following:

- Ensure authorized users accessing the interoperable system(s) receive, agree to abide by and sign (electronically or in paper form) the IPAWS-OPEN Rules of Behavior as specified in Appendix C. Each jurisdiction is responsible for keeping the signed Rules of Behavior on file or stored electronically for each system user.

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- Utilize FEMA approved PKI certificates to digitally sign messages as they are transported over the public Internet.
- Certify that its respective system is designed, managed and operated in compliance with all relevant federal laws, regulations, and policies.
- Document and maintain jurisdictional and/or system specific security policies and procedures and produce such documentation in response to official inquiries and/or requests.
- Provide physical security and system environmental safeguards for devices supporting system interoperability with IPAWS-OPEN.
- Ensure physical and logical access to the respective systems as well as knowledge of the COGID and associated access criteria are only granted to properly vetted and approved entities or individuals.
- Where applicable, ensure that only individuals who have successfully completed FEMA-required training can utilize the interoperable systems to issue alerts and warnings intended for distribution to the public.
- Where applicable, document and maintain records of successful completion of FEMA-required training and produce such documentation in response to official inquiries and/or requests.

8.0 PROFICIENCY DEMONSTRATION

Once enabled, each COG operating under this agreement must demonstrate their ability to compose and send a message through the IPAWS-OPEN system at regular intervals. Such demonstration must be performed on a monthly basis through generation of a message successfully sent through the IPAWS-OPEN Training and Demonstration environment.

9.0 ASSOCIATED SOFTWARE REQUIREMENTS

The COG will need to select a software package which will allow the COG to properly populate a Common Alerting Protocol (CAP) message which complies with both the *OASIS Common Alerting Protocol Version 1.2* and the *OASIS Common Alerting Protocol, v. 1.2 USA Integrated Public Alert and Warning System Profile Version 1.0*. With respect to the software and the software vendor selected FEMA expects the selected software to provide the following minimum critical capabilities and services:

- Permissions:
 - The ability to assign and manage user permissions; and
 - The ability to retrieve and view IPAWS Alerting Permissions
- Proficiency:
 - The provision of vendor support, to include user training, and around the clock technical support; and
 - The ability to submit both live and test digital certificates, with clear, easily identifiable information that indicates the environment to which the software is pointed (Live or Test)
- User Interface:
 - The provision of an intuitive user interface, to include help menus; and
 - The ability to notify the user of digital certificate expiration; and
 - The ability to constrain event types and geocodes to user permissions; and
 - The ability to send one alert to multiple channels; and
 - The provision of displays that show required fields based on selected channel; and
 - The ability to pre-populate fields to the greatest extent possible; and
 - The ability to support templates; and
 - The ability to create a polygon or circle, of less than 100 nodes; and

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- The ability to update or cancel an alert, without having to reenter all of the data; and
- The ability to alert the end user if a software license has expired; and
- Clear explanations if alert information is case sensitive when entered
- Confirmation and Error Checking:
 - The ability to pre-check an alert message for errors, prior to sending; and
 - The ability to create free-form 90-character WEA text, while preventing prohibited characters; and
 - The provision to IPAWS of alert status codes for any sent alert, with a clear definition of whether the codes are advice codes or error codes, along with the meaning of those codes; and
 - The provision of user confirmation of connectivity to IPAWS; and
 - The ability for users to see alert history and/or logs

10.0 COST CONSIDERATIONS

This agreement does not authorize financial expenditures by the COG on behalf of FEMA. The FEMA IPAWS Program is responsible for the costs associated with developing, operating and maintaining the availability of the IPAWS-OPEN system. The COG is responsible for all costs related to providing their users with access to IPAWS-OPEN via the public Internet. These costs may include hardware, software, monthly Internet charges, completion of security awareness training and other related jurisdictional costs.

11.0 PROPERTY OWNERSHIP

Each Party agrees and acknowledges that nothing in this Agreement shall be construed as giving a party any proprietary rights in or to the intellectual property of the other party. Each Party further agrees that nothing in this Agreement shall be construed as creating or granting to a party any implied or express license in or to the intellectual property of the other party.

12.0 TIMELINE

This agreement will remain in effect based on the life of the Authority to Operate (ATO) for IPAWS-OPEN or a maximum of three (3) years after the last date on either signature in the signature block below. Upon expiration of the IPAWS-OPEN ATO or after three (3) years (whichever comes first), this agreement will expire without further action and system access privileges will be revoked. If the parties wish to extend this agreement, they may do so by reviewing, updating, and reauthorizing this agreement. This agreement supersedes all earlier agreements, which should be referenced above by title and date. If one or both of the parties wish to terminate this agreement prematurely, they may do so upon 30 days' advanced notice or in the event of a security incident that necessitates an immediate response. This agreement may be suspended by FEMA for failure to perform the Proficiency Demonstration for two consecutive months. A suspended COG may be reinstated upon a completion of a successful Proficiency Demonstration.

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SIGNATORY AUTHORITY

I agree to the terms of this Memorandum of Agreement. Noncompliance on the part of either organization or its users or contractors concerning the policies, standards, and procedures explained herein may result in the immediate termination of this agreement.

City of Mercedes Official

Name: Javier Campos Jr.

Title: Fire Chief/EMC

Federal Emergency Management Agency

IPAWS-OPEN System Owner

Name: Al Kenyon

Title: IPAWS Customer Support Branch Chief

(Signature

Date)

City of Mercedes

105 N. Ohio Ave

Mercedes

TX-78570

(Signature

Date)

Attn: IPAWS-OPEN System Owner, Suite 5NW-0309

Federal Emergency Management Agency

500 C Street SW

Washington, D.C. 20472-3153

Appendix A

Listing of Interoperable Systems

The FEMA IPAWS Program recognizes that Emergency Management organizations may utilize multiple tools to facilitate the emergency management process. As a result, jurisdictions may need to interoperate with IPAWS-OPEN using more than one system. In order to comply with DHS policy, all systems interoperating with IPAWS-OPEN must be documented and supported by a Memorandum of Agreement. As a result, this appendix must be completed to identify all systems associated with the COG and used for interoperating with IPAWS-OPEN. This Appendix must be amended as applicable systems are added or removed from operations.

• IPAWS-OPEN

Function:	IPAWS-OPEN is the backbone system that structures the alert and distributes the message from one interoperating and/or interconnected system (message sender) to another interoperating and/or interconnected system (message recipient).
Location:	AWS GovCloud (US) East Region, West Region
Description of data, including sensitivity or classification level:	Messaging data is considered Sensitive But Unclassified (SBU) information and does not contain Personally Identifiable Information (PII), Financial data, Law Enforcement Sensitive Information or classified information. Each message that flows through the IPAWS-OPEN system will be associated to a specifically assigned system User ID and COGID as captured within the message elements. This information will be retained in system logs.

The systems listed below are managed and operated by the COG and are subject to the terms defined within the Memorandum of Agreement including the Rules of Behavior in Appendix C. Each interoperable system will be assigned unique authentication credentials, which must be protected by the COG. In the event these credentials are compromised, the COG is expected to immediately contact the FEMA IPAWS Program Management Office. The systems listed below are only allowed to interoperate with IPAWS-OPEN based on the criteria set forth within the IPAWS-OPEN Web Service Interface Design Guidance.

CivicReady

Function	Location	Description of data, including sensitivity or classification level
	Manhattan, KS;	

**Add additional tables as needed.*

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Appendix B

COG Point of Contact Information

Designated COG Primary Point of Contact:

Name: Javier Campos Jr.

Title: Fire Chief/EMC

Business Email Address: jcampos@cityofmercedes.com

Primary Phone Number: 956 565-7755 x302

Alternate Phone Number:

Organization: City of Mercedes

Mailing Address: 105 North Ohio Avenue

Mercedes, TX, 78570

Designated Alternate Point of Contact:

Name: Michael Rocha

Title: IT Director

Business Email Address: mrocha@cityofmercedes.com

Primary Phone Number: 9565653114

Alternate Phone Number:

Organization: TX City of Mercedes

Mailing Address:

, ,

Designated Technical Point of Contact:

Name: Michael Rocha

Title: IT Director

Business Email Address: mrocha@cityofmercedes.com

Primary Phone Number: 9565653114

Alternate Phone Number:

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Organization: City of Mercedes**Mailing Address:**

”

**FEMA: Integrated Public Alert and Warning System
Open Platform for Emergency Networks (IPAWS-OPEN)**

Contact Name	Contact Number	Email Address	Summary of System Responsibilities
Charles Armstrong	202-975-8348	charles.armstrong@fema.dhs.gov	Chief Information Officer
Dr. Gregory Edwards	202.374.5392	Gregory.edwards@fema.dhs.gov	Chief Information Security Officer
May Wu	202-212-4735	jian-mei.wu@fema.dhs.gov	IPAWS Systems Engineer
Gustavo Barbet	202-212-3586	gustavo.barbet@associates.fema.dhs.gov	IPAWS Information System Security Officer
Cameron Hayes	720-838-1621	cameron.hayes@associates.fema.dhs.gov	IPAWS Developer Lead

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Appendix C

IPAWS-OPEN Rules of Behavior

1.0 INTRODUCTION

The following rules of behavior apply to all persons with application access to City of Mercedes Interoperable System(s) and/or who have been issued a COGID with associated credentials for IPAWS-OPEN. These individuals shall be held accountable for their actions related to the information resources entrusted to them and must comply with the following rules or risk losing their access privileges. The Rules of Behavior apply to users on official travel as well as at their primary workplace (e.g., Emergency Operations Center – EOC) and at any alternative workplace (e.g., telecommuting from a remote or satellite site) using any electronic device including laptop computers and portable electronic devices (PED's). PED's include personal digital assistants (PDA's) (e.g. Palm Pilots), cell phones, text messaging systems (e.g., Blackberry), and plug-in and wireless peripherals that employ removable media (e.g. CDs, DVDs, etc.). PEDs also encompass USB flash memory (thumb) drives, external drives, and diskettes. These Rules of Behavior are consistent with existing DHS policies and DHS Information Technology (IT) Security directives and are intended to enhance the awareness of each user's responsibilities regarding accessing, storing, receiving and/or transmitting information using IPAWS-OPEN.

2.0 APPLICATION RULES

2.1 Official Use

- IPAWS-OPEN is a Federal application to be used only in the performance of the user's official duties in support of public safety as described in the National Incident Management System (NIMS).
- The use of the IPAWS-OPEN for unauthorized activities is prohibited and could result in verbal or written warning, loss of access rights, and/or criminal or civil prosecution.
- By utilizing IPAWS-OPEN, the user of the interoperable system(s) consents to allow system monitoring to ensure appropriate usage for public safety is being observed.
- City of Mercedes will be held accountable for safeguarding all configuration items and information entrusted to them by FEMA. City of Mercedes is expected to manage the relationship with supporting vendors, consultants and any other entities providing system support on their behalf. In addition, City of Mercedes will be held accountable in the event of a security breach or disclosure of sensitive configuration information such as digital certificates. City of Mercedes understands that the use of digital signatures, used on their behalf, is binding and City of Mercedes will be held accountable accordingly. In the event sensitive information is mishandled, utilization of IPAWS-OPEN may be immediately revoked by FEMA.
- If software interoperating with IPAWS-OPEN enables users to geo-target public alert messages by means of geospatial polygons or circles, then the user shall restrict any such geospatial boundaries so as to remain within the geographical limits of their public warning authority (or as near as possible), as determined by applicable state and/or local laws and duly adopted operational plans.

2.2 Access Security

- All Email addresses provided in connection with interoperable system(s) user accounts must be associated to an approved email account assigned by the user's emergency management organization. The use of personal email accounts to support emergency messaging through IPAWS-OPEN is prohibited.
- Upon approval of the MOA by FEMA, a COG account with COGID and Digital Certificate will be created and issued to the designated technical representative. All individuals with knowledge of these credentials must not share or alter these authentication mechanisms without explicit approval from the FEMA IPAWS Program.

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- Every interoperable system user is responsible for remote access security as it relates to their use of IPAWS-OPEN and shall abide by these Rules of Behavior.

2.3 Interoperable System User Accounts and Passwords

- All users must have a discrete user account ID which cannot be the user's social security number. To protect against unauthorized access, passwords linked to the user ID are used to identify and authenticate authorized users.
- Accounts and passwords shall not be transferred or shared. The sharing of both a user ID and associated password with anyone (including administrators) is prohibited.
- Accounts and passwords shall be protected from disclosure and writing passwords down or electronically storing them on a medium that is accessible by others is prohibited.
- The selection of passwords must be complex and shall:
 - Be at least eight characters in length
 - Contain a combination of alphabetic, numeric and special characters
 - Not the same as any of the user's previous 8 passwords.
- Passwords shall not contain any dictionary word.
- Passwords shall not contain any proper noun or the name of any person, pet, child, or fictional character. Passwords shall not contain any employee serial number, Social Security number, birth date, phone number, or any information that could be readily guessed about the creator of the password.
- Passwords shall not contain any simple pattern of letters or numbers, such as "qwerty" or "xyz123".
- Passwords shall not be any word, noun, or name spelled backwards or with a single digit appended, or with a two-digit "year" string, such as 98xyz123.
- Pass phrases, if used in addition to or instead of passwords, should follow the same guidelines.
- Passwords shall not be the same as the User ID.
- Users shall either log off or lock their workstations when unattended.
- Workstations shall be configured to either log off, or activate a password-protected lock, or password-protected screensaver within fifteen (15) minutes of user inactivity.
- Locked sessions shall remain locked until the user re-authenticates.
- Workstations shall be protected from theft.
- A user's account shall be automatically locked after three consecutive failed logon attempts.
- The automatic lockout period for accounts locked due to failed login attempts shall be set for a minimum of twenty (20) minutes.
- A process shall exist for manually unlocking accounts prior to the expiration of the twenty (20) minute period, after sufficient user identification is established.
- Sessions shall automatically be terminated after sixty (60) minutes of inactivity.
- Users are required to change their passwords at least once every 90 days.

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- Passwords must be promptly changed whenever a compromise of a password is known or suspected.

2.4 Integrity Controls & Data Protection

- All computer workstations accessing IPAWS-OPEN must be protected by up-to-date anti-virus software. Virus scans must be performed on a periodic basis and when notified by the anti-virus software.
- Users accessing interoperable system(s) to utilize IPAWS-OPEN must:
 - Physically protect computing devices such as laptops, PEDs, blackberry devices, smartphones, etc;
 - Protect sensitive data sent to or received from IPAWS-OPEN;
 - Not use peer-to-peer (P2P) file sharing, which can provide a mechanism for the spreading of viruses and put sensitive information at risk;
 - Not program computing devices with automatic sign-on sequences, passwords or access credentials when utilizing IPAWS-OPEN.

Users may not provide personal or official IPAWS-OPEN information solicited by e-mail. If e-mail messages are received from any source requesting personal information or asking to verify accounts or other authentication credentials, immediately report this and provide the questionable e-mail to the Local System Administrator and/or the City of Mercedes Help Desk.

- Only devices officially issued through or approved by DHS, FEMA and/or approved emergency management organizations are authorized for use to interoperate with IPAWS-OPEN and use of personal devices to access and/or store IPAWS-OPEN data and information is prohibited.
- If a Blackberry, smartphone or other PED is used to access the interoperable system(s) to utilize IPAWS-OPEN, the device must be password protected and configured to timeout or lock after 10 minutes of inactivity.
- If sensitive information is processed, stored, or transmitted on wireless devices, it must be encrypted using approved encryption methods.

2.5 System Access Agreement

- I understand that I am given access to the interoperable system(s) and IPAWS-OPEN to perform my official duties.
- I will not attempt to access data, information or applications I am not authorized to access nor bypass access control measures.
- I will not provide or knowingly allow other individuals to use my account credentials to access the interoperable system(s) and IPAWS-OPEN.
- To prevent and deter others from gaining unauthorized access to sensitive resources, I will log off or lock my computer workstation or will use a password-protected screensaver whenever I step away from my work area, even for a short time and I will log off when I leave for the day.
- To prevent others from obtaining my password via “shoulder surfing”, I will shield my keyboard from view as I enter my password.
- I will not engage in, encourage, or conceal any hacking or cracking, denial of service, unauthorized tampering, or unauthorized attempted use of (or deliberate disruption of) any data or component within the interoperable system(s) and IPAWS-OPEN.
- I agree to inform my Local System Administrator when access to the interoperable system(s) and/or

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IPAWS-OPEN is no longer required.

- I agree that I have completed Computer Security Awareness training as may be required by my jurisdiction prior to my initial access to the interoperable system(s) and IPAWS-OPEN and that as long as I have continued access, I will complete Computer Security Awareness training on an annual basis. If my jurisdiction does not provide Computer Security Awareness training, I will complete the FEMA self-study course *IS-906: Workplace Security Awareness* (<https://training.fema.gov/is/courseoverview.aspx?code=IS-906>) on an annual basis.

2.6 Accountability

- I understand that I have no expectation of privacy while using any services or programs interoperating with IPAWS-OPEN.
- I understand that I will be held accountable for my actions while accessing and using interoperable system(s) and IPAWS-OPEN, including any other connected systems and IT resources.
- I understand it is my responsibility to protect sensitive information from disclosure to unauthorized persons or groups.
- I understand that I must comply with all software copyrights and licenses pertaining to the use of IPAWS-OPEN.

2.7 Incident Reporting

- I will promptly report IT security incidents, or any incidents of suspected fraud, waste or misuse of systems to the Local System Administrator and/or the City of Mercedes Help Desk.

3.0 IPAWS-OPEN Rules of Behavior Statement of Acknowledgement

I have read and agree to comply with the requirements of these Rules of Behavior. I understand that the terms of this agreement are a condition of my initial and continued access to City of Mercedes Interoperable System(s) and IPAWS-OPEN and related services and that if I fail to abide by the terms of these Rules of Behavior, my access to any and all IPAWS-OPEN information systems may be terminated and I may be subject to criminal or civil prosecution. I have read and presently understand the above conditions and restrictions concerning my access.

Printed Name (as listed in Appendix B): Javier Campos Jr.

Signature:

Date:

Management Items

DATE: August 5, 2025
FROM: Javier Campos, Fire Chief
ITEM: **Discussion and possible action to Approval of the City of Mercedes Policy on the Use and Notification of FEMA IPAWS**

BACKGROUND INFORMATION: The City of Mercedes Office of Emergency Management is requesting City Commission approval of the City of Mercedes Policy on the Use and Notification of FEMA Integrated Public Alert and Warning System (IPAWS). This policy establishes formal guidelines for the use of IPAWS by authorized personnel to issue timely and effective public warnings in the event of emergencies or significant public safety threats.

Approval of this policy is also a required step in the application process to obtain state authorization to access FEMA IPAWS. The policy must be submitted to the Texas Division of Emergency Management (TDEM) for review and inclusion with the city's IPAWS application.

BOARD REVIEW/CITIZEN FEEDBACK: (Let us know if this was approved or denied by a board)

ALTERNATIVES/OPTIONS: (If your recommendation isn't approved, do you have another option that can be approved)

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):
\$ 0

Account Number(s):

Finance Review by: (Has finance reviewed it to make sure we have the funds Yes/No/Not Applicable)

LEGAL REVIEW: Yes

ATTACHMENTS:

1. IPAWS Policy

STAFF RECOMMENDATION: The City of Mercedes Emergency Management Coordinator recommends that the City Commission approve the attached City of Mercedes Policy on the Use and Notification of FEMA IPAWS to formalize emergency communication protocols, meet FEMA and TDEM requirements, and advance the city's application for IPAWS access.



City of Mercedes Policy on the Use of the FEMA Integrated Public Alert and Warning System (IPAWS)

Purpose: The purpose of this policy is to establish guidelines for the use of the FEMA Integrated Public Alert and Warning System (IPAWS) by the City of Mercedes to ensure timely and effective dissemination of emergency alerts and warnings to the public.

Scope: This policy applies to all authorized personnel involved in the creation, approval, and dissemination of emergency alerts and warnings using IPAWS.

Policy:

1. Authorization and Training:

- o Only designated personnel who have completed the required IPAWS training and certification shall be authorized to issue alerts and warnings.
- o Training shall be conducted annually to ensure all authorized personnel are up-to-date with the latest procedures and best practices.

2. Alert Criteria:

- o Alerts and warnings shall be issued for situations that pose an imminent threat to life, property, or public safety.
- o Additionally, alerts may be issued for non-immediate threat events that may impact public welfare or require public awareness, including but not limited to:
 - Boil Water Notices
 - Public Service Announcements (PSAs) regarding events with large public gatherings
 - Mass Care operations, including Points of Distribution (POD) operations
 - Shelter operations and availability
- o These types of alerts may be disseminated when determined necessary by the City's Emergency Management Office in order to support public safety, health, and situational awareness.

3. Message Content:

- o All messages shall be clear, concise, and provide specific instructions to the public.
- o Messages shall include the nature of the threat, the area affected, and the actions that the public should take.
- o Messages shall be reviewed and approved by the Emergency Management Coordinator or their designee before dissemination.

4. Dissemination:

- o Alerts and warnings shall be disseminated through multiple channels, including Wireless Emergency Alerts (WEA), the Emergency Alert System (EAS), and NOAA Weather Radio, to ensure maximum reach.
- o The City shall coordinate with local media outlets to amplify the dissemination of alerts and warnings.

5. Testing and Maintenance:

- o Monthly tests of the IPAWS system shall be conducted in accordance with FEMA guidelines to ensure functionality and reliability.
- o Any issues identified during testing shall be promptly addressed and resolved.

6. Public Education:

- o The City shall conduct public education campaigns to inform residents about the IPAWS system, the types of alerts they may receive, and the actions they should take in response.
- o Information about the IPAWS system shall be made available on the City's official website and through other communication channels.

7. Record Keeping:

- o Detailed records of all alerts and warnings issued, including the content, time, and method of dissemination, shall be maintained for a minimum of three years.
- o Records shall be reviewed periodically to assess the effectiveness of the alerting process and to identify areas for improvement.

Compliance: All personnel involved in the use of the IPAWS system shall comply with this policy. Non-compliance may result in disciplinary action, including revocation of authorization to issue alerts and warnings.

Effective Date: This policy shall be effective immediately upon execution by the Emergency Management Director or the Emergency Management Coordinator.

Approval: 07/2025

Javier Campos Jr,
Emergency Management Coordinator

Date

DATE: August 5, 2025
FROM: Kristine Longoria, HR Specialist
ITEM: **Discussion and possible action to Approval of amend the City of Mercedes Personnel Policy Manual Chapter 13. Dress Code**

BACKGROUND INFORMATION: It is in the policy of the City that all employees are to dress in a manner normally acceptable in a business establishment considering the duties of the employees.

Summary of Key Changes:

- **Volunteers:** Explicitly included in the dress code policy.
- **Jeans:** No longer allowed except on Fridays.
- **Men's Shirts:** Must be tucked in at all times.
- **Tennis Shoes:** Not allowed except on Fridays unless a specific arrangement has been made due to an issue.
- **Women's Open-Toe Shoes that do not have a back strap:** No longer permitted.
- **Department Heads:** Required to maintain a professional appearance daily and are prohibited from wearing shorts at any city or official meeting.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

ALTERNATIVES/OPTIONS: N/A

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):

\$ N/A

Account Number(s):

Finance Review by: N/A

LEGAL REVIEW: N/A

ATTACHMENTS:

1. New Dress Code policy update 7-30-25 (1)

STAFF RECOMMENDATION: Staff recommends approval of the policy regarding chapter 13. dress code

CHAPTER 13. DRESS POLICY

A. It is the policy of the City that all employees are to dress in a manner normally acceptable in a business establishment considering the duties of the employee. Employees must remember that they are professionals 100% of the time and are dressing for business, not for pleasure. Attire must always reflect a professional business attitude and presence.

B. All employees, including part-time, full-time, seasonal, **and volunteers**, must at all times dress appropriately and professionally and present a clean and neat appearance while at work and while representing the City or conducting City business. While we allow business casual dress in the workplace year-round, you are responsible for maintaining an acceptable dress and appearance.

C. The use of City-owned or authorized uniforms may not be used by City employees outside of work for personal use or by any third party. City uniforms may be used by City employees in connection with their outside employment only if the Department Head and City Manager have given their prior written authorization.

D. Non-Uniformed Employees. All non-uniformed employees must adhere to the following guidelines:

1. No leggings, spandex, bare shoulders, or tank tops. Skirts and dresses are to be appropriate for a professional office setting. Skirts and/or dresses shorter than two inches above the knee are not acceptable.
2. No clothing that is see-through, tight-fitting, reveals cleavage, back, chest, stomach, and undergarments is allowed.
3. Employees may not wear shorts (Recreation department, other than the clerical staff may wear shorts, however they may not be shorter than four inches above the knee).
4. Sundresses, blouses or dresses with straps may not be worn, unless worn with a non-see-through sweater or blouse. Capri or cropped pants must be worn in a dressed-up professional manner and cannot be shorter than below the knee and cannot resemble shorts.
5. Wind Suits, Sweat Shirts, and Non-Departmental T-Shirts may not be worn.
6. No facial tattoos are allowed.
7. No hats, caps, or any article of clothing that displays alcoholic beverages, drugs, pornography, political propaganda, or offensive material of any kind.
8. Shirts must be worn at all times and may not be unbuttoned below the first button from the top. **Men are required to tuck in their shirts at all times.**
9. Beards and mustaches must be kept clean and neatly trimmed, not to exceed two (2) inches in length. For safety reasons, employees required to wear self-contained breathing apparatus or other similar equipment may not have excessive facial hair.
10. No shoes with heels more than 3 inches, no flip-flops or similar sandals, or "Crocs" shoes are allowed. **Tennis shoes are not permitted on any day except Fridays, unless a prior**

arrangement has been made due to a medical or other approved issue. Women are no longer permitted to wear open-toe shoes that do not have a back strap that are flat.

11. No exposed body piercing such as nose rings/studs, eyebrow rings, tongue studs, or similar type facial piercings.
12. Jewelry: employees may only wear one pair of earrings.
13. Extreme hairstyles and hair color are unacceptable. By way of example: green hair, Mohawk-style haircuts, and severe spiked hair is not permissible. Hair must be clean and neatly groomed at all times.

E. Casual Fridays:

1. Casual attire is permitted by the City throughout the work week, so long as employees dress in a professional manner and comply with the appropriate clothing guidelines listed above. However, **jeans will no longer be allowed on any day except Fridays**, but shall not be tight-fitting, frayed, worn, torn, ragged, faded (new or worn), unlaundered, or patched. No embellishments on jeans allowed (i.e., flower patches, rhinestones, etc.). Colored jeans shall be deemed appropriate provided they meet the same criteria as regular blue jean type jeans. City or Departmental T-Shirts shall be deemed as acceptable attire on Fridays.

F. Police Officers:

1. Police Officers are to wear uniforms in accordance with the Police Department Policy Manual.
2. Those Police Officers assigned responsibilities that do not require the wearing of a Police uniform shall comply with the requirements of the dress code described herein.

G. Field Employees:

1. Field Employees issued uniforms shall be required to wear said uniforms while on duty. Employee's name and the City of Mercedes patches are not to be removed from uniform shirts.
2. Uniforms shall not be altered in any way other than alterations for proper fit. Uniform shirts are to be worn inside the employee's trousers both for safety and appearance reasons.
3. Uniforms that have been torn or are ragged in appearance shall not be worn. Employees damaging or staining uniforms in the course and scope of their job requirements to the point the uniforms are not wearable should contact their Department Supervisor and/or Department Head for replacement.
4. Uniforms shall be of proper length. Department issued shirts shall be considered as uniform apparel.
5. Appropriate shoes and hats may also be required and in some cases may be furnished to the employee by the City.

H. Enforcement:

1. Employees not having the proper attire as described herein will be sent home to change and must report back to work the same day and may be disciplined for violations of the dress code policy.
2. Department heads not enforcing the dress code of the department employees may be disciplined as well. **Department heads are expected to maintain a professional appearance daily and are not permitted to wear shorts when attending any city meeting or other official meetings.**
3. Under such circumstances, non-exempt employees will not be paid for work time.
4. In questionable cases, the City Manager or Personnel Office will make the determination as to what is acceptable dress and grooming. Normally, the City Manager will determine appropriateness.

I. Dress Code Accommodation

If an employee requires a reasonable accommodation regarding their dress for bona fide religious reason, they should contact the Personnel office department who will notify the City Manager of such request. The City Manager shall make reasonable accommodations on the basis of the employee's religious beliefs or medical conditions to the extent required by law.

J. Travel and Training Exceptions:

Employees who attend work prior to departing for official City travel or training may be permitted to dress down for travel purposes. However, they must still present a business casual, professional, neat and appropriate appearance that reflects positively on the City.

Summary of Key Changes:

- **Volunteers:** Explicitly included in the dress code policy.
- **Jeans:** No longer allowed except on Fridays.
- **Men's Shirts:** Must be tucked in at all times.
- **Tennis Shoes:** Not allowed except on Fridays unless a specific arrangement has been made due to an issue.
- **Women's Open-Toe Shoes:** No longer permitted, unless written exception due to special condition(s)
- **Department Heads:** Required to maintain a professional appearance daily and are prohibited from wearing shorts at any city or official meeting.

DATE: August 5, 2025
FROM: Joselynn Castillo, City Secretary
ITEM: **Discussion and possible action to Approval of Agreement with Galindo Auctions, LLC for Auctioneering Services**

BACKGROUND INFORMATION: The City of Mercedes is requesting approval of the Auction Agreement with Galindo Auctions, LLC. Mr. Galindo has assisted the City of Mercedes for many years and is very active in assisting with the process. The dates available for the Auction include August 23, August 30, September 20, September 27, October 4, October 11, and October 18. The agreement stated the Auctioneer will receive 10% commissions of the gross sales or \$4,000 whichever is greater. The advertisement needs to be published three weeks and Galindo Auctions also has online bidding available.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

ALTERNATIVES/OPTIONS: N/A

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):

\$ 4,000 or 10% of gross sales

Account Number(s):

N/A

Finance Review by: No

LEGAL REVIEW: No

ATTACHMENTS:

1. Galindo Auctions Contract 2025
2. Auction List 2025 - Google Sheets

STAFF RECOMMENDATION: Staff recommends approval of the agreement with Galindo Auctions and to set the date for September 20, 2025, due to the advertising requirement.

Personal & Chattel Property Auction Agreement



The agreement made and entered into this 1 day of August, 2025 by and between

SELLER'S NAME CITY OF MERCEDES

SELLER'S ADDRESS 400 S Ohio Ave – Mercedes TX 78570

"Where Experience Matters"

hereafter called "Seller", whether one or more, and **GALINDO AUCTIONS LLC, EDINBURG, TX. 78542**, hereafter called "Auctioneer". **WHEREAS**, Seller is the owner of certain property described below (or on separate lists which may be attached hereto and made a part hereof), which Seller desires to sell at public auction, and **WHEREAS**, Seller wishes to employ Auctioneer to effect the sale of said property, **NOW, THEREFORE, IN CONSIDERATION** of the mutual promises herein contained, it is agreed as follows:

1. **Right to sell:** Seller grants to Auctioneer the exclusive right to sell said property as is and where is for cash or other consideration as agreed to by the parties. Seller relinquishes his/her right to sell same. Seller agrees to deliver and sell at auction the items listed or described on attached [list(s)]. Seller further agrees not to remove any listed item(s) from the auction.

2. **Auction Service:** Auctioneer agrees to use their professional skill, knowledge, and experience to the best advantage in preparing and conducting the auction.

3. **Commission, Time, and Place of Sale:** Seller hereby employs Auctioneer to sell the aforesaid property at absolute auction on the day of , 2025 at 10 o'clock AM. to the highest bidder without limit, favor or reserve. Seller agrees to pay Auctioneer a commission of 10 % of the gross sales total or base of \$ 4,000 whichever is greater for which the property has been sold as compensation for managing, auctioneering and also clerking the auction.

4. **Said auction to be held** 2314 N. FM 491 MERCEDES Tx 78570
Address City State

5. **Advertising:** It is understood and agreed that Auctioneer will set up and arrange at auctioneer's discretion timely advertising, which will be at the seller's expense and will be paid out of the proceeds of the sale. Final advertising will be at auctioneer's discretion. Cost \$ 600 – (NOT INCLUDING LEGAL FEES)

6. **Insurance:** Seller agrees to provide and carry adequate liability insurance against any and all liabilities which may result on premises of Seller. Seller further agrees to indemnify and hold Auctioneer harmless from any claim, loss or damage as a result of said sale and to bear the risk of any loss or damage to any property included in said auction.

7. **Property:** Items to be sold at auction, include the following and listed, **SELL CITY SURPLUS ABSOLUTE – NO RESERVE**

8. **Further seller's expenses:** LEGAL ADS & CLASSIFIED TO BE DEDUCTED FROM PROCEEDS IF HANDLED BY AUCTION COMPANY

IF NONE WRITE NONE

Further conditions: City Contact: Joselynn Castillo 956-650-4909

IF NONE WRITE NONE

9. **Warranty:** The Seller (whether one or more), warrants, conveys and agrees that he/she/they/it has good title and right to sell said property and said property is free from all encumbrances, liens etc. Except as follows:

ITEM	MORTGAGE OR LIEN HOLDER	ADDRESS	APPROX. UNPAID BALANCE
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If none, write none, NONE. If said property or any part thereof is encumbered, Seller agrees that the sale proceeds from such property be paid jointly to said lien holder and Seller. UCC Lien Research also will be paid by seller.

10. **Merchantable Title:** Seller warrants and agrees to provide merchantable title to all items sold, to deliver good title to purchasers.

11. **Seller acknowledges** that Auctioneer and /or his agent(s) cannot accurately predict the price the property will bring at auction and Seller further acknowledges that Auctioneer and/or his agent(s) have not made any such assurances or predictions of price to the Seller or his/her agent(s).

12. **The Parties agree** that the exclusive course of action in any litigation or dispute concerning the enforcement of this agreement shall be by binding arbitration with the County of Hidalgo, State of Texas, and the Texas laws shall govern.

13. **The prevailing Party (s)** in any dispute arising out of the relationship undertaken through this agreement shall be entitled to an award of reasonable cost, arbitration, and fees incurred.

14. **Auctioneer will have 14 business days** from the conclusion of the auction to make settlement with proprietors of sale. Final settlement will be less all auction expenses such as auctioneers fee, advertising, permit fees, set up charges, lien surveys, bad or stop payment on checks /credit cards etc....

15. **Cancellation:** If seller cancels auction after 24 hrs. of signing, seller agrees to pay auctioneer all marketing and setup expenses incurred, and the commission previously stated in contract. (Auctioneer will assess the auction value). In case of postponement due to inclement weather said auction will take place on a later date agreeable to both parties and any new advertising cost will be paid by seller.

16. **Removal of rubbish and debris:** auctioneer will not be responsible for removal of rubbish and/or debris.

17. **Seller and Auctioneer agree** that they have had the opportunity to review this Agreement and have had an opportunity to be advised as to its contents, requirements and liabilities, and have signed this Service Agreement fully understanding their respective rights, responsibilities and obligations as set forth herein.

18. The Auction Company also charges a % Buyers premium to Buyers on all Sales.

19. The Auction Company assumes no responsibility for any damage, theft or shortages, before, during or after the Auction. The seller is responsible for securing the property after it has been offered by signing this contract.

20. Individual Auctioneers conducting the Auction are licensed by the Texas Department of Licensing and Regulation (TDLR), P.O BOX 12157, AUSTIN TX 78711 (512) 463-2906. TDLR'S recovery fund may protect sellers and purchasers from any wrongful conduct by Auctioneer.

21. If Highest bidder does not accept or pay for sellers' property, it is mutually agreed the seller takes it back with no recourse against the auctioneers.

SELLER'S NAME	TITLE	ADDRESS	TELEPHONE	DATE
Ismael Galindo				8/1/25
AUCTIONEER AGENT				DATE

Ph: (956) 929-3623

Ph: (956) 451-4060

www.galindoauctions.com

galindoauctions@gmail.com

Jerry Galindo #13451

#	Item Type (e.g. Desk, Chair, Scanner, Air Compressor)	Description / Model	Serial / Asset Tag #	Condition	Notes
				☐ Lost ☐ Stolen ☐ Damaged ☐ Other (exceeded useful life)	
Sample:	Vehicle Unit 123	F-150 VIN#1234	123456		Approved for Auction on 1/1/25
1	Air Compressor	Champion Model VP5-55-8	DS10471 / 6053	Other	Equipment does not work
2	Commercial Refrigerator	TOM-W-50SB	TMW50201025 / 5312	Other	
3	Map Scanner	Unknown	5795	Lost / Other	Missing power cord also outdated
4	Brown Standing Cabinet	N/A	3133	Damaged	Cabinet is wobbly
5	Unit 365	2008 Ford F-150	VIN# 1524	Other	Repairs exceed cost of vehicle
6	Unit 307	2006 Ford F-150	VIN# 0716	Other	Repairs exceed cost of vehicle
7	Unit 3125	2014 Ford F2-50	VIN# 0652	Other	Repairs exceed cost of vehicle
8	Computer Carrels	6-Double Sided Wooden Carrels	4883, 5182, 5183, 5184, 5185, none	Other	
9	Childrens Bookends	5 sets of Bookends	N/A	Other	
10	Office Chair	White Office Chair	5997	Other	
11	Computer	Tower, Keyboard, Mouse & stand	6620	Other	
12	Cuisinart	Cuisiniart Panini	N/A	Other	
13	Cuisinart	Cuisiniart Waffle Maker	N/A	Other	
14	Magazine Holders	3 - Acrylic Magazine Holders	N/A	Other	
15	Christmas Tree	Artificial Christmas Tree 7.5 FT	N/A	Other	
16	Christmas Tree	Artificial Christmas Tree 6.5 FT	N/A	Other	
17	Display Stands	Acrylic Display Stands	N/A	Other	
18	Electrical Outlet Box	Several electrical outlet boxes	N/A	Other	
19	Base Covers	Old Base Covers	N/A	Other	
20	Furniture Dollies	2 Dollies	N/A	Other	
21	Flooring	Extra Laminae Flooring	N/A	Other	
22	Chairs	6 side chairs Oak Color	5759	Other	
23	Water Filter	4-Stage Desalinator	N/A	Other	
24	1 table and 4 arm chairs	Wooden Study Table	4104, 4438, Chairs No tag	Other	
25	Book Cart	4 Large Book Cart with casters	5345, 5348, 5347, 5416	Other	
26	Arm Chairs	4 Wooden Arm Chairs			
27	Chiars	2 Side Chairs w/ Caster Cherry Color	5760		
28	Cabinet	Medium Office Cabinet	6772	Other	
29	Counter Divider	Divider for Cafe	N/A	Other	
30	Cafe Cart	Cafe Cart	5984		
31	Cafe's POS	Tablet, Keyboard, Register & Printer	N/A	Other	
32	Vehicles	5 awarded vehicles from PD	N/A	Other	
33					