
MERCEDES CITY COMMISSION
REGULAR MEETING
DECEMBER 2, 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. Presentation by Perdue Brandon Fielder Collins & Mott, LLP of the Collection Report October 1, 2024 - September 30, 2025
7. **Consent Agenda**
 - a. Approval of Minutes for Meeting(s) held November 18, 2025
 - b. Adoption of Mercedes Police Department Policy XXIII – Automated License Plate Reader (ALPR)
 - c. Second and Final Reading of Ordinance 2025-32 amending Chapter 4 "Business Regulations" of the Code of Ordinances to add a new section, Article 4.14 entitled "Donation Boxes"
 - d. Second and Final Reading of Ordinance 2025-33 amending Water Conservation and Drought Contingency Plan
 - e. Second and Final reading of ordinance 2025-36 authorizing the issuance of "City of Mercedes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025"; Providing for the Payment of said Certificates by the Levy of an Ad Valorem Tax Upon All Taxable Property within the City and Further Securing said Certificates by a Lien and Pledge of the Pledged Revenues of the System; and Providing an Effective Date
8. **Management Items:** Present, discuss, consider and possibly take action regarding:
 - a. Approval to select a contractor for the Rec Center Roof Replacement Bid 2025-004
 - b. Final Plat Approval for Mirasol Country Estates
 - c. Approval to ratify the Donation Agreement with BCIE USA International
 - d. Approval of appointments to the Keep Mercedes Beautiful Committee
 - e. Approval of appointments/re-appointments of members to the DCM board
9. **Ordinances/Resolutions**

- a. Approval of Resolution 2025-28 to establish a Certificates of Obligation, Series 2025 Bank Account and Appointing signatories
 - b. Approval of Resolution 2025-29 accepting a private contribution for Capital Improvement Projects and Obligations
 - c. Approval of First Reading of Ordinance 2025-37 to Rezone Lot 2 Block 40 Capisallo E Subdivision
 - d. Approval of Ordinance 2025-38 establishing Filming Guidelines
- 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)**
- a. Discussion with City Manager regarding personnel matters - Section 551.074
 - b. Consultation with Attorney regarding update on potential litigation - Section 551.071
 - c. Consultation with Attorney regarding Project Anchor - Section 551.087
 - d. Discussion regarding Real Estate purchase for Lift Station - Section 551.072
 - e. Discussion regarding Project Kamel - Section 551.078
- 11. 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
 - e. Possible Action pertaining to executive session item E
- 12. Adjournment**

Notice is hereby given that the City Commissioners of the City of Mercedes, Texas will meet in a Regular Meeting on Tuesday, December 2, 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 24TH DAY OF NOVEMBER, 2025.

ATTEST:



Joselynn Castillo, City Secretary
Time of Posting: 8:00 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.

**MERCEDES CITY COMMISSION
REGULAR MEETING
NOVEMBER 18, 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 Jacob Howell
Commissioner Armando Garcia
Mayor Pro-Tem Ruben Saldana

MEMBERS ABSENT:

STAFF PRESENT: Alberto Perez, City Manager
Joselynn Castillo, City Secretary
Martie Garcia Vela, City Attorney
Jonas Gonzalez, Asst. City Manager
Meredith Hernandez, Finance Director
Francisco Sanchez, Police Chief
Michael Rocha, I.T Director
Tom Villagomez, Public Works Director
Marisol Vidales, Library Director
Kristine Longoria, Human Resources
Denisse Hernandez, Planning Director

OTHERS PRESENT: Juan Vasquez

1. Call Meeting to Order

Mayor Montoya welcomed everyone and called the meeting to order at 6:30 P.M.

2. Establish Quorum

All members of the Commission were present, which constitutes a full quorum.

3. Invocation

The invocation was given by Mayor Pro-Tem Saldana.

4. Pledge of Allegiance

The Pledge of Allegiance was led by Leandro Villarreal.

5. Open Forum

Ms. Itaty Perez addressed the Commission regarding signage and street improvements on Chacoma Place. She noted that the road is currently unpaved and consists of caliche, and she requested a more durable and reliable solution. Ms. Perez also highlighted that the City had previously committed to filling the potholes.

6. Presentation

a. Proclamation for Abrianna Galindo

Mayor Montoya congratulated Ms. Abrianna Galindo and presented a proclamation designating December 3, 2025, as Abrianna Galindo Day. Ms. Galindo will represent the City of Mercedes in the Pearl Harbor Parade in Honolulu, Hawaii. She shared a few words about the importance of honoring her culture and representing the City. Mayor Montoya again congratulated Ms. Galindo, commending her for setting a positive example and recognizing the meaningful impact of her contributions to the community.

7. Consent Agenda

a. Approval of Minutes for Meeting(s) held October 21, 2025

b. Second and Final Reading of Ordinance 2025-31 - Fire Hydrants

c. Second and Final Reading of Ordinance 2025-34 amending Chapter 4 "Business Regulations" of the Code of Ordinances to add a new section, Article 4.13 entitled "Business License"

d. Second and Final Reading of Ordinance 2025-35 amending Chapter 3, "Building Regulations" of the Code of Ordinances to add new Articles 3.10 and 3.11, Entitled "Acquisition, Disposition, and/or Use of City Property"

e. Approval to surplus Fire Department 2006 Brush Truck - Brush 2

f. Approval to donate the Fire Department 2006 Brush Truck

Commissioner Martinez made a motion to approve all items on the consent agenda and to forego the second readings for items B, C, and D. Commissioner Howell seconded the motion. Upon a called vote, the motion passed unanimously.

8. Management Items: Present, discuss, consider and possibly take action regarding:

a. Final Plat Approval for Los Prados Phase I

Commissioner Saldana motioned to move the item into executive session. Commissioner Martinez seconded the motion. Upon a called vote, the motion passed unanimously.

Following the executive session, Mayor Pro-Tem Saldana motioned to approve the item. Commissioner Martinez seconded. Upon a called vote, the motion passed by a vote of 4 to 1, with Commissioner Howell voting against.

b. Approval of Water Access Agreement between City of Mercedes and North Alamo Water Supply Corporation for the provision of water services to the Mirasol Country Estates Subdivision.

Commissioner Howell motioned to approve the item. Mayor Pro-Tem Saldana seconded the motion. Upon a called vote, the motion passed unanimously.

c. Approval of Request for a Letter of Support to Congress to earmark funds by the American Legion, JA Garcia, Post 172

Commissioner Howell motioned to approve the item. Commissioner Martinez seconded the motion.

Mr. Tony Sanchez, Commander of Post 172 of the American Legion, addressed the Commission. He stated that the Post had requested Congressman Gonzalez to earmark funds for a new building and had met with City staff regarding the process. The recommendation is for the City to apply for the funds and earmark them, as the American Legion cannot apply as an independent entity. Mr. Sanchez explained that the City's approval is needed to submit the application for funding for a new 15,000-square-foot building in Mercedes, with a requested amount of \$1.5 million. He noted that the American Legion relies solely on donations.

Commissioner Howell thanked the American Legion for their service and expressed support for their request. Mayor Pro-Tem Saldana suggested utilizing grant writers to assist with the funding application. Upon a called vote, the motion passed unanimously.

- d. Request for Sponsorship by Mr. Silver Trevino for Golf Tournament for Veterans
Mr. Silver Trevino addressed the Commission regarding sponsoring and serving as the host city for the annual golf tournament for veterans. He noted that this will be the sixth annual tournament and that the date has been moved to December 19, 2025, in Mercedes. Mr. Trevino explained that the event has previously been held in five different cities and that he is now requesting the City of Mercedes to serve as a co-host. He highlighted that veterans from across the region attend the tournament and emphasized that this event is his way of giving back to the community.

Mr. Trevino also requested participation from the City Commission and mentioned that before-and-after photos are taken for social media. Additionally, he noted plans to introduce an indoor miniature golf course, with all proceeds benefiting the tournament so that veterans do not incur any costs. He stated that 80 participants have already registered.

Commissioner Howell motioned to table the item for further review by the City Attorney. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously.

- e. Approval to exercise Eminent Domain for the extension of Wastewater on Business 83 and Mile 2 West

Commissioner Martinez motioned to approve the item. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously.

- f. Approval of Easement Agreement for Underground Sanitary Sewer Lift Station
Commissioner Martinez motioned to approve Items F and G. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously.

Commissioner Martinez then amended his motion to approve the items subject to legal review. Commissioner Garcia seconded the amended motion. Upon a called vote, the motion passed unanimously.

- g. Approval of Easement Agreement for Underground Sanitary Sewer Pipeline
This item was approved in one motion with item 8F.

h. Adoption of Finance Policies regarding Write Off's, Payroll, and Cash Short and Over Finance Director Ms. Hernandez stated that the proposed policy will assist the department in improving regulations for City departments. Commissioner Martinez motioned to approve the policy. Mayor Pro-Tem Saldana seconded the motion. In response to a question, Ms. Hernandez explained that there had not been a write-off policy in the past and noted that Emergicon provided the suggested wording for the write-offs. Upon a called vote, the motion passed unanimously.

i. Approval of Budget Amendment for Fire Department to move funds from Capital Outlay to Operations

Commissioner Howell motioned to approve the item. Commissioner Martinez seconded the motion. Fire Chief Campos explained that the funds are being transferred from Capital Outlay to other supplies and public education. Upon a called vote, the motion passed unanimously.

j. Approval of Adding a New Part-Time Position titled Field Operation Analyst

Mr. Perez stated that he is considering hiring a new part-time position to manage and identify work orders, which will be overseen by the Public Works Department. He noted that the position could potentially transition to full-time in the future. Mayor Pro-Tem Saldana motioned to approve the position. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously. Mr. Perez indicated that funding for the position will come from current vacancies.

9. Ordinances/Resolutions

a. First Reading of Ordinance 2025-32 amending Chapter 4 "Business Regulations" of the Code of Ordinances to add a new section, Article 4.14 entitled "Donation Boxes" Planning Director Ms. Hernandez addressed the Commission regarding donation boxes within the City, noting that they have become a nuisance. She explained that examples from larger cities, such as Houston and Austin, were used to draft the proposed ordinance, as no local cities currently have a similar regulation. Commissioner Martinez motioned to approve the ordinance and forego the reading, including the provision for non-profit organizations. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously.

b. Tabled: Approval of First Reading of Ordinance 2025-33 amending Water Conservation and Drought Contingency Plan

Ms. Hernandez stated that the proposal to prohibit water wells has been removed. Residents will be allowed to have water wells, provided they obtain a permit, submit water testing reports, and comply with water conservation regulations. Water wells will serve as a secondary source of water and must be connected to the City water lines. Mr. Gonzalez noted that most mid- to small-sized cities are moving away from allowing water wells.

There was discussion regarding the community that relies on water wells and the importance of this resource to them. Mayor Montoya stated that he has no issue enforcing the regulations moving forward, but retroactive enforcement would be problematic. Mayor Pro-Tem Saldana motioned to approve the item with the provision that it applies only to

new wells going forward. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed by a vote of 3 to 2, with Commissioners Howell and Commissioner Martinez voted against.

- c. Consideration and approval of an ordinance 2025-36 authorizing the issuance of "City of Mercedes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025"; Providing for the Payment of said Certificates by the Levy of an Ad Valorem Tax Upon All Taxable Property within the City and Further Securing said Certificates by a Lien and Pledge of the Pledged Revenues of the System; and Providing an Effective Date

Financial Advisor Mr. Matt Lujan and Mr. Bobby Villarreal presented an overview of the proposed issuance of Certificates of Obligation, intended to fund previously authorized purchases such as a fire truck and other departmental equipment and vehicles. They reviewed the City's current debt structure, noting approximately \$27 million in outstanding general obligation debt and the limited benefit of refinancing callable bonds under current market rates.

A summary of the November 7 bid results was provided, with eight bids received and five qualifying. The recommendation from the financial advisor was to select Frost Bank's non-callable bid at 3.60%, which provides the lowest overall cost.

Following the presentation, Mayor Pro-Tem Saldana moved to approve the recommendation to award the bid to Frost Bank at the 3.60% rate and to adopt Ordinance 2025-26, authorizing the issuance of the City of Mercedes, Texas Combination Tax and Revenue Certificates of Obligation, Series 2025. Commissioner Martinez seconded the motion. Upon a called vote, the motion passed unanimously.

- d. Consideration and approval of a Resolution 2025-26 by the City Commissioner of the City of Mercedes, Texas Authorizing and approveing Publication of Notice of Intention to Issue Certificates of Obligation; Complying with the requirements contained in securities and exchange commission rule 15c2-12; and Providing an Effective Date

Mayor Montoya motioned to approve the item regarding the Clean Water Project, effective immediately. Commissioner Martinez seconded the motion. Upon a called vote, the motion passed unanimously.

- e. Approval of Agreement and Resolution 2025-27 for the Temporary Closure of State Right-of-Way for Christmas Parade
Commissioner Martinez motioned to approve the item. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously.

10. Monthly Departmental Reports

- a. IT, Recreation Center, Planning, Library, Finance, Fire, City Sec/HR, Police
Fire Chief Campos addressed the Commission regarding recent accomplishments of the Fire Department. He highlighted improvements in response times, technology, and

equipment. He also noted that the CodeRed system has been transitioned to the CivicReady Mass Notification system.

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)

Commissioner Howell motioned to go into executive session. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously. The meeting entered executive session at 7:56 P.M.

- a. Discussion with City Manager regarding personnel matters - Section 551.074
- b. Consultation with Attorney regarding update and potential litigation - Section 551.071
- c. Consultation with Attorney regarding Project Anchor - Section 551.087
- d. Discussion regarding Project First Street Initiative - Section 551.087

12. Open Session

Mayor Montoya reconvened the meeting at 9:38 P.M.

- a. Possible Action pertaining to executive session item A
No action was taken on Item A discussed during the executive session.
- b. Possible Action pertaining to executive session item B
No action was taken on Item B discussed during the executive session.
- c. Possible Action pertaining to executive session item C
No action was taken on Item C discussed during the executive session.
- d. Possible Action pertaining to executive session item D
Mayor Pro-Tem Saldana motioned to proceed as discussed in executive session. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously.

13. Adjournment

Commissioner Howell motioned to adjourn the meeting. Commissioner Martinez seconded the motion. Upon a called vote, the motion passed unanimously. The meeting adjourned at 9:40 P.M.

Consent Agenda

DATE: December 2, 2025
FROM: Orlando Diaz, Lieutenant
ITEM: **Discussion and possible action to Adoption of Mercedes Police Department Policy XXIII – Automated License Plate Reader (ALPR)**

BACKGROUND INFORMATION: The Mercedes Police Department seeks City Commission approval to adopt Policy XVIII-A – Automated License Plate Reader (ALPR), establishing operational and procedural guidance for LPR systems, including trailer-mounted cameras, TAS, Mobile Companion, Car Detector, and Vigilant Learn programs.

The policy aligns with Texas Department of Public Safety (TXDPS) requirements, including:

- Accessing and using LPR and TCIC stolen vehicle/license plate information for official criminal justice purposes only.
- Ensuring proper training, credentialing, and auditing of all personnel authorized to operate LPR systems or access LPR data.
- Conducting real-time TCIC/NCIC verification of any “hits” identified from LPR or TCIC data before taking law enforcement action.
- Maintaining data security, retention, and reporting protocols consistent with TXDPS standards and legal requirements.
- Ensuring compliance with federal and state privacy laws, including the Driver’s Privacy Protection Act and Texas Motor Vehicle Records Disclosure Act.
- Coordinating with third-party vendors (e.g., Vigilant Solutions) for LPR system deployment, while retaining sole agency control over data submission, access, and API management.
- Providing monthly audits, supervisor oversight, and proper documentation of all LPR-related law enforcement actions to ensure accountability.

The policy ensures legal compliance, standardized procedures for LPR deployment and usage, and enhances public safety by facilitating the identification of stolen vehicles, license plates, or other vehicles of interest.

BOARD REVIEW/CITIZEN FEEDBACK:**ALTERNATIVES/OPTIONS:****FISCAL IMPACT:** (Total Costs)**Proposed Expenditure/(Revenue):****\$ 204,000.00****Account Number(s):**

Finance Review by: (Has finance reviewed it to make sure we have the funds No)

LEGAL REVIEW: (Has the City Attorney reviewed it, No)

ATTACHMENTS:

1. 2. Memo - 23.0 Automated License Plate Reader (ALPR)
2. 3. Mercedes Police Department - Automated License Plate Reader (ALPR)
3. 4. POLICY ACKNOWLEDGEMENT FORM
4. San Juan Police Department - 12.0 Automated License Plate Reader (ALPR) - (Example)

STAFF RECOMMENDATION: Staff recommends the City Commission approve and adopt Mercedes Police Department Policy XVIII-A – Automated License Plate Reader (ALPR) to ensure compliance with TXDPS LPR and TCIC requirements, authorize proper use of ALPR technology, and establish standardized procedures for deployment, access, training, and oversight.



MERCEDES POLICE DEPARTMENT

316 S Ohio Ave.
Mercedes, Texas 78570
(956) 565-3102 Fax (956) 565-2583

Francisco J. Sanchez
Chief of Police

MEMO

TO: Mercedes City Commissioners
FROM: Francisco J. Sanchez, Chief of Police, Mercedes Police Department
DATE: November 18, 2025
SUBJECT: Adoption of New Policy: Hiring Procedures within the Mercedes Police Department

I am writing to propose the formal adoption of a new policy titled “Automated License Plate Reader (ALPR)” for the Mercedes Police Department. This policy is designed to establish clear guidance, operational standards, and legal compliance for the use of LPR technology within our department.

1. Purpose and Importance

The primary objective of this policy is to define proper usage, access, and management of ALPR systems to enhance law enforcement efficiency, public safety, and data security. Key goals include:

- Supporting Public Safety and Crime Prevention: LPR systems assist in identifying stolen vehicles, wanted license plates, and vehicles of interest to law enforcement.
- Standardizing LPR Operations: Ensures all operators follow consistent procedures for deployment, verification, and documentation of LPR data.
- Compliance with State and Federal Law: Aligns with TXDPS and TCIC requirements, as well as privacy and data retention laws.

2. Legal Reference – TXDPS, TCIC, and Federal Requirements

This policy incorporates requirements and best practices from:

- Texas Department of Public Safety (TXDPS) LPR User Agreement
- TCIC Memorandum of Understanding – Stolen License Plate & Stolen Vehicle Information
- Texas Motor Vehicle Records Disclosure Act (Tex. Transp. Code Ch. 730)
- Federal Driver’s Privacy Protection Act (18 U.S.C. §2721 et seq.)
- Relevant Texas Law Enforcement Telecommunications System (TLETS), NCIC, and TCIC policies

The policy ensures that all LPR data usage, storage, and sharing complies with legal and regulatory standards.

3. Policy Overview

This policy provides structured procedures and responsibilities for the LPR program, including:

- Authorized Users and Training: Only trained personnel approved by the Chief of Police may operate LPR equipment or access collected data.

MERCEDES POLICE DEPARTMENT

316 S Ohio Ave.

Mercedes, Texas 78570

(956) 565-3102 Fax (956) 565-2583

- **Equipment and Deployment:** Covers patrol vehicle cameras, trailer-mounted systems, TAS, Mobile Companion, Car Detector, and Vigilant Learn software.
- **Data Verification and Use:** All “hits” from LPR or TCIC/NCIC data must be verified in real time prior to initiating any law enforcement action.
- **Documentation and Auditing:** Officers and dispatchers must document all LPR-related actions, and supervisors will regularly audit usage to ensure compliance.
- **Data Retention and Security:** LPR data will be maintained per TXDPS and department guidelines; evidentiary data will be stored securely and purged appropriately.
- **Coordination with Vendors and Third Parties:** The department retains sole control over data submission, access, and API keys, even when using third-party vendors.
- **Limited Use and Privacy Protection:** LPR technology is strictly for official law enforcement purposes, with misuse subject to disciplinary action.

4. Benefits to the Department and Community

Implementing this policy offers the following benefits:

- **Enhanced Crime Detection and Prevention:** LPR technology allows rapid identification of stolen or wanted vehicles and supports investigative operations.
- **Legal and Procedural Compliance:** Reduces liability and ensures proper adherence to TXDPS and TCIC protocols.
- **Transparency and Accountability:** Supervisory oversight and auditing improve public trust in the department’s use of technology.
- **Efficient Use of Resources:** Enables targeted deployment of personnel and data-driven investigative decisions.

5. Integration into the Department Policy Manual

This policy will be incorporated into the department’s existing policy manual under the following designation:

SECTION XXIII: Automated License Plate Reader (ALPR)

- **Sec. 23.1: Purpose**

This inclusion ensures clarity, consistency, and accessibility for supervisors, operators, and administrative personnel responsible for LPR technology.

Conclusion:

The proposed ALPR Policy is a critical step in modernizing the department’s law enforcement capabilities while maintaining compliance, accountability, and public trust. I respectfully request approval from the commissioners for its adoption and integration into the Mercedes Police Department policy manual.

X

Francisco J. Sanchez
Chief of Police

	MERCEDES POLICE DEPARTMENT	
	Policy XXIII: Automated License Plate Reader (ALPR)	
	Effective Date:	Replaces:
	Approved: _____ Chief of Police	
	Reference:	

23.01. PURPOSE

The purpose of this directive is to define and outline the appropriate applications and restrictions regarding the use of automated license plate reader LPR equipment operated by departmental personnel. This policy also applies to the use and access of Vigilant, LEARN, CarDetector, Mobile Companion, TAS and other LPR-related programs and software.

23.02. POLICY

- A. It is the policy of the Mercedes Police Department to use plate reader equipment only as directed by departmental policy and applicable state and federal law. Only personnel trained and authorized by the department may utilize LPR equipment. LPR equipment will be used for official law enforcement purposes, such as locating stolen or wanted vehicles, stolen license plates, and missing persons. LPR equipment may also be used to gather information related to active warrants, homeland security, electronic surveillance, suspects, stolen property recovery, or other related crime prevention or investigative activities. The data collected by the LPR will be restricted to official law enforcement use only. All employees must abide by the guidelines set forth in this policy. Failure to comply may result in disciplinary action, up to and including termination or criminal sanctions.

Sec. 23.03: Definitions

- A. **Alert Data** – Information captured by an LPR relating to a license plate that matches a plate on a “hot list.”
- B. **Automated License Plate Reader (LPR)** – Equipment consisting of fixed or mobile cameras and computer hardware/software used to automatically recognize and interpret the characters on vehicle license plates. This data is then recorded and matched against a “hot list.” The LPR system enhances productivity, effectiveness, and officer safety.
- C. **Authorized User** – A sworn or non-sworn member of the department authorized by the Chief of Police to operate an LPR or to access and use stored LPR data, and who has successfully completed required training.
- D. **Hot List** – A database populated with license plates of specific concern to law enforcement, including information from TCIC, NCIC, the Texas Department of Public Safety, and the Mercedes Police Department.
- E. **Hit** – A positive indication of a match between a license plate read by the LPR and a license plate on a hot list. Verification of a stolen vehicle must be confirmed prior to

taking law enforcement action.

F. **Limited Time Entry** – A license plate number manually entered by an LPR operator into the LPR system for a limited period.

G. **Target Alert Service (TAS)** – A software program installed in patrol vehicles and desktops providing direct notification of hits via LPR technology.

H. **Vigilant Law Enforcement Archival Reporting Network (LEARN)** – A data mining and analytics system for searching Vigilant Solutions LPR detections.

I. **CarDetector** – LPR software used via Mobile Data Computers (MDCs) to capture and collect license plate and vehicle detection data.

J. **Mobile Companion** – A smartphone mobile application that allows the phone's camera to capture license plates and upload the information to the LPR database.

Sec. 23.04: LPR Coordinator

The LPR Coordinator shall be assigned by the Chief of Police.

Coordinator Responsibilities:

- A. Administer and manage the LPR program.
- B. Complete all administrative functions related to the LPR system.
- C. Enter approved users and assign user roles within the system.
- D. Coordinate LPR training for employees.
- E. Recommend policy changes as needed.
- F. Troubleshoot, document, and coordinate maintenance and repairs on LPR equipment.
- G. Determine the data retention period, considering:
 - 1. Existing technology,
 - 2. Current state law,
 - 3. Data storage capabilities, and
 - 4. Investigative needs and cost balance.

Sec. 23.05: General Procedures

- A. Operators assigned to LPR-equipped units will ensure the equipment is turned on for the entire shift. The LPR system may be minimized on the screen but must remain operational.
- B. Employees must receive department-approved training before being assigned to an LPR-equipped patrol unit or granted access to any system listed in this policy.
- C. All users will have individual credentials to ensure proper operation and accountability.

- D. All queries and entries must be associated with a case number. Investigative queries are logged under the officer's user profile and are subject to audit. Any misuse may result in disciplinary action.
- E. The database may be accessed for law enforcement purposes only. Users will be trained in Vigilant LEARN to conduct searches by license plate, partial plate, geographic area, and time period. LPR data relevant to a case must be retained in the case file or attached to the Records Management System (RMS).

Sec. 23.06: Deployment Procedures

- A. The Mercedes Police Department maintains the following LPR equipment: L6Q camera systems, LPR-equipped trailers, and Motorola LPR patrol vehicle cameras.
- B. LPR traffic intersection cameras are mounted on traffic posts at designated locations within the city's jurisdiction.
- C. South Texas Communications, a third-party provider, is responsible for deployment and maintenance of these LPR cameras.

Sec. 23.07: LPR Speed Trailers

- A. The Mercedes Police Department is responsible for deploying and maintaining Trinity speed trailers equipped with LPR systems.
- B. LPR trailers shall not be placed directly in traffic lanes. They must be positioned near the roadway to capture vehicle data. Placement in TXDOT rights-of-way requires prior approval from both the Texas Department of Public Safety (DPS) and TXDOT.

Sec. 23.08: LPR Patrol Vehicle Cameras

- A. South Texas Communications is responsible for deployment and maintenance of LPR patrol vehicle cameras.
- B. Patrol supervisors shall report any maintenance issues to the LPR Coordinator.

Sec. 23.09: LPR Usage in Response

- A. The system does not provide real-time data; therefore, an alert alone shall not be the sole basis for law enforcement action.
- B. **Responding to LPR Alerts – Patrol Response:**
 - 1. Verify that there is an actual hit (self-initiated or dispatch).
 - 2. Visually confirm the license plate number and state match the alert.
 - 3. Confirm the hit by running the plate through the MDC or dispatch.
 - 4. Once verified, an enforcement stop may be initiated.

5. Nothing in this policy prevents officers from taking action if independent probable cause exists apart from LPR data.

Sec. 23.10: Types of Alerts

- A. **Warrant Alerts** – Officers receive information about the subject of the warrant (name, description, age, identifying marks, etc.) via dispatch or MDC.
- B. **Other Alerts** – Includes stolen vehicles, wanted vehicles, and limited-time alerts. Officers shall verify the plate status via dispatch or MDC.
- C. Once confirmed, officers may take appropriate action based on the facts independently obtained.

Sec. 23.11: Documentation

- A. If a vehicle stop or police action occurs as a result of an LPR alert, the officer shall record the disposition in the alert pop-up to notify the entering agency.
- B. Officers shall document the incident in a case report format for any LPR-related contact.
- C. If a citation or written warning is issued, the officer shall note the LPR alert in the report or citation notes.

Sec. 23.12: Limited Time Entries

- A. Limited time entries are permitted only under the following conditions:
 1. Amber Alert
 2. Blue Alert
 3. Silver Alert
 4. Missing person
 5. License plate linked to criminal activity in progress or recently occurred
- B. Prior to submission, the entry must be approved by an on-duty commander (OC). When uncertain, consult the CID Supervisor.
- C. Enter the correct start and end dates/times corresponding with the operator's shift.

Sec. 23.13: Other Operations

LPR programs may be used to canvas license plates around major crime scenes (e.g., homicides, shootings, critical incidents). Partial plates reported during major crimes may be entered into the system to help identify suspect vehicles.

Sec. 23.14: Responding to LPR Alerts – Communications Division

A. When a TAS alert is received:

1. Verify accuracy and check for misreads before dispatching.
2. Confirm plate state and translation match.
3. Conduct a TCIC/NCIC check to ensure it remains active.
4. TAS is an additional resource and does not replace TCIC/NCIC confirmation.
5. Once verified, dispatch an officer to the last known detection area.
6. Add TAS alert details (vehicle description, plate, reason for alert) to the call narrative.
7. The alert remains open until the officer completes the investigation and provides disposition.
8. Dispositions must be entered under TAS notes to notify the entering agency.
9. All alerts shall be treated as priority dispatch calls.
10. The CAD "LPR" code shall identify all related calls for service.
11. The Communications Division Supervisor (or designee) shall conduct monthly audits to ensure compliance.
12. Dispatchers must verify TAS is active at the start of each shift and follow all policy requirements. Misuse may result in disciplinary action.

Sec. 23.15: Supervisor Responsibilities

Supervisors shall:

- A. Notify the LPR Coordinator of any damaged or malfunctioning equipment.
- B. Document any damage.
- C. Monitor proper use of the LPR system.
- D. Ensure only trained and authorized personnel utilize LPR equipment.
- E. Verify officers regularly log in/out and start/end shifts using CarDetector via MDC.

Sec. 23.16: Criminal Investigations Division (CID) Responsibilities

- A. When LPR data is used in investigations, the investigator must check the "LPR" box when closing a case.
- B. The CID Lieutenant shall conduct monthly audits to ensure compliance.
- C. The CID Lieutenant is responsible for correcting discrepancies or failures to follow protocol.
- D. Proper case identification is imperative for analytical purposes.

Sec. 23.17: LPR System Maintenance

- A. Employees must inspect LPR equipment and report any damage or malfunctions immediately.
- B. Only trained personnel may perform or authorize repairs.

- C. Regular audits shall ensure system integrity and prevent misuse.
- D. LPR cameras must remain securely mounted for accurate reads.
- E. Designated personnel will maintain LPR cameras, equipment, and hot lists.

Sec. 23.18: LPR System Retention

- A. LPR data will be transmitted to DPS every 24 hours and stored by the software provider for a minimum of five (5) years.
- B. Data will be purged unless it constitutes evidence in a criminal case. Investigators must download and log such data into the evidence system.

Sec. 23.19: LPR Data Requests

All LPR data requests shall follow established departmental protocol and applicable state law.



MERCEDES POLICE DEPARTMENT

316 S Ohio Ave.
Mercedes, Texas 78570
(956) 565-3102 Fax (956) 565-2583

Francisco J. Sanchez
Chief of Police

POLICY ACKNOWLEDGEMENT FORM

I, _____, hereby acknowledge that I have received and reviewed the newly issued policy pertaining to **Section 23.0 Automated License Plate Reader (ALPR)**, which has been incorporated into the Mercedes Public Safety Department Police Rules and Regulations Policy Manual

By signing this document, I affirm that I have read and fully understand the contents, requirements, and procedures outlined in the aforementioned policy. I further acknowledge and agree that it is my responsibility to comply with all provisions therein and that failure to do so may result in disciplinary action, up to and including termination of employment, in accordance with departmental policy and applicable law.

This acknowledgment shall be retained in my official personnel file as confirmation of my receipt and understanding of the policy.

Officer Name: _____

Badge Number: _____

Employee Number: _____

Signature: _____

Date: _____

	SAN JUAN POLICE DEPARTMENT	
	Policy 12.0 Automated License Plate Reader (ALPR)	
	Effective Date: 4/1/2024	
	Approved: <u>Leandro Liguarte</u> Chief of Police	

i. Purpose

- a. The purpose of this directive is to define and outline the appropriate applications and restrictions regarding the use of automated license plate reader LPR equipment operated by departmental personnel. This policy will also apply to the use and axis of vigilant, learn accounts, car detector, Mobile Companion, TAS and other LPR related programs and software.

ii. Policy

- a. It is a policy of the San Juan Police Department to only use plate reader equipment as directed by departmental policy, state and federal law. Train its susceptible by the department will be only authorized to utilize LPR equipment. LPR equipment will be used for official law enforcement purposes, such as stolen or want to vehicles, stolen license plates, and missing person. LPR equipment may also be used to gather information related to active warrants, homeland, security, electronic surveillance, suspect, addiction, stolen proper recovery, another related crime prevention or investigated activities that will benefit from this practice. The data collected by the LPR will be restricted to official law-enforcement use only. San Juan Police Department requires that our employees abide by the guidelines set forth in this policy. Failure to the regulations for this policy can represent termination or criminal sanctions.

iii. Definitions

- a. Alert data – information captured by an LPR relating to a license plate that matches the license plate on a particular “Hot list”.

- b. Automated license plate reader (LPR) -equipment consisting of fixed cameras and computer hardware/software used to automatically recognize and interpret the characters on vehicle license plates. This data is then recorded and matched against a “Hot list” of license plates. The LP system provides several opportunities for the enhancement of productivity, effectiveness, and officer safety.
 - c. Authorize user – a sworn or non-sworn member of the department who has been authorized by the chief of police to operate an LPR or to access and use LPR store data and who has successfully completed training provided by the agency.
 - d. Hot list—a database populated with license plates of specific concern to law enforcement. This database includes, but is not limited to, information from TCIC, NCIC, the Texas Department of Public Safety, and the San Juan Police Department.
 - e. Hit- a positive indication of a match between a license plate observed, and read by the LPR and a license plate on a “hot list”. Verification of stolen vehicle must be confirmed prior to taking law enforcement action.
 - f. Limited Time Entry- A licensed plate number manually entered by an LPR operator into the ALPR system.
 - g. Target alert service TAS – a software program installed in Petro vehicles and desktops for direct notification of hits via ALPR technology.
 - h. Vigilant, law-enforcement, archival reporting network learn – the data mining and analytics system for searching vigilant solutions ALPR detections.
 - i. Car detector-LPR software use via MDC, in which license plate and vehicle detections data is captured and collected.
 - j. Mobile Companion -smart phone mobile application that allows a smart phone camera to act like an LPR camera, capture license plates, and upload the information to the LPR database.
- iv. LPR coordinator

The LPR coordinator will be assigned by the Chief of Police

Coordinator responsibilities; It is responsibility of the LPR coordinator to:

- a. administer and manage to LPR program
 - b. Complete any administrative functions related to the LPR system
 - c. Enter approved users and roles of the users into the LPR system
 - d. Coordinate LPR training for employees
 - e. Recommend policy changes
 - f. Troubleshoot, document and coordinate maintenance and repairs on LPR equipment.
 - g. Determining retention period of data, which requires:
 - h. Balancing existing technology
 - i. Current state law.
 - j. Data storage capabilities.
 - k. Cost an investigative needs while determining or adjusting data retention periods.
- v. General procedures
- a. Operators assigned – to a unit that is equipped with LPR equipment will ensure the equipment is turned on during the entire shift. The ALPR system screen can be minimized in the background in the system. System remains operational.
 - b. Employees must receive training before they can be assigned to an LPR-equipped patrol unit or access any LP system listed in this policy. Training will be provided by the department coordinator or their designee.
 - c. c. All users will be required to provide individual credentials for access to the system and/or data to ensure proper operation and facilitate oversight of the LPR system.
 - d. All queries and entries should be case number associated with the query. All investigative queries into collected LPR data are recorded under the officers user profile and it's available for auditing and review by the department. Any perceived policy violation or other misuse of the system may result in appropriate disciplinary action.
 - e. The database may be access for law-enforcement purposes only. Users will be trained in the use of Vigilant Learn, and the different ways to search the database per specific license plates, partial license plates, geographical areas and periods. In those instances where LPR data is identified as relevant to a specific case for investigation, the data should be retained in an investigative file or electronically attached to the case in the records management system.
- vi. Deployment Procedures

- a. The San Juan Police Department has the following LPR equipment: L6Q camera system, LPR equipped trailers and Motorola LPR patrol vehicle cameras.
 - b. LPR traffic intersection cameras
 - c. The San Juan Police Department has LPR cameras mounted on traffic post located at designated locations within the city of San Juan jurisdiction.
 - d. It is the responsibility of South Texas Communications (third party) to deploy and provide maintenance for these LPR cameras

- vii. LPR SPEED TRAILERS
 - a. It is the responsibility of the San Juan Police Department to deploy and provide maintenance for these Trinity speed LPR-equipped trailers
 - b. All LPR mounted on a portable trailer will not be placed in the traffic lanes of the city streets. An LPR equipped trailer should be placed near the roadway to be able to capture the data for vehicles traveling on that roadway. Equipped trailers placing an LPR equipment trailer in a TXDOT right away, requires prior approval from the Texas DPS and TXDOT.

- viii. LPR Patrol vehicle cameras
 - a. It is the responsibility of South Texas Communications to deploy and provide maintenance for these LPR patrol cameras. It is the responsibility of the patrol supervisor to report any maintenance issues to the LPR coordinator.

- ix. LPR usage in response.
 - a. The system does not have access to real-time data. Therefore, an alert alone shall not be the basis for law-enforcement action.
 - b. Responding to LPR alerts: Patrol Response
 - c. Prior to initiating a stop on a vehicle arrest or other intervention based on alert data, the Officer shall:
 - d. Verify that there is an actual hit (self initiated or Dispatch). The alert should not be considered until it has been properly verified for accuracy.
 - e. Visually confirm license plate number – officers visually verify that the license plate on the vehicle matches identically, including the license plate state, to the suspected license plate from the hotlist.
 - f. Confirmation confirmed read – officers must receive confirmation by running the visually verified license plate on the vehicle through their MDC or Dispatch. Once the license plate number and status is confirmed, a stop may be initiated.

- g. Independent probable cause- nothing in this policy prevents an officer from taking law-enforcement action on a vehicle if probable cause exists independent of the LPR alert data.
- x. Types of alerts
 - a. Alert related to warrants – officers show officer information about the person named in the warrant name, description age, range, tattoos, etc., via Dispatch or MDC.
 - b. Other types of alerts, stolen vehicles, wanted vehicle, limited time, alerts, etc. – Officer verify the current status of the license plate via Dispatch or MDC.
 - c. Once the officer has confirmed that there is a hit, nothing in this policy restricts or prohibits an officer from taking appropriate police action based on facts or reasons obtained independently from the LPR system.
- xi. Documentation
 - a. If a vehicle stopped or police action was taken as a result of an LPR alert the officer should provide disposition under the action taken section on the alert pop up. This will notify the entering
 - b. agency of the outcome.
 - c. An officer shall document the incident or case report format Any incident or contact resulting from an LPR system alert.
 - d. If a citation or written warning is issued, the officer shall include an LPR alert in the notes section.
- xii. Limited time entries
 - a. Limited time entries are only allowed when any other following situations exist:
 - b. Amber alert
 - c. Blue ale
 - d. Silver alert
 - e. Missing person
 - f. A license plate number associated with criminal activity that is in progress or that has just occurred.
 - g. Prior to submitting a limited-time entry,
 - h. It must be approved by an OC. If I'm sure if the situation requires an entry, please consult with CID supervisor.
 - i. Enter the beginning date. This shall match the actual date of entry.
 - j. Enter the beginning time of the entry.
 - k. Enter the end date. This shall match the actual date on which the LPR operator shift ends.

- I. The end. This shall match the LPR operator's end of shift time or anytime prior.

- xiii. Other operations
 - a. LPR programs will be used to canvas license plates around homicides, shootings, and other major crime scenes or critical incidents. Partial license plates reported during major crime shall be entered into the LPR system, in an attempt to identify suspect vehicles.

- xiv. Responding to LPR alerts: Communications Bureau response
 - a. TAS alert is received
 - b. compare detection to translation of TAS. check for misreads prior to dispatch.
 - c. verify the state captured on the license plate detection and compare with the translation of TAS confirm it is the same prior to dispatch.
 - d. If applicable conduct a records check TCC/NCIC ensure it is still wanted prior to Dispatch.
 - e. TAS is an additional resource compiled from various databases, but that does not replace TCIC/NCIC.
 - f. Once the alert has been verified to be an active alert, and Officer shall be dispatched to the area of the last detection immediately
 - g. Information to Dispatch includes the description of the vehicle, the state and license plate, numeric, and the reason for the vehicle being entered in the hall list.
 - h. TAS alert information should be added to the call narrative.

- i. The TAS alert shall not be closed out until the officer has completed his investigation or has provided disposition.
 - j. The disposition shall be entered under the notes section of TAS. This will notify the entry agency of the outcome. This does not replace proper confirmation via TCIC/NCIC.
 - k. Alert should be treated as priority Dispatch car types. The CAD LPR shall be used to identify every call for service related to LPR alerts, officer-initiated calls, or other calls involving LPR activities.
 - l. A monthly audit will be completed by the communications Bureau supervisor or designee Ensuring dispatchers are following this protocol. It is the responsibility of the communications bureau supervisor to correct discrepancies or failure to comply with the protocol. It is imperative that

resulting from LPR alerts or data are properly identified for analytic purposes.

- m. The communications bureau is one of the designated generalized access credentials. Dispatch ensures that TAS is active and working at the beginning of their shift. Each dispatcher is responsible for following this policy when responding to a TAS alert. No dispatcher shall misuse LP through TAS alerts dispatcher ensure that LP is released to a law enforcement personnel. All profiles are available for auditing and review by the department. Any perceived policy violation or other misuse of the system may result in appropriate disciplinary action.

- xv. Supervisor responsibilities
 - a. Supervisor shall:
 - b. Notify the LPR coordinator of any damage or malfunctioning LPR equipment
 - c. Document any damages
 - d. Monitor the use of the LPR system
 - e. Ensure that only train and authorized personnel utilize the LPR equipment system
 - f. Ensure that officers are regularly logging
 - g. Ensure that officers are starting and ending their shifts on the card detector via MDC

- xvi. Criminal investigations, division responsibilities
 - a. If LP data is used for criminal investigations, the investigator shall check off the LP box when closing a case. It is the responsibility of the approving supervisor to ensure that investigators are checking off the box. A monthly audit will be completed by the CD bureau lieutenant, ensuring investigators are following this protocol. It is the responsibility of the CID lieutenant to correct discrepancies or failures to comply with the protocol. It is imperative that cases are properly identified for analytic purposes.

- xvii. LPR system maintenance
 - a. Employees must inspect the LPR equipment and notify their supervisor immediately of any damage or malfunctioning. Properly trained personnel are authorized to repair or attempt to repair any damaged or malfunctioning LPR equipment.
 - b. Audits shall be conducted on a regular basis to ensure the system is working properly and not being misused by personnel.

- c. LPR cameras are attached to the vehicle in a manner designed to ensure the maximum accurate reads possible. Only properly trained personnel are authorized to move or adjust cameras.
 - d. Designated personnel will maintain LPR cameras, equipped, and hotlist
- xviii. LPR system retention
 - a. LPR data will be download information back to DPS every 24 hours and data collected should be stored by the software provider for a minimum period of 5 years
 - b. Ida will be purged unless it is evidence in a criminal case. It is a responsibility of the investigator assigned to the case to download the data into the portal media and log it into evidence.
- xix. LPR data requests
 - a. The request of any LPR data will follow the established protocol, as referenced in the departmental policy.

DATE: December 2, 2025
FROM:
ITEM: Discussion and possible action to Second and Final Reading of Ordinance 2025-32 amending Chapter 4 "Business Regulations" of the Code of Ordinances to add a new section, Article 4.14 entitled "Donation Boxes"

BACKGROUND INFORMATION:**BOARD REVIEW/CITIZEN FEEDBACK:****ALTERNATIVES/OPTIONS:****FISCAL IMPACT:** (Total Costs)**LEGAL REVIEW:****ATTACHMENTS:**

1. ORDINANCE NO-DONATION BOX

STAFF RECOMMENDATION:

ORDINANCE NO.: 2025-32

AN ORDINANCE OF THE CITY OF MERCEDES, TEXAS, AMENDING CHAPTER 4 “BUSINESS REGULATIONS” OF THE CITY OF MERCEDES CODE OF ORDINANCES TO ADD A NEW SECTION, ARTICLE 4.14, ENTITLED “DONATION BOXES”; PROVIDING FOR DEFINITIONS, PERMITTING PROCEDURES, REGULATIONS, AND ENFORCEMENT RELATING TO THE PLACEMENT, OPERATION, AND MAINTENANCE OF UNATTENDED DONATION BOXES WITHIN THE CITY LIMITS; PROVIDING FOR PENALTIES FOR VIOLATIONS; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR AN EFFECTIVE DATE; AND PROVIDING FOR PUBLICATION AND PROPER NOTICE.

WHEREAS, the City of Mercedes, Texas (“City”), is a home-rule municipality organized and operating under the laws of the State of Texas and the City Charter; and

WHEREAS, the City Commission of the City of Mercedes, Texas, finds that unattended donation boxes have been placed throughout the community, often without authorization or adequate maintenance, leading to conditions of litter, blight, and public nuisance; and

WHEREAS, the City Commission finds it necessary to regulate the placement, operation, and maintenance of unattended donation boxes to protect the public health, safety, and welfare of residents; and

WHEREAS, the City of Mercedes seeks to ensure that donation boxes are placed in safe, lawful, and appropriate locations, and that their operation complies with applicable state and federal laws; and

WHEREAS, Texas Business and Commerce Code §17.922 requires certain disclosures for for-profit entities that operate public donation receptacles, and the City desires to ensure compliance with such requirements; and

WHEREAS, the City Commission finds that adopting regulations governing unattended donation boxes will promote transparency, reduce illegal dumping, and preserve the cleanliness and appearance of the community; and

WHEREAS, the City Commission deems it to be in the best interest of the citizens of Mercedes to amend Chapter 4, “Business Regulations,” of the City Code of Ordinances to add a new Article 4.14 entitled “Unattended Donation Box”;

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

ARTICLE 4.13

DONATION BOXES

SECTION I. DEFINITIONS.

- A. Department means the department of planning.
- B. Director means the director of the department of planning or the director's representative.
- C. Operator means a person who maintains an unattended drop box to solicit collections of salvageable personal property.
- D. Property means a lot, plot, or parcel of land, including any structures on the land.
- E. Unattended Donation Box (UDB) means any unattended or unstaffed outdoor container, box, receptacle, or similar device or facility, designed with a door, slot, or other opening that is used for soliciting and collecting donations of textiles, clothing, shoes, books, toys, dishes, and other salvageable items of personal property to be used by the operator for distribution, resale, or recycling. This term does not include unattended boxes intended for the collection of mail or parcels conveyed by the united states postal service or private shipping companies. A drop box is considered "unattended" for purposes of this section if a person dropping any of the above-listed items may do so while there is no representative or employee of the operator present to receive the items.

SECTION II. APPLICATION.

- A. Applications for UDB permits must be made on a form provided by the department and must include the following information:
 - 1. The legal name, street address, mailing address, e-mail address, and telephone number of the operator and property owner who can be reached 24 hours a day, seven days a week, in the event of an emergency condition involving the UDB.
 - 2. A signed authorization from the property owner, property manager, or an authorized agent where the proposed unattended box is to be placed if the property owner is not the operator.
 - 3. A non-refundable application fee of \$250.
 - 4. A site plan showing:
 - a. location and dimensions of property boundaries;
 - b. location of all buildings located on the property;
 - c. proposed UDB location; and
 - d. distance between the proposed UDB and any structures located on adjacent properties.
 - 5. Elevations showing the appearance, graphics or designs, materials, and dimensions of the UDB.
 - 6. A description of the proposed locking mechanism for the UDB.
 - 7. A maintenance plan, including graffiti removal, weekly pick-up schedule, and litter and trash removal on and around the UDB, that is sufficient to prevent and eliminate blight- related conditions.
 - 8. Any other information regarding time, place, and manner of the UDB operation, placement, or maintenance that the director requires to evaluate the operator's application consistent with the requirements of this chapter.
 - 9. An applicant shall notify the director within 10 days after any change in the information provided to the director.

10. Each UDB must comply with all applicable state and federal laws, including, but not limited to, Section 17.922 of the Texas Business and Commerce Code.

SECTION II. PERMIT EXPIRATION AND RENEWALS.

- A. A permit for a UDB expires one year after the date of issuance.
- B. Renewal fee should be \$250 every year.
- C. A permit may be renewed by submitting the application to the Planning Department. An applicant shall apply for renewal at least 30 days before the expiration of the permit.

SECTION III. PERMIT ISSUANCE.

- A. The director shall issue a permit for a UDB, along with a permit decal, within 60 calendar days of receipt of a complete application, if the director determines that:
 1. The applicant has complied with all of the application requirements for issuance of the permit and the proposed UDB is in compliance with all of the regulations listed in section (I); and
 2. The applicant has not made a false statement as to a material matter in an application for a permit.
- B. The fee for issuing a replacement UDB permit decal for one that is lost, stolen, damaged, or destroyed is \$100.
- C. Each operator must at all time maintain commercial general liability insurance with coverage of not less than \$100,000
- D. Application denial.
 1. The director shall deny, within 60 calendar days of receipt of a complete application, an application if the director determines:
 - a. the operator has had a UDB permit revoked within the preceding 12-month period or the property owner has had a UDB permit revoked on the subject property within the preceding 12-month period;
 - b. the applicant, property owner, or operator intentionally made a false statement as to a material fact in the application for a UDB permit; or
 - c. the operation or location of the UDB would violate the regulations in this ordinance.
 2. If the director determines that an applicant's application should be denied, the director shall issue by personal service or mailed via United States certified mail and first class mail to the operator's last known address that the application is denied and include in the notice the reason for denial and a statement informing the applicant of the right of appeal.

SECTION IV. PERMIT REVOCATION.

- A. A permit issued under this section may be revoked by the director if the operator or property owner:
 1. has received one or more citations for a violation of this section within the preceding 12 months;
 2. intentionally made a false statement as to a material fact in the application for a

- UDB permit; or
3. has failed to notify the director of any material change of information in the permit application.
- B. Before revoking a permit, the director shall deliver written notice to the permit holder that the permit is being considered for revocation. The notice must include the reason for the proposed revocation, action the permit holder must take to prevent the revocation, and a statement that the registrant has 10 days after the notice is mailed to comply with the notice. Notice must be mailed via United States certified mail and first class mail to the operator's address that is on file.
- C. If, after 10 days from the date the notice is mailed, the permit holder has not complied with the notice, the director shall revoke the permit and deliver written notice of the revocation to the permit holder via United States certified mail and first class mail. The notice must include the reason for the revocation, and a statement informing the permit holder of the right of appeal.
- D. Appeals. If the director denies issuance or renewal of a permit or revokes a permit, this action is final unless the applicant or operator files an appeal with the permit and license appeal board in accordance with Section 2-96 of this code.
- E. Removal of UDB. The operator or property owner must remove the UDB no more than 10 days after the revocation or 10 days after the final resolution of the appeal hearing. Failure to timely remove a UDB in compliance with this subsection is a violation of this section.
- F. One-year waiting period. If a permit is revoked, no additional permit must be issued to that operator or property owner within one year after the revocation date.

SECTION V. UDB REGULATIONS.

- A. Violation. A person commits an offense if the person violates a provision of this section or places, maintains, or allows to be placed, or maintained, a UDB at any location without a valid permit issued in accordance with this section.
- B. Maximum number. Only one UDB is allowed at any building site
- C. Location.
1. UDBs are prohibited on a building site that has a residential use and the following areas:
 - a. Within required zoning and building line setbacks.
 - b. Visibility triangles as defined in Section 12.01.011(b)
 - c. Required parking areas.
 - d. Driveways.
 - e. Sidewalks.
 - f. Easements.
 - g. Fire lanes.
 - h. Floodplains.
 - i. City rights- of-way.
 - j. Vacant lots
 - k. City owned or controlled property.
 - l. Any location that will impede traffic; impair motor vehicle operation within a parking lot, driveway, street or alley; or block access to off-street parking spaces, access easements, fire lanes, fire hydrants, or dumpsters.
 2. UDBs may not be located within 1,500 feet of any other property where UDBs are

located.

3. UDBs may only be placed on concrete or asphalt surfaces.
- D. Permit decal display. Each permitted UDB must display a clearly visible decal on the outside of the UDB, adjacent to where goods are being placed in the box, that contains the following information:
1. UDB permit number.
 2. Dates the permit is valid.
 3. Permit issuance date.
 4. Location
 5. Company name
- E. Maximum dimensions. A UDB may not exceed 84 inches in height, 48 inches in depth, 48 inches in width, and a total volume of 112 cubic feet. This paragraph does not apply to UDBs placed prior to the effective date of this section.
- F. UDB construction material. Each UDB must be constructed of metal material.
- G. Operator name and contact information display. Each UDB must display the UDB operator's name and a current phone number at which the operator can be reached. The operator's name and phone number must be in reasonably visible font on one of the UDB's sides.
- H. Item removal. The operator and property owner must remove all items placed within the UDB at least two times per week.
- I. Operation and maintenance.
1. The operator and property owner are responsible for the maintenance, upkeep, and servicing of the UDB and cleanup and removal of any graffiti, items left outside of the UDB, and any other detractors.
 2. The city is authorized to abate any property in violation of this section that is deemed a public nuisance.
 3. The structural integrity of the UDB must be maintained at all times.
 4. The operator and property owner shall keep the property within 25 feet of the location of a UDB clean and free of trash, debris, broken glass, coat hangers, clothes, clothing accessories, or any other items.
 5. UDBs must have a collection opening with a tamper resistant locking mechanism.
 6. UDBs may not be electronically or hydraulically powered or otherwise mechanized.
 7. UDBs may not be a fixture to the site or considered an improvement to real property.
- J. Each Donation Box Shall Comply with all applicable state and federal laws, including but not limited to section 17.922 of the Texas Business and Commerce Code.

SECTION VI. CITY ABATEMENT OF DONATION BOX.

- A. If a landowner or operator fails to correct or remove a violation of this ordinance within ten (10) days after receiving written notice from the City, the City of Mercedes shall be authorized to enter the property and carry out the necessary abatement. The City may assess all expenses incurred, including administrative and overhead costs, against the responsible party. The City may further place a lien on the donation box or on any real property where the donation box was unlawfully placed to recover such expenses.

- B. If determined by the city that any violation is likely to have an immediate adverse effect upon public health or safety, then the city may order such violation to be summarily abated and lien for the city expenses related to the abatement shall be assessed.
- C. Any person, business, or entity that violates any provision of this ordinance shall be deemed guilty of a Class C misdemeanor and, upon conviction, shall be subject to a fine not exceeding five hundred dollars (\$500.00) for each offense. Each day that a violation continues shall constitute a separate offense.

SECTION VII. PUBLIC DONATION RECEPTACLES – REQUIRED DISCLOSURE.

- A. Pursuant to Texas Business and Commerce Code §17.922, any for-profit entity or individual that places or operates a public donation receptacle within the City of Mercedes for the purpose of collecting donated clothing or household goods, which will subsequently be sold for profit, must comply with the following disclosure requirements:
 - 1. A notice must be permanently and prominently displayed on the front and at least one side of the receptacle.
 - 2. The notice shall be in bold print, with letters at least two (2) inches in height and one (1) inch in width.
 - 3. The notice must include the business address (not a P.O. Box) and telephone number of the for-profit entity or individual responsible for the receptacle.
 - 4. The notice must contain the required disclosure statement in both English and Spanish as provided below.
- B. If none of the proceeds from the sale of donated items will be provided to a charitable organization, the notice shall read: “DONATIONS ARE NOT FOR CHARITABLE ORGANIZATIONS AND WILL BE SOLD FOR PROFIT.”
- C. If a portion of the proceeds from the sale of donated items will be provided to a charitable organization, the notice shall read: “DONATIONS ARE TO (NAME OF FOR-PROFIT ENTITY OR INDIVIDUAL) AND WILL BE SOLD FOR PROFIT. ____ PERCENT (INSERT PERCENTAGE) OF ALL PROCEEDS WILL BE DONATED TO (NAME OF CHARITABLE ORGANIZATION).”
- D. If the for-profit entity or individual pays a flat fee to a charitable organization that is not contingent upon the proceeds from the sale of donated items, the notice shall read: “THIS DONATION RECEPTACLE IS OPERATED BY (NAME OF FOR-PROFIT ENTITY OR INDIVIDUAL) ON BEHALF OF (NAME OF CHARITABLE ORGANIZATION). Donations are sold for profit by (NAME OF FOR-PROFIT ENTITY OR INDIVIDUAL) and a flat fee of (INSERT AMOUNT) is paid to (NAME OF CHARITABLE ORGANIZATION).”
- E. Failure to comply with this section constitutes a violation of City Ordinance and may result in revocation of placement authorization, removal of the receptacle, and enforcement action as provided under applicable City Code provisions.

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 18 DAY OF NOVEMBER,
IN THE YEAR OF OUR LORD, 2025.**

1st Reading: November 18, 2025

2nd Reading: December 2, 2025

CITY OF MERCEDES:

Oscar D. Montoya, Mayor

ATTEST:

APPROVED AS TO FORM:

Joselynn Castillo
City Secretary

Martie Garcia Vela
City Attorney

DATE: December 2, 2025
FROM:
ITEM: Discussion and possible action to Second and Final Reading of Ordinance 2025-33 amending Water Conservation and Drought Contingency Plan

BACKGROUND INFORMATION:

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)

LEGAL REVIEW:

ATTACHMENTS:

1. ORDINANCE NO-WATER WELL REVISED

STAFF RECOMMENDATION:

ORDINANCE NO.: 2025-33

AN ORDINANCE OF THE CITY OF MERCEDES, TEXAS, AMENDING ORDINANCE NO. 2020-08, CHAPTER 13, ARTICLE 10 OF THE 2022 CODE OF ORDINANCES, TITLED “WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN”; PROVIDING FOR THE ADOPTION AND ENFORCEMENT OF THE CITY’S WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN; ESTABLISHING THAT SUCH REQUIREMENTS APPLY TO ALL RESIDENTS, BUSINESSES, INSTITUTIONS, AND PROPERTY OWNERS, INCLUDING THOSE UTILIZING PRIVATE WATER WELLS; PROVIDING PENALTIES FOR VIOLATIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Mercedes, Texas (“City”), recognizes the importance of protecting its water supply and ensuring that all residents, businesses, institutions, and property owners, including those utilizing private water wells, contribute equitably to conservation efforts during times of drought or emergency; and

WHEREAS, the City previously adopted Ordinance No. 2020-08, Chapter 23, Article 10 of the 2022 Code of Ordinances, establishing the City’s Water Conservation and Drought Contingency Plan; and

WHEREAS, the City now finds it necessary to amend said ordinance to provide clear enforcement authority, penalties for violations, and ensure citywide compliance with water use restrictions; and

WHEREAS, the City Commission of the City of Mercedes, Texas, has determined that such amendments are in the best interest of public health, safety, and welfare, and are necessary to preserve and protect the City’s water resources;

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

ARTICLE 13.10 WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN

SECTION I. ADOPTION.

Ordinances adopting water conservation and drought contingency plans are on file in the city secretary’s office. Such ordinances are specifically saved from repeal upon adoption of the Code of Ordinances.

(Ordinance adopting 2022 Code)

SECTION II. ENFORCEMENT OF WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN.

- A. This ordinance shall apply to all residents, businesses, institutions, and property owners within the City of Mercedes, including those utilizing private water wells, in order to ensure equitable participation in water conservation measures during drought or emergency conditions.
- B. Any person, firm, corporation, or entity violating any provision of the mandatory water use restrictions formally initiated by the City and contained in the City's Water Conservation and Drought Contingency Plan, as adopted herein, shall, upon conviction in the Municipal Court, be deemed guilty of a Class C misdemeanor and punished by a fine not to exceed five hundred dollars (\$500.00) for each offense. Each day of noncompliance shall constitute a separate and distinct offense.

SECTION III. WATER WELL REGULATIONS.

- A. All existing private water wells within the city limits shall be registered with the City of Mercedes Planning Department. A one-time registration shall be required, and an annual registration renewal fee of fifty dollars (\$50.00) shall be paid each year thereafter.
- B. Owners of existing private water wells shall submit an annual bacteriological water quality test to the Planning Department.
 - 1. The testing shall be conducted at the property owner's expense by a laboratory or tester registered with the City of Mercedes.
 - 2. Test results must be submitted to the Planning Department no later than December 31st of each calendar year.
- C. Failure to submit the required annual bacteria testing report shall constitute a Class C misdemeanor, punishable by a fine of five hundred dollars (\$500.00). Each year of noncompliance shall be considered a separate offense.
- D. All individuals or entities performing water well testing within the city limits must register with the City of Mercedes and maintain current registration status before performing any sampling or testing for compliance with this section.
- E. No private water well shall be used as the primary potable source of water for a residence or structure connected to the public water system. Such wells may be used exclusively for irrigation or non-potable purposes, provided that they are physically separated from the potable water system to prevent cross-connection or backflow. In accordance with 30 TAC Chapter 290 and Chapter 344, any connection of a private well to a potable water supply or system that may create a cross-connection is prohibited.

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 18 DAY OF NOVEMBER,
IN THE YEAR OF OUR LORD, 2025.**

1st Reading: November 4, 2025

2nd Reading: December 2, 2025

CITY OF MERCEDES:

Oscar D. Montoya, Mayor

ATTEST:

Joselynn Castillo
City Secretary

APPROVED AS TO FORM:

Martie Garcia Vela
City Attorney

ORDINANCE 2025-36

AN ORDINANCE AUTHORIZING THE ISSUANCE OF “CITY OF MERCEDES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025”; PROVIDING FOR THE PAYMENT OF SAID CERTIFICATES BY THE LEVY OF AN AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY AND FURTHER SECURING SAID CERTIFICATES BY A LIEN ON AND PLEDGE OF THE PLEDGED REVENUES OF THE SYSTEM; PROVIDING THE TERMS AND CONDITIONS OF SAID CERTIFICATES AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SAID CERTIFICATES; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND A PURCHASE AND INVESTMENT LETTER; COMPLYING WITH THE REQUIREMENTS IMPOSED BY THE LETTER OF REPRESENTATIONS PREVIOUSLY EXECUTED WITH THE DEPOSITORY TRUST COMPANY; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Commission of the City of Mercedes, Texas (the *City*) has caused notice to be given of its intention to issue certificates of obligation in the maximum principal amount of \$2,000,000 as provided pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through 271.064, for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, planning, building, improving, extending, enlarging, repairing, and equipping the City’s utility system, including a water pump and water trailer; (2) constructing, acquiring, purchasing, renovating, enlarging, improving, and equipping City administrative facilities and signage, including renovations and improvements to City Hall and acquiring security cameras for City facilities; (3) rehabilitating, expanding, reconstructing, and maintaining the City’s existing Civic Center, including replacement of the HVAC; (4) acquiring fire-fighting and other public safety equipment and vehicles, including a fire truck; (5) acquiring vehicles and equipment for various City departments, including vehicles for the public works department and a water tank truck and tractor for the parks department; (6) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes; and (7) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects; and

WHEREAS, notice has been duly posted on the City’s website, if available, and published in a newspaper hereby found and determined to be of general circulation in the City, once a week for two (2) consecutive weeks, the date of the first (1st) publication of such notice being not less than forty-six (46) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates of obligation; and

WHEREAS, in accordance with the provisions of Section 271.049, as amended, Texas Local Government Code, the City confirms that notice of the City’s intention to issue certificates of obligation was approved by resolution at a public meeting and stated (1) the then current

principal of all outstanding debt of the City; (2) the then current combined principal and interest required to pay all outstanding debt obligations of the City on time and in full, based on the City's expectations relative to the interest due on any variable rate debt obligations, as applicable (3) the maximum principal amount of the certificates of obligation to be authorized; (4) the estimated combined principal and interest required to pay the certificates of obligation in full; (5) the estimated interest rate for the certificates of obligation or that the maximum interest rate for the certificates of obligation may not exceed the maximum legal interest rate; and (6) the maximum maturity date of the certificates of obligation; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in this notice, signed by at least 5% of the qualified electors of the City, has been presented to or filed with the City Secretary prior to the date tentatively set in such notice for the passage of this ordinance; and

WHEREAS, the City Commission hereby finds and determines that the issuance of the certificates of obligation, under the terms herein specified, is in the best interests of the City and its residents; and

WHEREAS, the City Commission hereby finds and determines that certificates of obligation in the principal amount of \$_____, described in such notice should be issued and sold at this time; now, therefore,

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MERCEDES, TEXAS THAT:

SECTION 1. Authorization - Designation - Principal Amount - Purpose. The certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of _____ AND NO/100 DOLLARS (\$_____), to be designated and bear the title of "CITY OF MERCEDES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025" (the *Certificates*), for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, planning, building, improving, extending, enlarging, repairing, and equipping the City's utility system, including a water pump and water trailer; (2) constructing, acquiring, purchasing, renovating, enlarging, improving, and equipping City administrative facilities and signage, including renovations and improvements to City Hall and acquiring security cameras for City facilities; (3) rehabilitating, expanding, reconstructing, and maintaining the City's existing Civic Center, including replacement of the HVAC; (4) acquiring fire-fighting and other public safety equipment and vehicles, including a fire truck; (5) acquiring vehicles and equipment for various City departments, including vehicles for the public works department and a water tank truck and tractor for the parks department; (6) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes; and (7) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects, pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, and the City's Home Rule Charter.

SECTION 2. Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates – Certificate Date. The Certificates are issuable in fully registered form only; shall be dated December 1, 2025 (the *Certificate Date*) and shall be issued in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, and the Certificates shall become due and payable on February 15 in each of the years and in principal amounts (the *Stated Maturities*) and bear interest on the unpaid principal amounts from the Closing Date (hereinafter defined), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rates, while Outstanding, in accordance with the following schedule:

<u>Years of</u> <u>Stated Maturity</u>	<u>Principal</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>
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The Certificates shall bear interest on the unpaid principal amounts from the Closing Date (anticipated to occur on December 11, 2025), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificates shall be payable on [February 15 and August 15] in each year (each, an *Interest Payment Date*), commencing February 15, 2026 while the Certificates are Outstanding.

SECTION 3. Payment of Certificates - Paying Agent/Registrar. The principal of, premium, if any, and interest on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of, premium if any, and interest on the Certificates shall be without exchange or collection charges to the Holder (hereinafter defined) of the Certificates.

The selection and appointment of _____, _____, _____ (the *Paying Agent/Registrar*), to serve as the initial Paying Agent/Registrar, for the Certificates is hereby approved and confirmed, and the City agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment and transfer of the Certificates, all as provided herein, in accordance with the terms and

provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules and regulations as the Paying Agent/Registrar and City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Certificates are Outstanding, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers. Such Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent/Registrar.

The City reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or ordinance terminating such agency. Additionally, the City agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Certificates by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of, premium, if any, and interest on the Certificates, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the registered owner of the Certificates appearing on the Security Register (the *Holder* or *Holders*) maintained on behalf of the City by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest thereon, (ii) on the date of surrender of the Certificates for purposes of receiving payment of principal thereof upon redemption of the Certificates or at the Certificates' Stated Maturity, and (iii) on any other date for any other purpose. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Certificate for purposes of receiving payment and all other purposes whatsoever, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Certificates shall be payable only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its corporate trust office; provided, however, with respect to principal payment prior to the final Stated Maturity, the Certificates need not be surrendered to the Paying Agent/Registrar, who will merely document such payment on an internal ledger maintained by the Paying Agent/Registrar. Interest on the Certificates shall be paid to the Holder whose name appears in the Security Register at the close of business on the last business day of the month next preceding an Interest Payment Date for the Certificates (the *Record Date*) and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, premium, if any, or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Certificates was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a *Special Record Date*) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of a Certificate appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4. Redemption.

A. Mandatory Redemption of Term Certificates. The Certificates stated to mature on February 15, 20__, February 15, 20__, and February 15, 20__ are referred to herein as the "Term Certificates". The Term Certificates is subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Certificate Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 15 in each of the years as set forth below:

Term Certificate Stated to Mature on February 15, 20__		Term Certificate Stated to Mature on February 15, 20__		Term Certificate Stated to Mature on February 15, 20__	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>

*Payable at Stated Maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates of such Stated Maturity which, at least fifty (50) days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the Certificate Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

B. Optional Redemption. The Certificates having Stated Maturities on and after February 15, 20__ shall be subject to redemption prior to Stated Maturity, at the option of the City, on February 15, 20__, or on any date thereafter, in whole or in part, in principal amounts of \$5,000

or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

C. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Certificates, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise the right to redeem Certificates shall be entered in the minutes of the governing body of the City.

D. Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Certificates to be redeemed, provided that if less than the entire principal amount of a Certificate is to be redeemed, the Paying Agent/Registrar shall treat such Certificate then subject to redemption as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificate by \$5,000.

E. Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, the Paying Agent/Registrar shall cause a notice of redemption to be sent by United States mail, first-class postage prepaid, in the name of the City and at the City's expense, by the Paying Agent/Registrar to each Holder of a Certificate to be redeemed, in whole or in part, at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited to, *The Bond Buyer* and *The Wall Street Journal*), or in the State of Texas (including, but not limited to, *The Texas Bond Reporter*).

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder.

If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Certificates (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Certificates (or the principal amount thereof to be redeemed) called for redemption

shall cease to accrue and such Certificates shall not be deemed to be Outstanding in accordance with the provisions of this Ordinance.

F. Transfer/Exchange of Certificates. Neither the City nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Certificate during a period beginning forty-five (45) days prior to the date fixed for redemption of the Certificates or (2) to transfer or exchange any Certificate selected for redemption, provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate which is subject to redemption in part.

SECTION 5. Execution - Registration. The Certificates shall be executed on behalf of the City by its Mayor or Mayor Pro Tem under the seal of the City reproduced or impressed thereon and attested by its City Secretary. The signature of either of said officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of individuals who were, at the time of the Certificate Date, the proper officers of the City shall bind the City, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Certificates to the Purchasers (hereinafter defined), all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the form provided in Section 8C, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified or registered and delivered.

SECTION 6. Registration - Transfer - Exchange of Certificates - Predecessor Certificates. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Certificates, or if appropriate, the nominee thereof. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Certificate at the corporate trust office of the Paying Agent/Registrar, the City shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Certificates surrendered for exchange upon surrender

of the Certificates to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the City shall execute, and the Paying Agent/Registrar shall register and deliver, the Certificates to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the corporate trust office of the Paying Agent/Registrar, or be sent by registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the valid and binding obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered upon such transfer or exchange.

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Certificates, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Certificates shall include any Certificate registered and delivered pursuant to Section 25 in lieu of a mutilated, lost, destroyed, or stolen Certificate which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

SECTION 7. Initial Certificate. The Certificates herein authorized shall be issued initially either (i) as a single fully registered Certificate in the total principal amount of \$ __, __, __ with principal installments to become due and payable as provided in Section 2 and numbered T-1, or (ii) as one (1) fully registered Certificate for each year of Stated Maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (the *Initial Certificate*) and, in either case, the Initial Certificate shall be registered in the name of the Purchasers or the designee thereof. The Initial Certificate shall be the Certificate submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers. Any time after the delivery of the Initial Certificate to the Purchasers, the Paying Agent/Registrar, pursuant to written instructions from the Purchasers or their designee, shall cancel the Initial Certificate delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates on the unpaid principal amounts from the Closing Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity, and shall be lettered "R" and numbered consecutively from one (1) upward for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchasers, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8. Forms.

A. Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Certificates shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including insurance legends in the event the Certificates, or any Stated Maturities thereof, are insured, and any reproduction of an opinion of Bond Counsel (hereinafter referenced) and identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends and any reproduction of an opinion of Bond Counsel (hereinafter referenced)) thereon as may, consistent herewith, be established by the City or determined by the officers executing the Certificates as evidenced by their execution thereof. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The definitive Certificates shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing the Certificates as evidenced by their execution thereof, but the Initial Certificate submitted to the Attorney General of the State of Texas may be typewritten or photocopied or otherwise reproduced.

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B. Form of Definitive Certificate.

REGISTERED
NO. _____

REGISTERED
PRINCIPAL AMOUNT
\$ _____

United States of America
State of Texas
County of Hidalgo
CITY OF MERCEDES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025

Certificate Date: December 1, 2025 Interest Rate: Stated Maturity: CUSIP No.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

The City of Mercedes, Texas (the *City*), a body corporate and municipal corporation in the County of Hidalgo, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Closing Date (anticipated to occur on December 11, 2025), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for until such Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, while Outstanding, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on [February 15 and August 15] of each year (each, an *Interest Payment Date*) commencing February 15, 2026.

Principal and premium, if any, of this Certificate shall be payable to the Registered Owner hereof (the *Holder*), upon presentation and surrender, at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof; provided, however, with respect to the principal payment prior to the final Stated Maturity, the Certificates need not be surrendered to the Paying Agent/Registrar, who will merely document such payment on an internal ledger maintained by the Paying Agent/Registrar. Interest shall be payable to the Holder of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last business day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the

Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$ __, __, __ (the *Certificates*) pursuant to an Ordinance adopted by the governing body of the City (the *Ordinance*), for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, planning, building, improving, extending, enlarging, repairing, and equipping the City's utility system, including a water pump and water trailer; (2) constructing, acquiring, purchasing, renovating, enlarging, improving, and equipping City administrative facilities and signage, including renovations and improvements to City Hall and acquiring security cameras for City facilities; (3) rehabilitating, expanding, reconstructing, and maintaining the City's existing Civic Center, including replacement of the HVAC; (4) acquiring fire-fighting and other public safety equipment and vehicles, including a fire truck; (5) acquiring vehicles and equipment for various City departments, including vehicles for the public works department and a water tank truck and tractor for the parks department; (6) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes; and (7) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects, under and in strict conformity with the laws of the State of Texas, particularly Chapter 1502, as amended, Texas Government Code, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through 271.064, and the City's Home Rule Charter.

The Certificates stated to mature on February 15, 20__, February 15, 20__, and February 15, 20__ are referred to herein as the "Term Certificates". The Term Certificates are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Certificate Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 15 in each of the years as set forth below:

Term Certificate Stated to Mature on February 15, 20__		Term Certificate Stated to Mature on February 15, 20__		Term Certificate Stated to Mature on February 15, 20__	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>

*Payable at Stated Maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by

the principal amount of any Term Certificates of such Stated Maturity which, at least fifty (50) days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the Certificate Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

As provided in the Ordinance, the Certificates maturing on and after February 15, 20__, shall be subject to redemption prior to Stated Maturity, at the option of the City, on February 15, 20__, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption; provided, however, that at least thirty (30) days' prior written notice shall be sent to the Holder of the Certificates to be redeemed by United States mail, first-class postage prepaid and subject to the terms and provisions relating thereto contained in the Ordinance. If this Certificate is subject to redemption prior to Stated Maturity and is in a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Certificate to the Paying Agent/Registrar at its corporate trust office, a new Certificate or Certificates of like Stated Maturity and interest rate in any authorized denominations provided in the Ordinance for the then unredeemed balance of the principal sum hereof.

If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption has been duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if the money for the payment of the redemption price, and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Certificate is called for redemption, in whole or in part, the City or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Certificate within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Certificates of this series are payable from the proceeds of an ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the *System*), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of the currently outstanding Prior Lien Obligations and Subordinate Lien Obligations, and any Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the currently outstanding Limited Pledge Obligations (identified and defined in the Ordinance) that are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner and as described in the ordinance authorizing the issuance

of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Additional Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Reference is hereby made to the Ordinance, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenues pledged for the payment of the Certificates; the terms and conditions under which the City may issue Additional Prior Lien Obligations, Junior Lien Obligations, Additional Subordinate Lien Obligations, and Additional Limited Pledge Obligations; the terms and conditions relating to the transfer or exchange of the Certificates; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holder; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Certificate may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the City nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a Special Record Date) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Certificate in order

to render the same a legal, valid, and binding obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by the laws of the State of Texas and the Ordinance, and that issuance of the Certificates does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of, premium if any, and interest on the Certificates by the levy of a tax and collection of Pledged Revenues as aforestated. In case any provision in this Certificate or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the City has caused this Certificate to be duly executed under its official seal.

CITY OF MERCEDES, TEXAS

By _____
Mayor

ATTEST:

City Secretary

(CITY SEAL)

C. *Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Certificate Only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER OF	§	
PUBLIC ACCOUNTS	§	
	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY that this Certificate has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____

Acting Comptroller of Public Accounts
of the State of Texas

(SEAL)

*NOTE TO PRINTER: Not to appear on printed Certificates.

D. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Certificates Only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued under the provisions of the within-mentioned Ordinance; the Certificate or Certificates of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: _____, _____, _____ as Paying
Agent/Registrar

_____ By: _____
Authorized Signature

*NOTE TO PRINTER: Print on Definitive Certificates.

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number): _____
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular.

Signature guaranteed:

F. Form of Initial Certificate. The Initial Certificate shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Certificate shall be modified as follows:

- (i) immediately under the name of the Certificate the headings "Interest Rate and "Stated Maturity shall both be completed "as shown below";
- (ii) the first two paragraphs shall read as follows:

The City of Mercedes, Texas (the *City*), a body corporate and municipal corporation in the County of Hidalgo, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above stated to mature on the fifteenth day of February in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>Years of</u> <u>Stated Maturity</u>	<u>Principal</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>
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(Information to be inserted
from schedule in Section 2 hereof)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amounts hereof from the Closing Date (anticipated to occur on December 11,

2025) specified above, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for until the Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rates of interest specified above, computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on [February 15 and August 15] of each year (each, an *Interest Payment Date*), commencing February 15, 2026.

Principal of this Certificate shall be payable to the Registered Owner hereof (the *Holder*), upon its presentation and surrender, to Stated Maturity or prior redemption, while Outstanding, at the corporate trust office of _____, _____, _____ (the *Paying Agent/Registrar*) provided, however, with respect to the principal payment prior to the final Stated Maturity, the Certificates need not be surrendered to the Paying Agent/Registrar, who will merely document such payment on an internal ledger maintained by the Paying Agent/Registrar. Interest shall be payable to the Holder of this Certificate whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last business day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

G. Insurance Legend. If bond insurance is obtained by the City or the Purchasers for the Certificates, the Definitive Certificates and the Initial Certificate shall bear an appropriate legend as provided by the bond insurer to appear under the following header:

[BOND INSURANCE] or [STATEMENT OF INSURANCE]

SECTION 9. Definitions. For all purposes of this Ordinance (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 27 and 44 of this Ordinance have the meanings assigned to them in Sections 27 and 44 of this Ordinance, and all such terms, include the plural as well as the singular; (ii) all references in this Ordinance to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of this Ordinance as originally adopted; and (iii) the words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

A. The term *Additional Limited Pledge Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or other evidences of indebtedness hereinafter issued by the City payable in whole or in part from a limited pledge of and lien on Net Revenues of the System, being a lien on and pledge of Net Revenues that is subordinate and inferior to the lien thereon and pledge thereof securing the payment of the currently outstanding Prior Lien Obligations and Subordinate Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City, which pledge of revenues is limited pursuant to Section 1502.052, as amended, Texas Government Code, all as further

provided in Section 20 of this Ordinance, and (ii) any obligations issued to refund the foregoing as determined by the City Commission in accordance with any applicable law.

B. The term *Additional Prior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or any similar obligations hereafter issued by the City that are payable wholly or in part from and equally and ratably secured, together with the currently outstanding Prior Lien Obligations, by a prior and first lien on and pledge of the Net Revenues of the System, all as further provided in Section 20 of this Ordinance, and (ii) any obligations issued to refund the foregoing that are payable from and equally and ratably secured by a prior and first lien on and pledge of the Net Revenues of the System as determined by the City Commission in accordance with any applicable law.

C. The term *Additional Subordinate Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation or any similar obligations hereinafter issued by the City that are payable wholly or in part from and equally and ratably secured, together with the currently outstanding Subordinate Lien Obligations, by a lien on and pledge of the Net Revenues of the System, such pledge being subordinate and inferior to the lien on and pledge of the Net Revenues that are or will be pledged to the payment of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations or Junior Lien Obligations hereinafter issued by the City, but prior and superior to the lien on and pledge of the limited amount of the Net Revenues securing, in part, the payment of the currently outstanding Limited Pledge Obligations, the Certificates, or any Additional Limited Pledge Obligations hereafter issued by the City, all as further provided in Section 20 of this Ordinance and (ii) any obligations hereinafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues as determined by the City Commission in accordance with applicable law.

D. The term *Authorized Officials* shall mean the Mayor, the Mayor Pro Tem, the City Manager, the Director of Finance, and/or the City Secretary.

E. The term *Certificates* shall mean the \$____,____,____ “CITY OF MERCEDES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025” authorized by this Ordinance.

F. The term *Certificate Fund* shall mean the special Fund created and established by the provisions of Section 10 of this Ordinance.

G. The term *City* shall mean the City of Mercedes, located in Hidalgo County, Texas and, where appropriate, the City Commission of the City.

H. The term *Closing Date* shall mean the date of physical delivery of the Initial Certificates in exchange for the payment of the agreed purchase price for the Certificates.

I. The term *Collection Date* shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

J. The term *Debt Service Requirements* shall mean, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

K. The term *Depository* shall mean an official depository bank of the City.

L. The term *Fiscal Year* shall mean the annual financial accounting period for the System now ending on September 30th of each year; provided, however, the City Commission may change such annual financial accounting period to end on another date if such change is found and determined to be necessary for accounting purposes or is required by applicable law.

M. The term *Government Securities*, as used herein, shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Certificates.

N. The term *Gross Revenues* for any period shall mean all revenue during such period in respect or on account of the operation or ownership of the System, excluding refundable meter deposits, restricted gifts, and grants in aid of construction, but including earnings and income derived from the investment or deposit of money in any special fund or account (except the Certificate Fund) created and established for the payment or security of the Certificates.

O. The term *Holder* or *Holder*s shall mean the registered owner, whose name appears in the Security Register, for any Certificate.

P. The term *Interest Payment Date* shall mean the date interest is payable on the Certificates, being [February 15 and August 15] of each year, commencing February 15, 2026, while any of the Certificates remain Outstanding.

Q. The term *Junior Lien Obligations* shall mean (i) any bonds, notes, warrants, certificates of obligation, or any similar obligations hereafter issued by the City that are payable, in whole or in part, from and equally and ratably secured by a junior and inferior lien on and pledge

of the Net Revenues of the System, such pledge being junior and inferior to the lien on and pledge of the Net Revenues of the System, that are pledged to the currently outstanding Prior Lien Obligations and may be pledged to the payment of any Additional Prior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues securing the payment of the currently outstanding Subordinate Lien Obligations, Limited Pledge Obligations, the Certificates, or any Additional Subordinate Lien Obligations or Additional Limited Pledge Obligations hereafter issued by the City, all as further provided in Section 20 of this Ordinance and (ii) any obligations hereafter issued to refund the foregoing that are payable from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues of the System as determined by the City Commission in accordance with any applicable law.

R. The term *Limited Pledge Obligations* shall mean (i) the Certificates and the currently outstanding and unpaid obligations of the City that are payable, in part, from and secured by a subordinate and inferior lien on and pledge of a limited amount of the Net Revenues of the System and designated as follows:

(1) CITY OF MERCEDES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015”, dated February 1, 2015, in the original principal amount of \$2,600,000; and

(2) CITY OF MERCEDES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2018”, dated February 15, 2018, in the original principal amount of \$9,595,000;

(3) CITY OF MERCEDES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021”, dated September 15, 2021, in the original principal amount of \$8,250,000;

(4) CITY OF MERCEDES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024”, dated September 1, 2024, in the original principal amount of \$6,760,000;

(5) Upon issuance, the Certificates; and

(ii) any obligations hereafter issued to refund any of the foregoing as determined by the City Commission in accordance with any applicable law.

S. The term *Maintenance and Operating Expenses* shall mean all current expenses of operating and maintaining the System not paid from the proceeds of the Certificates, including (1) the cost of all salaries, labor, materials, repairs, and extensions necessary to render efficient service, but only if, in the case of repairs and extensions, they are, in the judgment of the City Commission (reasonably and fairly exercised), necessary to maintain operation of the System and render adequate service to the City and the inhabitants thereof, or are necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues, (2) payments to pension, retirement, health, hospitalization, and other employee benefit funds for employees of the City engaged in the operation or maintenance of the System, (3) payments under contracts for the purchase of water supply, treatment of sewage, or other

materials, goods, or services for the System to the extent authorized by law and the provisions of such contract, (4) payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the City hereunder, and (5) any legal liability of the City arising out of the operation, maintenance, or condition of the System, but excluding any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash and any interest on the Certificates or other bonds, notes, warrants, or similar obligations of the City payable from Net Revenues.

T. The term *Net Revenues* for any period shall mean the Gross Revenues of the System less the Maintenance and Operating Expenses of the System.

U. The term *Ordinance* shall mean this ordinance as finally passed and adopted by the City Commission of the City.

V. The term *Outstanding* when used in this Ordinance with respect to Certificates shall mean, as of the date of determination, all Certificates issued and delivered under this Ordinance, except:

(1) those Certificates cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 29 of this Ordinance; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 25 of this Ordinance.

W. The term *Pledged Revenues* shall mean, while the Certificates remain Outstanding, an amount of Net Revenues not in excess of \$1,000. The Pledged Revenues shall be deposited, allocated, and expended in accordance with Section 10 of this Ordinance.

X. The term *Pledged Revenue Amount* shall mean the total amount, not to exceed \$1,000 while the Certificates are Outstanding, of Net Revenues that may be transferred in whole or in part by the City in any given Fiscal Year (however, any amounts transferred prior to the final maturity date of the Certificates may not exceed the total amount of \$1,000) to the Certificate Fund.

Y. The term *Prior Lien Obligations* shall mean (i) the currently outstanding and unpaid obligations of the City that are payable wholly or in part from and equally and ratably secured by a prior and first lien on and pledge of the Net Revenues of the System as determined by the City Commission in accordance with any applicable law and designated as follows:

(1) CITY OF MERCEDES, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2013, dated February 15, 2013, in the original principal amount of \$3,255,000;

and (ii) any obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a prior and first lien on and pledge of the Net Revenues of the System as determined by the City Commission in accordance with any applicable law.

Z. The term *Purchasers* shall mean the initial purchaser or purchasers of the Certificates named in Section 26 of this Ordinance.

AA. The term *Stated Maturity* shall mean the annual principal payments of the Certificates payable on February 15 of each year the Certificates are Outstanding as set forth in Section 2 of this Ordinance.

BB. The term *Subordinate Lien Obligations* shall mean (i) the currently outstanding and unpaid obligations of the City that are payable, in whole or in part, from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues of the System, such pledge being subordinate and inferior to the lien on and pledge of the Net Revenues of the System that are or may be pledged to the payment of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations or Junior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the limited amount of the Net Revenues securing, in part, the payment of the currently outstanding Limited Pledge Obligations, the Certificates or any Additional Limited Pledge Obligations hereafter issued by the City, all as further provided in Section 20 of this Ordinance and (ii) any obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues of the System as determined by the City Commission in accordance with any applicable law and designated as follows:

(1) CITY OF MERCEDES, TEXAS COMBINATION TAX AND SUBORDINATE LIEN REVENUE CERTIFICATES OF OBLIGATION, SERIES 2006, dated June 1, 2006, in the original principal amount of \$1,265,000;

and (ii) any obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues of the System as determined by the City Commission in accordance with any applicable law.

CC. The term *System* shall mean all properties, facilities and plants currently owned, operated, and maintained by the City for the supply, treatment, and transmission of treated potable water, for the collection and treatment of wastewater, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the City and the City expressly reserves the right at its sole discretion to include additional utility, telecommunications, technology, or similar enterprise services as components of the System; provided, however, that notwithstanding the foregoing, and to the extent now or hereinafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of *Special Facilities Bonds*, which are hereby defined as being special revenue obligations of the City which are not payable from Net Revenues but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Prior Lien

Obligations including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

SECTION 10. Certificate Fund – Investments. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption, and retirement of the Certificates, there shall be and is hereby created a special fund to be designated “COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025, INTEREST AND SINKING FUND” (the *Certificate Fund*), which fund shall be kept and maintained at the Depository, and money deposited in the Certificate Fund shall be used for no other purpose and shall be maintained as provided in Section 27. Authorized Officials of the City are hereby authorized and directed to make withdrawals from the Certificate Fund sufficient to pay the purchase price or the amount of principal of, premium, if any, and interest on the Certificates as the same become due and payable, or the purchase price thereof, and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the business day next preceding each interest and principal payment date for the Certificates.

The City, at its sole discretion, may deposit the Pledged Revenue Amount to the Certificate Fund. The Pledged Revenue Amount, if deposited, shall be expended annually to pay principal of and interest on the Certificates as the same become due and payable. This Pledged Revenue Amount shall be accounted for and transferred to the Paying Agent/Registrar in accordance with the provisions of the previous paragraph of this Section.

Pending the transfer of funds to the Paying Agent/Registrar, money deposited in any fund created and established by this Ordinance may, at the option of the City, be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities, including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from such fund will be available at the proper time or times. All interest and income derived from deposits and investments in any fund established pursuant to the provisions of this Ordinance shall be credited to, and any losses debited to, such fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 11. Tax Levy. To provide for the payment of the Debt Service Requirements on the Certificates being (i) the interest on the Certificates and (ii) a sinking fund for their redemption at Stated Maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current year and each succeeding year thereafter while the Certificates or any interest thereon shall remain Outstanding, a sufficient tax, within the limitations prescribed by law, on each one hundred dollars valuation of taxable property in the City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund and are thereafter pledged to the payment of the Certificates. The City Commission hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay such Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness and other obligations of the City.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificates shall be determined and accomplished in the following manner:

A. Prior to the date the City Commission establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the City Commission shall determine:

(1) the amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year;

(2) the amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Pledged Revenues, if any, to be appropriated and allocated during such year to pay such Debt Service Requirements, if any, prior to the Collection Date for the ad valorem taxes to be levied; and

(3) the amount of Pledged Revenues, if any, to be appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding Fiscal Year.

B. The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificates shall be the amount established in paragraph (1) above less the sum total of the amounts established in paragraphs (2) and (3), after taking into consideration delinquencies and costs of collecting such annual taxes.

SECTION 12. Pledge of Revenues. The City hereby covenants and agrees that, subject to (i) any prior lien on and pledge of the Net Revenues of the System to the payment and security of the currently outstanding Prior Lien Obligations and Subordinate Lien Obligations, and any Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien

Obligations hereafter issued by the City and (ii) the lien on and pledge of a limited amount of the Net Revenues to the payment and security of the currently outstanding Limited Pledge Obligations, the Certificates, and any Additional Limited Pledge Obligations hereafter issued by the City, the Pledged Revenues are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates and the pledge of Pledged Revenues herein made for the payment of the Certificates shall constitute a lien on the Pledged Revenues in accordance with the terms and provisions hereof and be valid and binding without any physical delivery thereof or further act by the City.

SECTION 13. System Fund. The City hereby covenants and agrees that all Gross Revenues derived from the operation of the System shall be kept separate and apart from all other funds, accounts and money of the City and shall be deposited as collected into the “CITY OF MERCEDES, TEXAS UTILITY SYSTEM FUND” (the *System Fund*). All money deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown:

- First: to the payment of the reasonable and proper Maintenance and Operating Expenses of the System required by statute or ordinances authorizing the issuance of any indebtedness of the City to be a first charge on and claim against the Gross Revenues of the System;
- Second: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance;
- Third: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of any Junior Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance;
- Fourth: To the payment of the amounts that must be deposited in the special funds and accounts created and established for the payment, security, and benefit of the currently outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinance authorizing their issuance; and
- Fifth: To the payment of the amounts that may be deposited in the special funds and accounts established for the payment of the currently outstanding Limited Pledge Obligations, including the Certificates, and any Additional Limited Pledge Obligations hereafter issued by the City in accordance with the terms and provisions of any ordinances authorizing their issuance.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment, security and benefit thereof, may be appropriated and used for any other City purpose now or hereinafter permitted by law.

SECTION 14. Deposits to Certificate Fund – Surplus Certificate Proceeds. The City hereby covenants and agrees to cause to be deposited in the Certificate Fund prior to a principal and interest payment date for the Certificates, from the Pledged Revenues in the System Fund, after the deduction of all payments required to be made to the special funds or accounts created for the payment, security, and benefit of (i) the currently outstanding Prior Lien Obligations and Subordinate Lien Obligations, and any Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City and (ii) the currently outstanding Limited Pledge Obligations, including the Certificates or any Additional Limited Pledge Obligations hereafter issued by the City, any amounts budgeted to be paid therefrom in such Fiscal Year.

Accrued interest, if any, received from the Purchasers of the Certificates shall be deposited to the Certificate Fund and ad valorem taxes levied and collected for the benefit of the Certificates shall be deposited to the Certificate Fund. In addition, any surplus proceeds, including investment income therefrom, from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said fund from ad valorem taxes.

SECTION 15. Security of Funds. All money on deposit in the funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and money on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

SECTION 16. Maintenance of System - Insurance. The City covenants and agrees that while the Certificates remain Outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other insurance (including a system of self-insurance) on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas. All money received from losses under such insurance policies, other than public liability policies, are held for the benefit of the holders of the Certificates until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the City from doing so.

SECTION 17. Rates and Charges. The City hereby covenants and agrees with the Holders of the Certificates that rates and charges for utility services afforded by the System will be established and maintained to provide Gross Revenues sufficient at all times:

A. to pay, together with any other lawfully available funds, all operating, maintenance, depreciation, replacement, betterment, and other costs incurred in the maintenance and operation

of the System, including, but not limited to, Maintenance and Operating Expenses; provided, however, that the City expressly reserves the right to utilize other lawfully available funds to pay the Maintenance and Operating Expenses;

B. to produce Net Revenues sufficient, together with any other lawfully available funds, to pay (i) the interest on and principal of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof, (ii) the interest on and principal of any Junior Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof, (iii) the interest on and principal of the currently outstanding Subordinate Lien Obligations and any Additional Subordinate Lien Obligations hereafter issued by the City as the same becomes due and payable and the amounts required to be deposited in any special fund created and established for the payment, security, and benefit thereof, and (iv) the amounts that may be deposited in the special funds established for the payment of the currently outstanding Limited Pledge Obligations, the Certificates, or any Additional Limited Pledge Obligations hereafter issued by the City; and

C. to pay other legally incurred indebtedness payable from the Net Revenues of the System and/or secured by a lien on the System or the Net Revenues thereof.

SECTION 18. Records and Accounts - Annual Audit. The City further covenants and agrees that so long as any of the Certificates remain Outstanding it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Chapter 1502, as amended, Texas Government Code, or other applicable law. The Holders of the Certificates or any duly authorized agent or agents of the Holders shall have the right to inspect the System and all properties comprising the same. The City further agrees that, following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants. Expenses incurred in making the annual audit of the operations of the System are to be regarded as Maintenance and Operating Expenses.

SECTION 19. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the Holders of any of the Certificates shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 20. Issuance of Additional Prior Lien Obligations, Junior Lien Obligations, Additional Subordinate Lien Obligations, and Additional Limited Pledge Obligations. The City hereby expressly reserves the right to hereinafter issue bonds, notes, warrants, certificates of obligation, or similar obligations, payable, wholly or in part, as appropriate, from and secured by a pledge of and lien on the Net Revenues of the System with the following priorities, without limitation as to principal amount, but subject to any terms, conditions, or restrictions applicable thereto under existing ordinances, laws, or otherwise:

A. Additional Prior Lien Obligations payable from and equally and ratably secured by a first and prior lien on and pledge of the Net Revenues of the System;

B. Junior Lien Obligations payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is junior and inferior to the lien on and pledge thereof securing the payment of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues securing, in part, the payment of the currently outstanding Subordinate Lien Obligations and Limited Pledge Obligations, and the Certificates, and any Additional Subordinate Lien Obligations or Additional Limited Pledge Obligations hereafter issued by the City; and

C. Additional Subordinate Lien Obligations payable from and equally and ratably secured by a lien on and pledge of the Net Revenues that is subordinate and inferior to the lien on and pledge thereof securing the payment of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations or Junior Lien Obligations hereafter issued by the City, but prior and superior to the lien on and pledge of the Net Revenues securing, in part, the payment of the currently outstanding Limited Pledge Obligations, the Certificates, and any Additional Limited Pledge Obligations hereafter issued by the City; and

D. Additional Limited Pledge Obligations secured by a lien on and pledge of a limited amount of the Net Revenues in accordance with the provisions of the following paragraph.

Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations, if issued, may be payable, in whole or in part, from Net Revenues (without impairment of the obligation of contract with the holders of the currently outstanding Limited Pledge Obligations and the Certificates) upon such terms and conditions as the City Commission may determine. Additional Limited Pledge Obligations, if issued and payable, in whole or in part, from Pledged Revenues (defined in the same or similar terms as provided in Section 9 of this Ordinance or in the ordinance authorizing the issuance of the currently outstanding Limited Pledge Obligations), shall not in any event be construed to be payable from the Pledged Revenues authorized by this Ordinance or in the ordinance authorizing the issuance of the currently outstanding Limited Pledge Obligations to be budgeted and appropriated for the payment of the Certificates or the ordinance authorizing the issuance of the currently outstanding Limited Pledge Obligations. However, the lien on and pledge of the limited amount of Net Revenues securing, in part, the payment of the Certificates, the Limited Pledge Obligations, and any Additional Limited Pledge Obligations shall be subordinate and inferior to the pledge of and lien on the Net Revenues securing the payment of the currently outstanding Prior Lien Obligations and Subordinate Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City.

SECTION 21. Special Covenants. The City hereby further covenants that:

A. it has the lawful power to pledge the Pledged Revenues supporting the Certificates and has lawfully exercised said powers under the laws of the State of Texas, including power existing under Chapter 1502, as amended, Texas Government Code, the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through Section 271.064, and the City's Home Rule Charter;

B. other than for the payment of the currently outstanding Prior Lien Obligations, the Subordinate Lien Obligations, the Limited Pledge Obligations, and the Certificates, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System;

C. as long as any Certificates or any interest thereon remain Outstanding, the City will not sell, lease or encumber (except in the manner provided in Section 20 of this Ordinance) the System or any substantial part thereof, provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System;

D. to the extent that it legally may, the City further covenants and agrees that, so long as any of the Certificates, or any interest thereon, are Outstanding, no franchise shall be granted for the installation or operation of any competing utility systems other than those owned by the City, and the operation of any such systems by anyone other than the City is hereby prohibited; and

E. no free service of the System shall be allowed, and should the City or any of its agents or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

SECTION 22. Application of the Covenants and Agreements of the Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations. It is the intention of the City Commission and accordingly hereby recognized and stipulated that the provisions, agreements, and covenants contained herein bearing upon the management and operations of the System, and the administration and application of Gross Revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements, and covenants contained in the ordinances authorizing the issuance of the currently outstanding Prior Lien Obligations, Subordinate Lien Obligations, and any Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of the currently outstanding Prior Lien Obligations, Subordinate Lien Obligations, and any Additional Prior Lien Obligations, or Junior Lien Obligations, or Additional Subordinate Lien Obligations hereinafter issued by the City, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance, especially the priority of rights and benefits conferred thereby to the holders of the currently outstanding Prior Lien Obligations and Subordinate Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, and Subordinate Lien

Obligations hereafter issued by the City. It is expressly recognized that prior to the issuance of any Additional Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations, the City must comply with each of the conditions precedent contained in the ordinances authorizing the issuance of the currently outstanding Prior Lien Obligations, Subordinate Lien Obligations, and Limited Pledge Obligations (including the Certificates), as appropriate.

SECTION 23. Notices to Holders – Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 24. Cancellation. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Certificates held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 25. Mutilated, Destroyed, Lost, and Stolen Certificates. If (1) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Certificate, and (2) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously Outstanding.

In case any such mutilated, destroyed, lost, or stolen Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

Upon the issuance of any new Certificate or payment in lieu thereof, under this Section, the City may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses and charges (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Certificate shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Certificates.

SECTION 26. Sale of the Certificates - Approval of Purchase and Investment Letter – Use of Certificate Proceeds. The Certificates authorized by this Ordinance are hereby sold by the City to _____, _____, _____ as the initial purchaser of the Certificates pursuant to a private placement (the *Purchasers*, having all the rights and obligations of a Holder) in accordance with the provisions of a Purchase and Investment Letter (the *Purchase Contract*), dated November 18, 2025, attached hereto as Exhibit B and incorporated herein by reference as a part of this Ordinance for all purposes. The Initial Certificate shall be registered in the name of _____. The pricing and terms of the sale of the Certificates are hereby found and determined to be the most advantageous reasonably obtainable by the City. Each Authorized Official is hereby authorized and directed to execute the Purchase Contract for and on behalf of the City and as the act and deed of the City Commission, and in regard to the approval and execution of the Purchase Contract, the City Commission hereby finds, determines and declares that the representations, warranties, and agreements of the City contained in the Purchase Contract are true and correct in all material respects and shall be honored and performed by the City. Delivery of the Certificates to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Purchase Contract.

Proceeds from the sale of the Certificates shall be applied as follows:

(1) Accrued interest, if any, received from the Purchasers, shall be deposited into the Certificate Fund.

(2) The balance of the proceeds derived from the sale of the Certificates (shall be deposited into the special construction account or accounts, created for the projects to be constructed with the proceeds of the Certificates. This special construction account shall be established and maintained at the Depository and shall be invested in accordance with the provisions of Section 10 of this Ordinance. Interest earned on the proceeds of the Certificates pending completion of construction of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 14 of this Ordinance.

SECTION 27. Covenants to Maintain Tax-Exempt Status.

A. Definitions. When used in this Section, the following terms have the following meanings:

“*Closing Date*” means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Certificates.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Certificates means the yield as calculated pursuant to Section 1.148-4 of the Regulations.

B. Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Certificate to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until

the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except to the extent that it will not cause the Certificates to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

D. No Private Loan. Except to the extent it will not cause the Certificates to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if- (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

E. Not to Invest at Higher Yield. Except to the extent it will not cause the Certificates to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the Certificates.

F. Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action

which would cause the Certificates to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

G. Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

H. Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder or except to the extent the City complies with Subsection J of this Section:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Certificates by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Certificate Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the

error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

I. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

J. No Rebate Required. The City need not comply with the covenants and duties imposed by the provisions of Subsection H. of this Section if:

- (1) The City is a governmental unit with general taxing powers;
- (2) 95% of the Net Proceeds of the Bonds and all income from the investment thereof will be used for the governmental activities of the City;
- (3) The aggregate face amount, within the meaning of Section 1.148-8(c)(1) of the Regulations, of all debt obligations (other than private activity bonds) issued or expected to be issued by the City or any subordinate entity in the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000; and
- (4) The City otherwise satisfies the requirements of paragraph (4)(c) of section 148(f) of the Code and Section 1.148-8 of the Regulations and rulings thereunder.

K. Certificates Not Hedge Bonds.

- (1) The City reasonably expects to spend at least 85% of the spendable proceeds of the Certificates within three years after such Certificates are issued.
- (2) Not more than 50% of the proceeds of the Certificates will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

L. Elections. The City hereby directs and authorizes any Authorized Official, either individually or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document. Such elections shall be deemed to be made on the Closing Date.

M. Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as *qualified tax-exempt obligations* for purposes of section 265(b) of the Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) during the calendar year in which the Certificates are issued, the City (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Certificates, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) the City reasonably

anticipates that the amount of tax-exempt obligations issued during the calendar year 2025 by the City (including any subordinate entities) will not exceed \$10,000,000; and (c) the City will take such action or refrain from such action as is necessary in order that the Certificates will not be considered “private activity bonds” within the meaning of section 141 of the Code.

SECTION 28. Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas and shall take and have charge and control of the Certificates pending their approval by the Attorney General of the State of Texas, the registration thereof by the Comptroller of Public Accounts of the State of Texas and the delivery of the Certificates to the Purchasers.

Furthermore, any Authorized Officials, either or all, are hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Certificates, the approval of the Attorney General of the State of Texas and their registration by the Comptroller of Public Accounts of the State of Texas and, together with the City’s financial advisors, Bond Counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Certificate to the Purchasers and, when requested in writing by the Purchasers, the initial exchange thereof for definitive Certificates.

SECTION 29. Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied and the lien on and pledge of the Pledged Revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at Stated Maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities will mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof for the Certificates. In the event of a defeasance of the Certificates, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent accounting firm, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Certificate. As and to the extent applicable, if at all, the City covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 27 hereof).

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity of the Certificates, or applicable redemption date of the Certificates, such money was deposited and is held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased Certificates that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Certificates immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Certificates, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Certificates.

SECTION 30. Printed Opinion. The Purchasers' obligation to accept delivery of the Certificates is subject to their being furnished a final opinion of Norton Rose Fulbright US LLP, Austin, Texas, as Bond Counsel, approving certain legal matters as to the Certificates, this opinion to be dated and delivered as of the date of initial delivery and payment for such Certificates. Printing of a true and correct copy of this opinion on the reverse side of each of the Certificates, with appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City is hereby approved and authorized.

SECTION 31. CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof, and neither the City nor Bond Counsel are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 32. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 33. Ordinance a Contract, Amendments - Outstanding Certificates. The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Certificates. This Ordinance shall constitute a contract with the Holders from time to time, binding on the City and its successors and assigns, and it shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the

Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided, however, that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, and interest on the Certificates, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition, or rescission.

SECTION 34. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, Bond Counsel, Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, Bond Counsel, the Paying Agent/Registrar, and the Holders.

SECTION 35. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters ordained herein.

SECTION 36. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 37. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Commission hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 38. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 39. Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Commission of the City.

SECTION 40. Authorization of Paying Agent/Registrar Agreement. The City Commission of the City hereby finds and determines that it is in the best interest of the City to authorize the execution of a Paying Agent/Registrar Agreement concerning the payment, exchange, registration, and transferability of the Certificates. A copy of the Paying

Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

SECTION 41. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 42. Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the City or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

SECTION 43. No Recourse Against City Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Certificate or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Certificate.

SECTION 44. Continuing Disclosure Undertaking.

A. Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

Rule means SEC Rule 15c2-12, as amended from time to time.

SEC means the United States Securities and Exchange Commission.

The Certificates are being sold pursuant to a private placement with the Purchaser, generally in denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof, to less than 35 sophisticated investors, and therefore SEC Rule 15c2-12 is not applicable to the offering of the Certificates. Accordingly, no contract to provide continuing disclosure information after the issuance of the Certificates has been made by the City with investors.

SECTION 45. Book-Entry Only System.

The Certificates may initially be registered so as to participate in a securities depository system (the *DTC System*) with the Depository Trust Company, New York, New York, or any successor entity thereto (*DTC*), as set forth herein. Each Stated Maturity of the Certificates shall be issued (following cancellation of the Initial Certificates described in Section 7) in the form of a single definitive Certificate. Upon issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Certificates shall be registered in the name of Cede & Co., as the nominee of DTC. The City and

the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations attached hereto as Exhibit D (the *Representation Letter*).

With respect to the Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Certificates from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Certificates (an *Indirect Participant*). Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Certificates, as shown on the Security Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of a Certificate, of any amount with respect to principal of, premium, if any, or interest on the Certificates. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a bond certificate evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the Holder, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

In the event that (a) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the City determines that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the City shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of bond certificates, and the Certificates shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the City may determine that the Certificates shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the City, or such depository's agent or designee, and if the City and the Paying Agent/Registrar do not select such alternate securities depository system then the Certificates may be registered in whatever name or names the Holders of Certificates transferring or exchanging the Certificates shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 46. Further Procedures. The officers and employees of the City are hereby authorized, empowered and directed from time to time and at any time to do and perform all such

acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the Certificates, the Purchase Contract, the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Certificates, any Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Certificates by the Texas Attorney General's office. In case any officer of the City whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 47. Contracts with Financial Advisor. The City Commission authorizes any Authorized Official, or their designees, to take all actions necessary to execute any necessary financial advisory contracts with Estrada Hinojosa, as the financial advisor to the City (the *Financial Advisor*). The City understands that under applicable federal securities laws and regulations that the City must have a contractual arrangement with its Financial Advisor relating to the sale, issuance, and delivery of the Certificates.

SECTION 48. Accounting Reports. The City shall provide annually to the Purchasers, for so long as they are the holder of the Certificates, within 270 days after the end of each fiscal year ending in or after 2025, financial information and operating data with respect to the City; provided that such financial statements so to be provided shall be (1) prepared in accordance with the generally accepted accounting principles, or such other accounting principles as the City may be required to employ from time to time pursuant to Texas law or regulations, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide (1) unaudited financial statements for the applicable fiscal year within 270 days after the end of such fiscal year, and (2) audited financial statements for the applicable fiscal year to the Purchasers when and if the audit report on such statements become available.

SECTION 49. City's Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the City hereby consents to and authorizes any Authorized Official, Bond Counsel to the City, and/or Financial Advisor to the City to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Certificates; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Certificates.

SECTION 50. Effective Date. Pursuant to the provisions of Section 1201.028, as amended, Texas Government Code, this Ordinance shall be effective immediately upon adoption, notwithstanding any provision in the City's Home Rule Charter to the contrary concerning a multiple reading requirement for the adoption of ordinances.

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PASSED, APPROVED, AND ADOPTED on the 18th day of November, 2025.

CITY OF MERCEDES, TEXAS

Mayor

ATTEST:

City Secretary

(CITY SEAL)

In compliance with Section 2.13 of the Home Rule Charter of the City of Mercedes, Texas (the "City"), I, the undersigned, City Attorney of the City, hereby approve the legality of the foregoing Ordinance adopted by the City Commission of the City as aforesaid.

City Attorney, City of Mercedes, Texas

INDEX TO EXHIBITS

Exhibit A	Paying Agent/Registrar Agreement
Exhibit B	Purchase Contract
Exhibit C	DTC Letter of Representations

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

See Tab No. __

EXHIBIT B
PURCHASE CONTRACT

See Tab No. __

EXHIBIT C

DTC LETTER OF REPRESENTATIONS

See Tab No. __

DATE: December 2, 2025
FROM: Richard Morin, Recreation Director
ITEM: Discussion and possible action to Approval to select a contractor for the Rec Center Roof Replacement Bid 2025-004

BACKGROUND INFORMATION: The City of Mercedes solicited bids for the Rec Center Roof on October 6, 2025, there was a pre-bid meeting held October 16, 2025 and provided an on-site visit of the facility. Bids were due November 6, 2025. The Bidders and costs are attached. At this time, the City has \$80,000 budgeted.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

ALTERNATIVES/OPTIONS: Possibly go out for a TPO roof

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):
\$ 80000

Account Number(s):
01-530-4010 Capital Outlay

Finance Review by: yes

LEGAL REVIEW: no

ATTACHMENTS:

1. 2025-004 Rec_Center_Roof_Replacement_Bid_Evaluation
2. 2025-004 Bid Specs
3. 2025-004 (A) - Addendum

STAFF RECOMMENDATION:

Title: **Rec Center Roof Replacement**
 Bid No.: **2025-004**
 Date Opened: **November 6, 2025 at 3:00 pm**

BID EVALUATION							
Contractor:	A-1 Facilities Services	2LG Construction	SKO Elite	Argio Roofing	AM Utilities + Construction	Meridion Construction	*ABBA Construction
Location:	<i>Donna, Tx</i>	<i>Brownsville, Tx</i>	<i>San Juan, Tx</i>	<i>Harlingen, Tx</i>	<i>Palmurst, Tx</i>	<i>McAllen, Tx</i>	<i>Laredo, Tx</i>
BASE BID / CONTINGENCY	\$69,173.00	\$88,000.00	\$92,340.00	\$97,300.00	\$107,611.00	\$171,857.00	\$115,000.00
		\$18,827.00	\$23,167.00	\$28,127.00	\$38,438.00	\$83,857.00	\$22,660.00
TOTAL PROJ. BID	\$69,173.00	\$88,000.00	\$92,340.00	\$97,300.00	\$107,611.00	\$171,857.00	\$115,000.00
Difference from lowest bidder		\$18,827.00	\$23,167.00	\$28,127.00	\$38,438.00	\$83,857.00	\$22,660.00
Timeline/Schedule	10 Calendar Days	60 Calendar Days	10-14 Calendar Days	45 Calendar Days	21 Calendar Days	14-21 Calendar Days	39 Calendar Days
Warranty Details: Material/Labor	10-Yr Manufacturer / 2-Year Labor	None Listed	20-Yr Manufacturer / 1-Year Labor	10-Yr Manufacturer / Labor not listed	10-15 Yr Manufacturer / 1-Yr Labor	10-20 Yr Manufacturer / 2-Yr Labor	10-Yr Manufacturer / 1-Yr Labor
References	None Listed	None Listed	Listed as Requested	Listed as Requested	None Listed	None Listed	Listed as Requested
Product Manufacturer	Meets Specs	Meets Specs	Meets Specs	Meets Specs	None Listed	None Listed	None Listed
BID BOND (5%)	YES	YES	YES	YES	YES	YES	YES

**City of Mercedes
Bid Tabulation**

Date: November 6, 2025

Time: 3:00 P.M.

Location: 400 S. Ohio Ave. Mercedes, TX 78570

Project: 2025-004 Rec Center Roof Replacement

No.	Company Name	Company Address	Total Cost (Silicone Coating)	Option 1 Cost (TPO Roofing)	Option 2 Cost (Polyurethane Foam)
1	AM Utilities & Construction.	4195 N. Brynawall. Palmhurst, TX 78573	107,611.-		
2	A-1 Facilities Services.	1704 Solengvist Rd Donna, TX 78537	69,173.-		
3	Meridian Construction	7017 N. 10th St Suite 203 McAllen, TX 78504	171,857.-	126,444.-	
4	ZLG Construction	5084 Padre Island Hwy Unit C Brownsville, TX 78521	88,000.-		
5	Argio Roofing	413 S. A Street Hearling, TX 78550	95,890.- add \$410 performance & bond		
6	SKO Elite	808 E. 13 1/2 St. San Juan, TX 78589	92,340.-		
7					
8					

**City of Mercedes
Sign-In Sheet**

Date: November 6, 2025

Time: 3:00 P.M.

Location 400 S. Ohio Ave, Mercedes, TX 78570

Project: 2025-004 Rec Center Roof Replacement

Name	Company Name	Phone No.	Email
Armando Villela	City of Mercedes		Avillela@com.com
Das Villaguerza	City of Mercedes		avillaguerza@cityofmercedes.com
Alfredo Guzman Jr.	Argio Roofing		msantana@argioroofing.com
Roberto Morales	AM Utilities		moralis mroh@aol.com
Hector Rivent	SKO Elite		Hector@skoelite.org
Javier Mendez	A1-Facility	(956) 832-8463	javier@a1-facility.com
LEONEL GONZALEZ	ZGA Construction	956-371-2065	Relene18@zghco.com Relene18@zghco.com
Emmanuel Lopez	Meridian Construction	(956) 222-4317	Contact@meridianbuilds.com
Martin Johnson	City of Mercedes		MJohnson@CityofMercedes.com

NOTICE

(RFP # 2025-004)

Posted: 10/6/2025

The City of Mercedes is requesting sealed Requests for Proposals (RFP) from qualified individuals/firms for the **RECREATION CENTER ROOF REPLACEMENT PROJECT**. Qualified applicants are invited to submit qualifications and proposals for the provision of these services. In order to be considered, proposals must address each of the requests for information included in this document.

A **pre-bid meeting** will be held on **THURSDAY, October 16, 2025**, at the Commission Chambers in City Hall located at 400 S. Ohio Ave., Mercedes, Texas 78570, to review the project scope and address any preliminary questions.

All addenda, notices, additional information, etc. will be posted on the City of Mercedes website at www.cityofmercedes.com.

One (1) original, one (1) copy of the proposal and one (1) electronic copy must be sealed and returned to the City of Mercedes, City Hall, no later than **3:00 P.M. CST on THURSDAY, November 6, 2025**, to the attention of:

City Secretary
Mercedes City Hall
400 S. Ohio Ave.
Mercedes, TX 78570

All proposals must be clearly marked with **“RFP 2025-004 – REC CENTER ROOF.”** Proposer is responsible for delivery of response by the date and time set for the closing of the proposal acceptance. Responses received after the date and time set for the closing will not be considered. Proposals will be publicly opened and acknowledged after the submission deadline. The contract award is anticipated to be made on Tuesday, November 18, 2025, during the regular meeting of the Mercedes City Commission.

All bidders **must be bonded** in accordance with state and local requirements.

All questions regarding the specifications or scope of work must be submitted in writing to the City of Mercedes at:

Joselynn Castillo, City Secretary
400 S. Ohio Ave.
Mercedes, TX 78570
Phone: (956) 565-3114
jcastillo@cityofmercedes.com

The City of Mercedes reserves the right to reject any and all proposals and waive informalities in proposals received.

Joselynn Castillo
City Secretary

**Request for Proposals
RFP No. 2025-004
Recreation Center Roof Replacement Project**

I. General Information

The City of Mercedes is requesting sealed proposals from qualified contractors for the replacement of a damaged roof located at Recreation Center, 701 Mathis St. Mercedes, TX 78570.

The project consists of two roof sections:

- **Lower Roof Section:** approximately 5,700 sq. ft.
- **Upper Roof Section:** approximately 7,872 sq. ft.

The existing roof is **metal**. Proposals shall include:

1. **Base Proposal:** Silicone Coating system.
2. **Option 1:** TPO Roofing system.
3. **Option 2:** Polyurethane Foam system.

All proposals shall include:

- Detailed **timeline/schedule** for project completion.
- **Warranty information** for materials and labor.
- **Cost breakdown** by system option.

II. Scope of Work

The selected contractor will be responsible for furnishing all labor, materials, equipment, and services required to complete the roof replacement project, including but not limited to:

1. Removal and proper disposal of damaged materials, as required.
2. Preparation of existing surfaces for new roofing system installation.
3. Installation of the roofing system(s) per manufacturer's recommendations and applicable codes.
4. Ensuring proper **drainage, insulation, and weatherproofing**.
5. Compliance with **Texas Department of Insurance (TDI)** standards and applicable building codes.
6. Restoration and clean-up of site upon completion.

III. Mandatory Site Visit

A **mandatory pre-bid meeting site visit** will be held on:
Thursday, October 16, 2025 at 10:00 A.M.
701 Mathis St. Mercedes, TX 78570

Attendance is required in order to submit a proposal.

IV. Proposal Submission

Sealed proposals must be clearly marked:

“RFP NO. 2025-004 – REC CENTER ROOF”

Proposals must include **one (1) original, one (1) copy, and one (1) USB drive** with a digital version of the proposal. Electronic submissions will not be accepted.

Proposals shall be delivered to:

City Secretary's Office
City of Mercedes
400 S. Ohio Ave.
Mercedes, Texas 78570

Deadline for Submission: Thursday, November 6, 2025

Bid Opening: Proposals will be publicly opened and read aloud immediately following the submission deadline at City Hall.

V. Proposal Requirements

Each proposal must include the following:

1. Company profile, including years in business and relevant experience.
2. Project approach and proposed methods for roof replacement.
3. Proposed timeline/schedule for completion.
4. Warranty details for both materials and labor.
5. Detailed cost proposal for:
 - Base Proposal (Silicone Coating)
 - Option 1 (TPO Roofing System)
 - Option 2 (Polyurethane Foam System)
6. References from at least three (3) similar projects completed within the last five years.
7. Proof of insurance and bonding capacity.

VI. Evaluation Criteria

Proposals will be evaluated based on the following criteria:

- Price competitiveness and cost breakdown.
- Contractor's experience and qualifications.
- Proposed project schedule.
- Warranty terms.
- Compliance with specifications.

The City reserves the right to reject any or all proposals, to waive informalities, and to accept the proposal deemed most advantageous to the City.

VII. Questions

Questions regarding this RFP must be submitted in writing to:

City Secretary's Office

Email: jcastillo@cityofmercedes.com

Phone: (956) 565-3114 ext. 138

VIII. Timeline

- RFP Release Date: October 6, 2025
- Mandatory Site Visit: October 16, 2025
- Deadline for Questions: October 30, 2025
- Proposal Submission Deadline: November 6, 2025
- Bid Opening: November 6, 2025

Issued this 6th day of October, 2025

City of Mercedes, Texas

October 28, 2025

City of Mercedes

ADDENDUM NO. 2025-004 (A)

Request for Proposals for

RECREATION CENTER ROOF REPLACEMENT PROJECT

Prospective Proposers and all concerned are hereby notified of the following changes in the Request for Proposals document for the above-listed RFP. These changes shall be incorporated in and shall become an integral part of the RFP documents.

1. A ~~mandatory~~ pre-bid meeting site visit will be held on: **Thursday, October 16, 2025 at 10:00 A.M.**
2. Proposal Requirements:
 - a. Detailed cost proposal for:
 - i. Base Proposal (Silicone Coating)
 - ii. ~~Option 1 (TPO Roofing System)~~
 - iii. ~~Option 2 (Polyurethane Foam System)~~

****1. Scope****

Provide all labor, materials, and equipment necessary to clean, prepare, and apply a high-solids silicone roof coating system over the existing metal roof surfaces at the Mercedes Recreation Center. Work includes all preparation, seam treatment, application, and associated details to provide a complete and warrantable waterproof roof system.

****2. Roof Area****

Total roof area: approximately 13,572 square feet (Upper ~7,872 sq ft; Lower ~5,700 sq ft).

****3. Materials****

Coating shall be a 100% silicone elastomeric roof coating, solvent-free or low-VOC, designed for use over metal substrates.

Acceptable manufacturers: Gaco, Progressive Materials, Tropical Roofing Products, GE Silicones, or approved equal meeting these requirements:

- * Tensile strength: ≥ 250 psi (ASTM D412)
- * Elongation: $\geq 150\%$ (ASTM D412)
- * Permeance: ≤ 6 perms @ 20 mils (ASTM E96)
- * Reflectivity: ≥ 0.80 (ASTM C1549)

****4. Surface Preparation****

- * Mechanically remove all loose coatings, rust, and debris.
- * Power wash with 3,000 psi minimum pressure.

If you need additional clarification, you may contact Joselynn Castillo at
jcastillo@cityofmercedes.com

End of Addendum

DATE: December 2, 2025
FROM: Denisse Hernandez, Interim Planning Director
ITEM: **Discussion and possible action to Final Plat Approval for Mirasol Country Estates**

BACKGROUND INFORMATION: Consideration and possible action on the Final Plat for Mirasol Country Estates, a 19.00-acre tract of land out of Lot 10, Block 27, Capisallo District Subdivision, Hidalgo County, Texas. The applicant, Mr. Kevin Campbell, is proposing a 59-lot manufactured home subdivision located outside the City limits (within the City's ETJ).

PROJECT OVERVIEW:

- Total Lots: 59 manufactured home lots
- Location: Outside City Limits / within ETJ
- Sewer Service: Provided by the City of Mercedes
- Water Service: Provided by North Alamo Water Supply Corporation
- Fire Protection: Water access agreement is in place to allow the City to supply the water pressure required for fire hydrants within the subdivision

FINAL WALKTHROUGH FINDINGS:

City staff conducted a final walkthrough of the subdivision. Items pending completion are minor in nature and currently being addressed by the developer. These include:

- Installation of required sidewalks
- Installation of street signs
- Fire hydrant testing to be performed and confirmed by the City
- Removal of construction debris from the site

All remaining items are expected to be completed promptly, and staff has verified that major infrastructure components are in place.

BOARD REVIEW/CITIZEN FEEDBACK: Planning & Zoning approved the final plat on December 1, 2025.

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):

\$

Account Number(s):

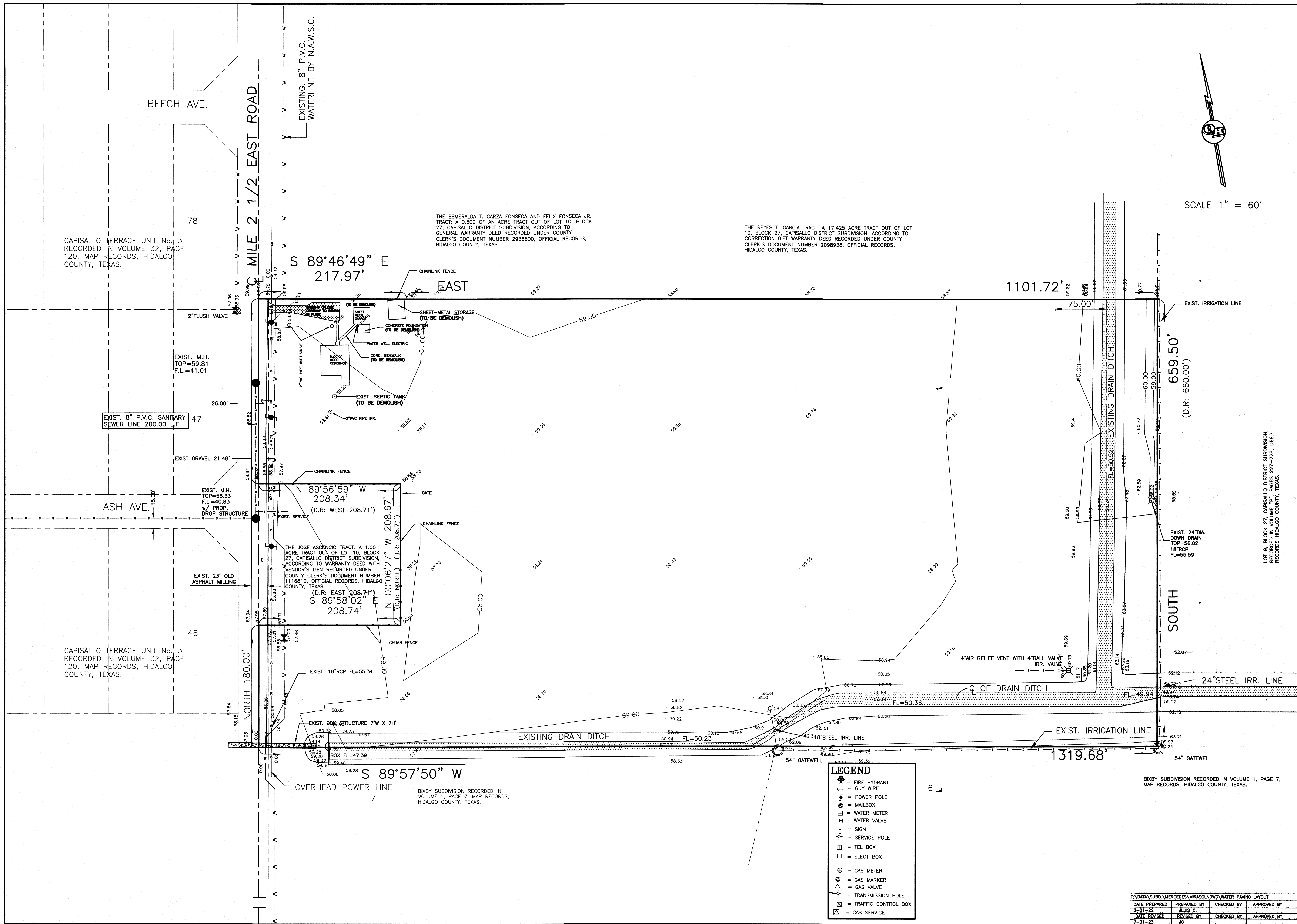
Finance Review by: Not Applicable

LEGAL REVIEW: Not Applicable

ATTACHMENTS:

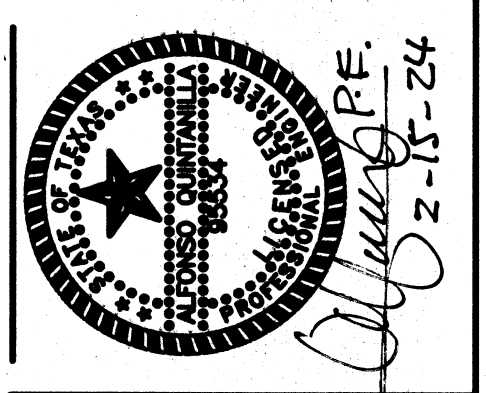
1. PLAT

STAFF RECOMMENDATION: Staff recommends approval subject to the city's comments of the Final Plat for Mirasol Country Estates, as all major infrastructure requirements have been met and the remaining minor walkthrough items are being addressed by the developer.

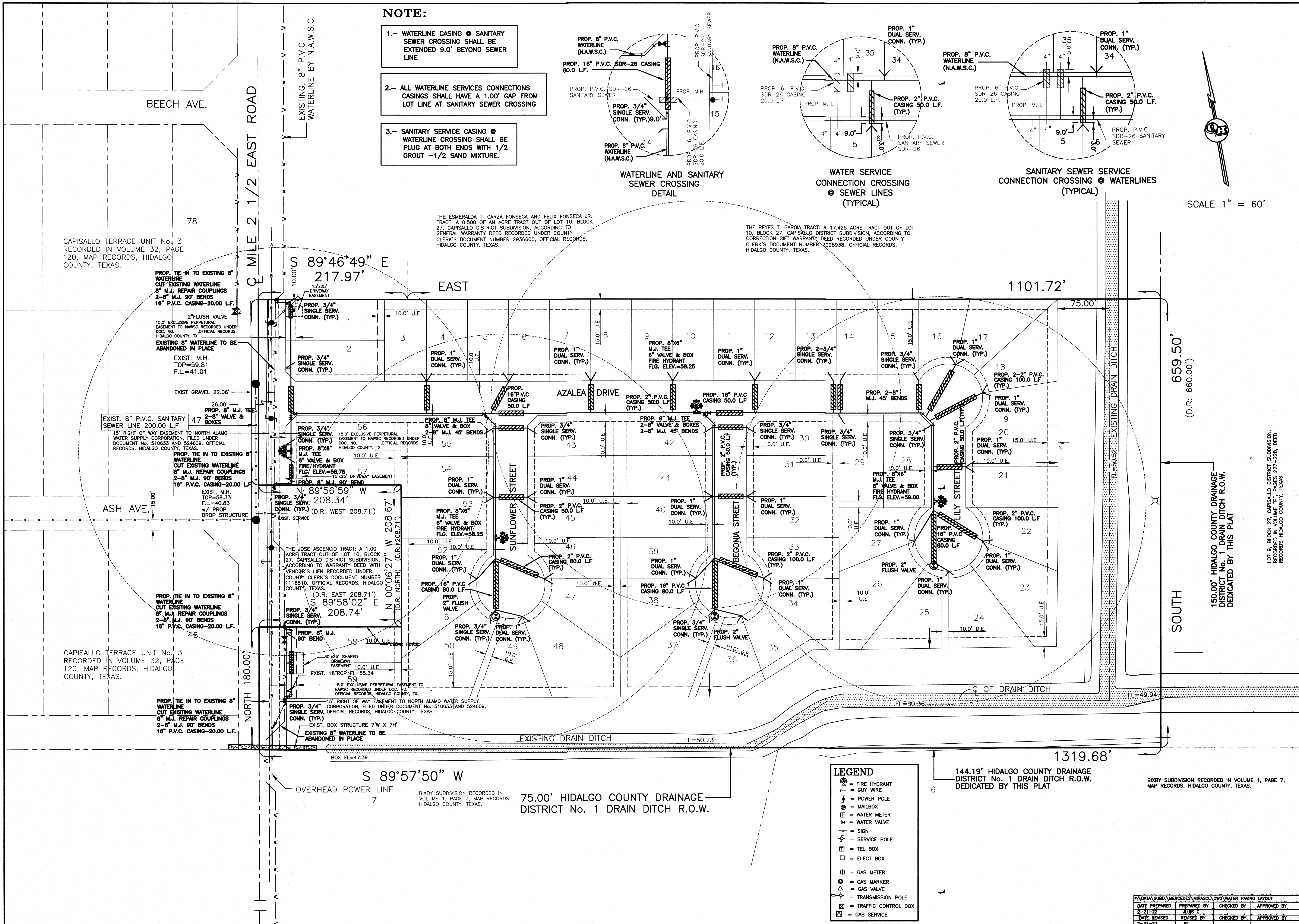


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DATE	1-25-2024
REVISION	1"=60'
SCALE	JULIS CVTS
DRAWN BY	
SHEET	

MIRASOL COUNTRY ESTATES
EXISTING TOPOGRAPHIC



QUINTANILLA, HEADLEY AND ASSOCIATES, INC.
CONSULTING ENGINEERS
124 E. STUBBS ST.
EDINBURG, TEXAS 78539
PHONE 956-381-6480
FAX 956-381-0527
ALFONSO@QCHA-ENG.COM
ENGINEERING REGISTRATION NUMBER F-1513
SURVEYING REGISTRATION NUMBER 100411-00

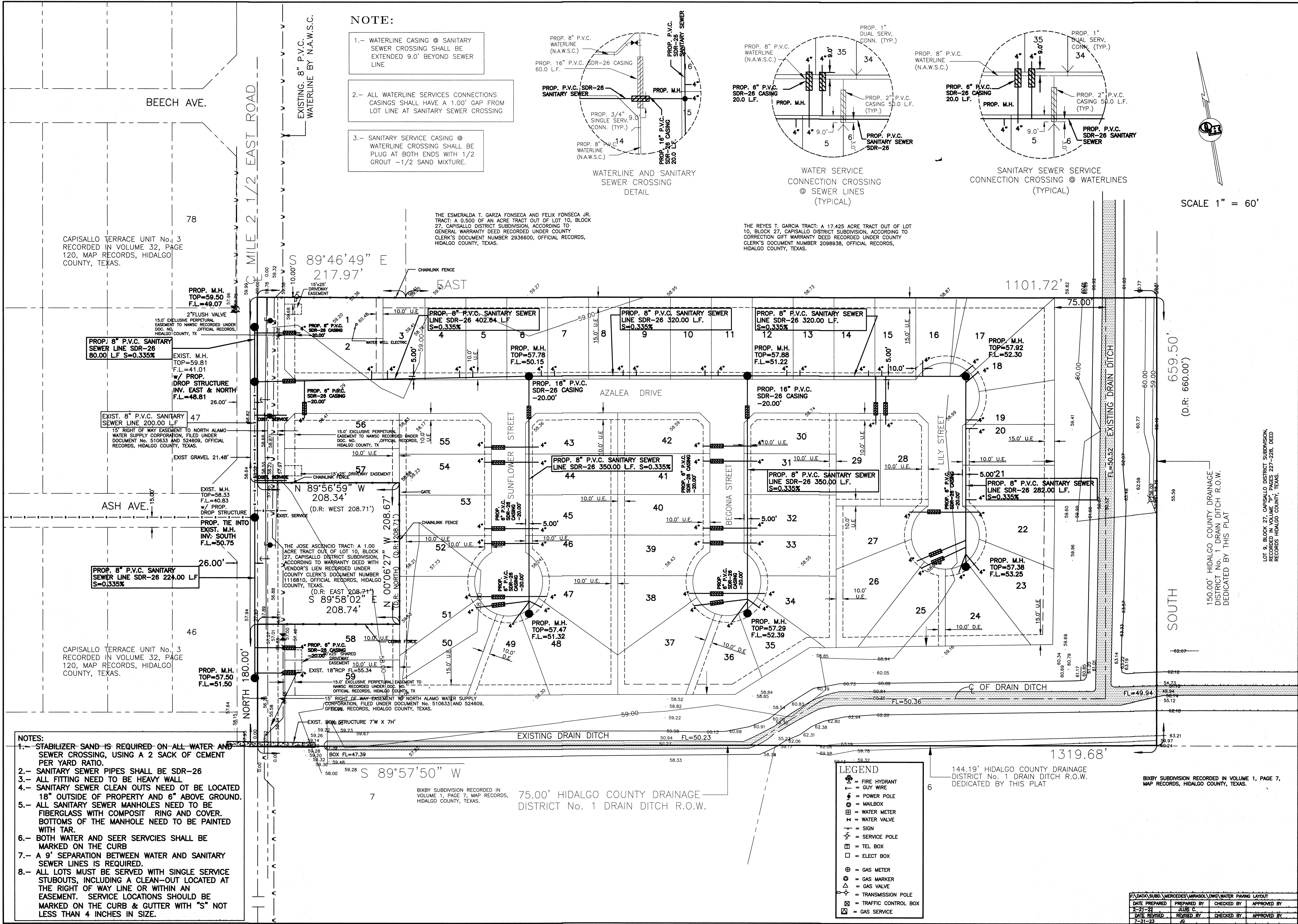


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DATE 1-25-2024
REVISION 1-25-2024
SCALE 1"=60'
DRAWN BY JULIS CYS
SHEET

MIRASOL COUNTRY ESTATES
WATER DISTRIBUTION SYSTEM

ALFONSO GARCIA
REGISTERED PROFESSIONAL ENGINEER
No. 15157
EXPIRATION DATE 12-31-24

QUINTANILLA, HEADLEY AND ASSOCIATES, INC.
CONSULTING ENGINEERS
124 E. STUBBS ST.
EDINBURG, TEXAS 78539
PHONE 956-381-6480
FAX 956-381-0527
ALFONSO@QHA-ENG.COM



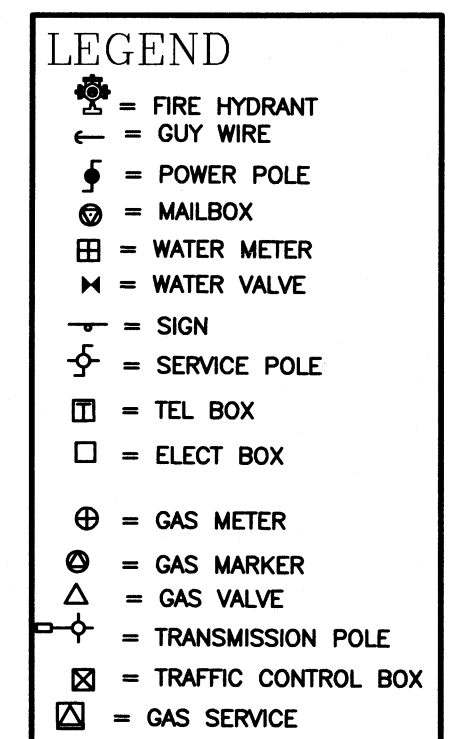
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REVISION
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SHEET

MIRASOL COUNTRY ESTATES
SANITARY SEWER COLLECTION
SYSTEM

QUNTANILLA, HEADLEY AND ASSOCIATES, INC.
CONSULTING ENGINEERS
124 E. STUBBS ST.
EDINBURG, TEXAS 78539
ENGINEERING REGISTRATION NUMBER F-1513
SURVEYING REGISTRATION NUMBER 100411-00

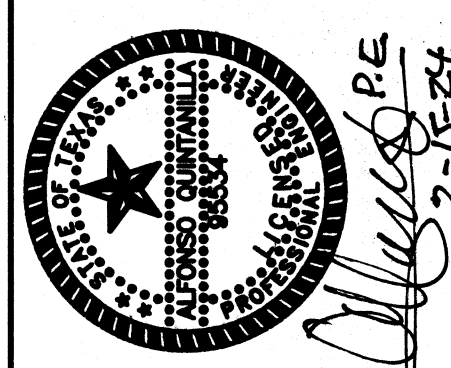
LAND SURVEYORS
PHONE 956-381-6480
FAX 956-381-0527
ALFONSO@QHA-ENG.COM

DATE PREPARED 2-21-22
PREPARED BY JULIS C.
DATE REVISED 7-31-23
REVISED BY JG
CHECKED BY
APPROVED BY



F:\DATA\SUBD\MERCEDES\MIRASOL\DWG\WATER PAVING LAYOUT			
DATE PREPARED	PREPARED BY	CHECKED BY	APPROVED BY
2-21-22	JULIUS C		
DATE REVISED	REVISED BY	CHECKED BY	APPROVED BY

**MIRASOL COUNTRY ESTATES
DRAINAGE AREAS**



QUINTANILLA, HEADLEY AND ASSOCIATES, INC.

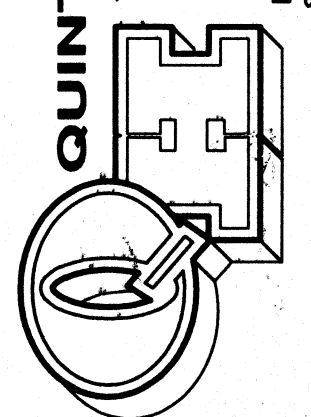
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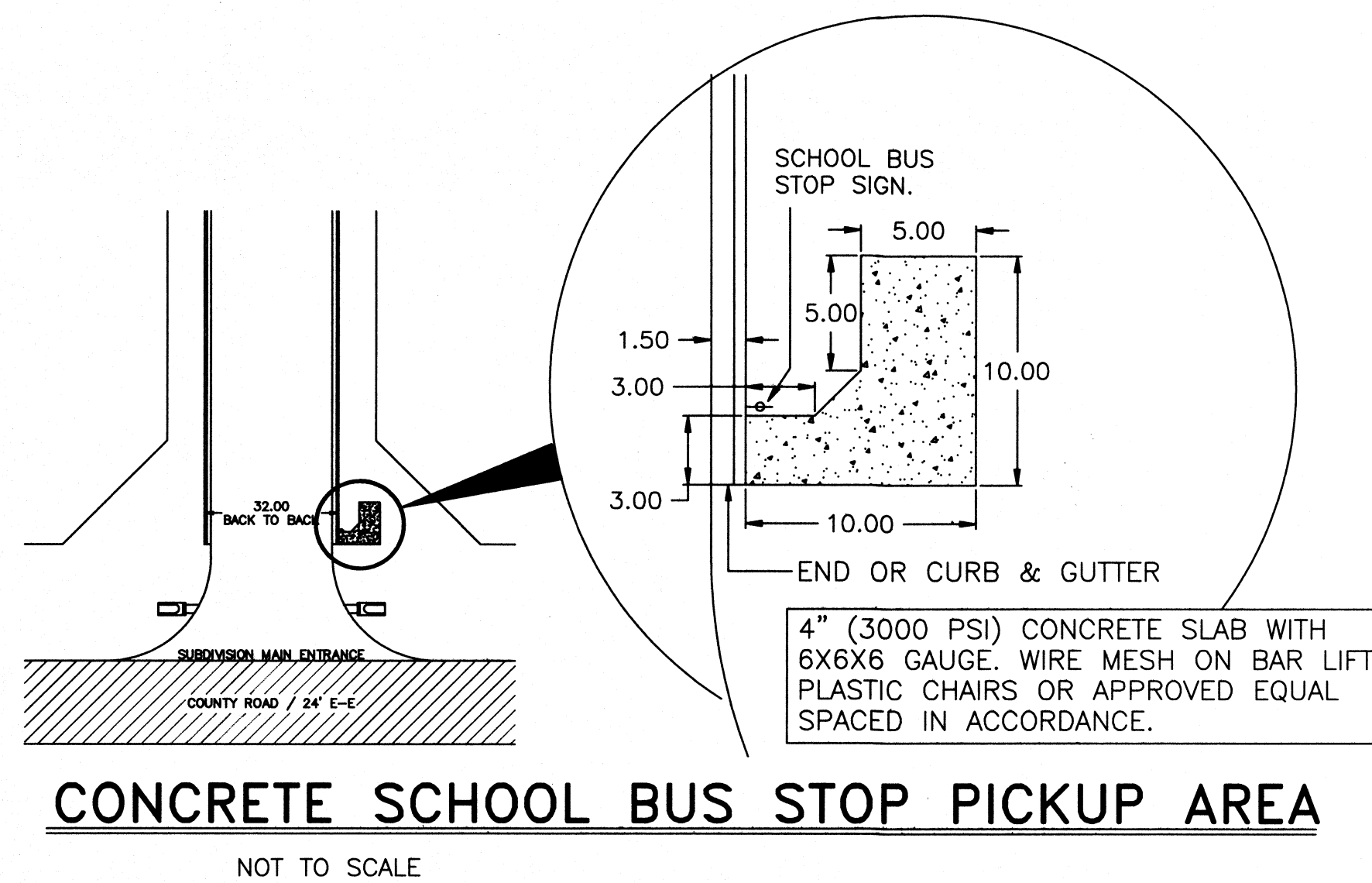
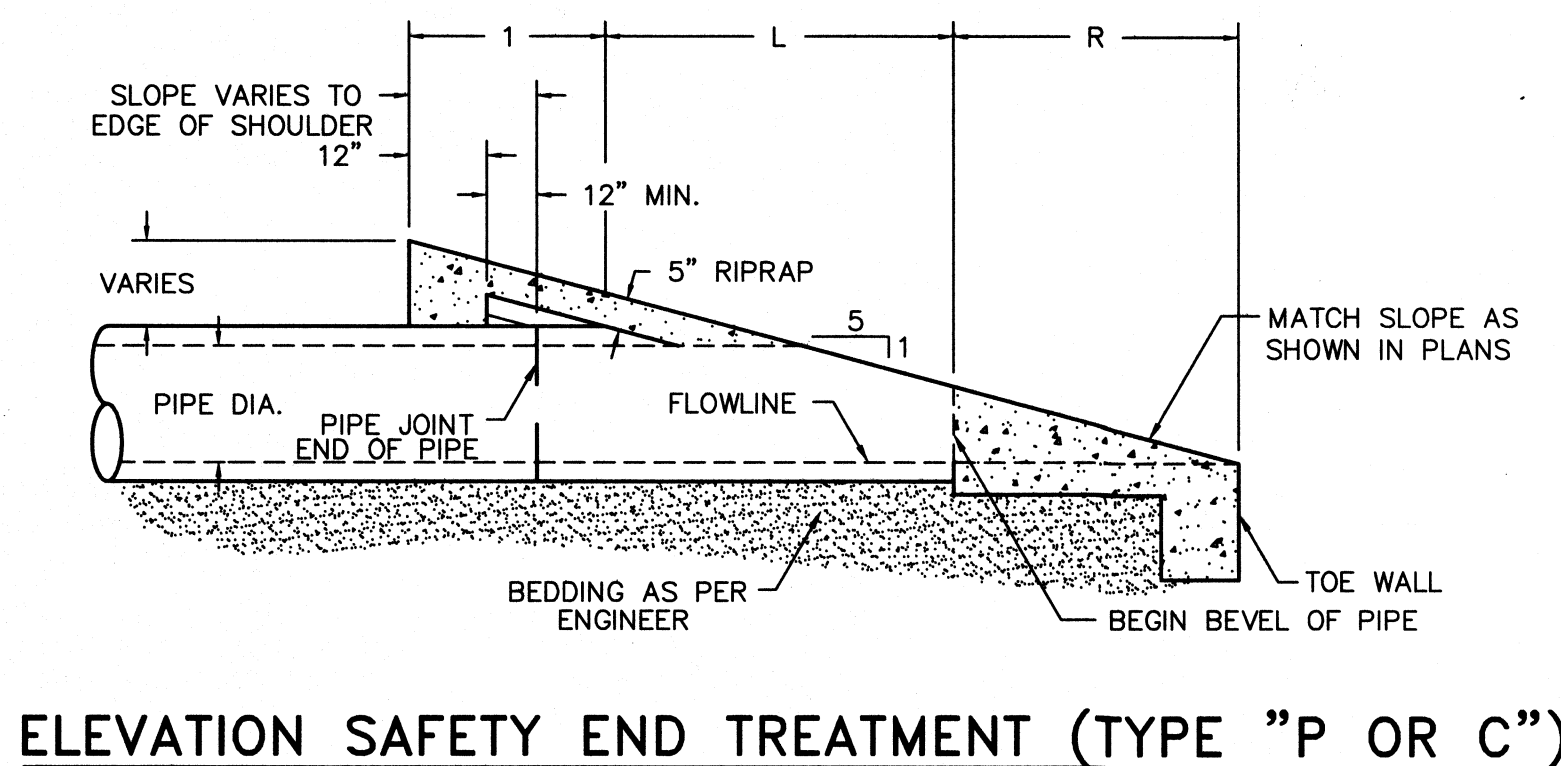
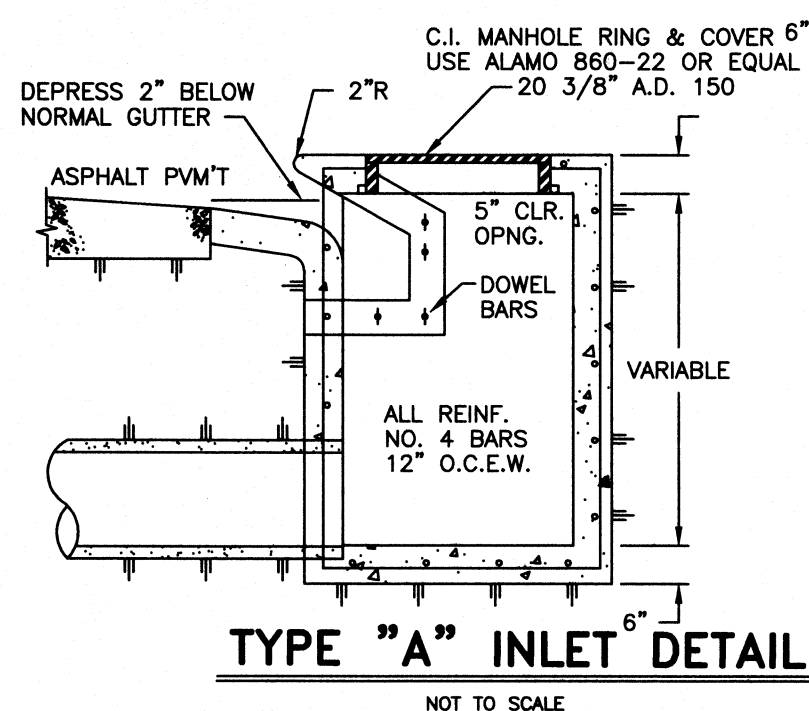
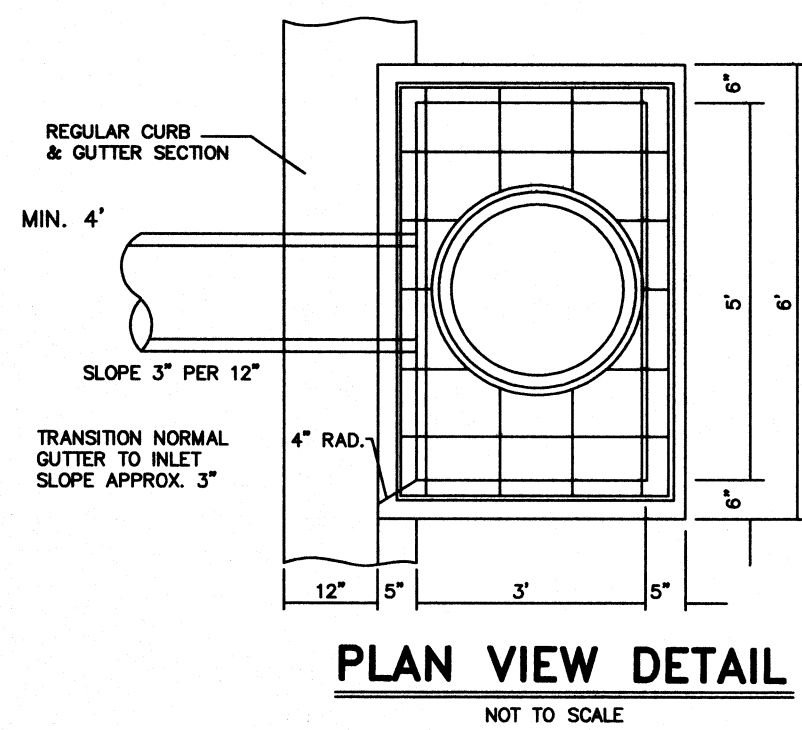
124 E. STUBBS ST.
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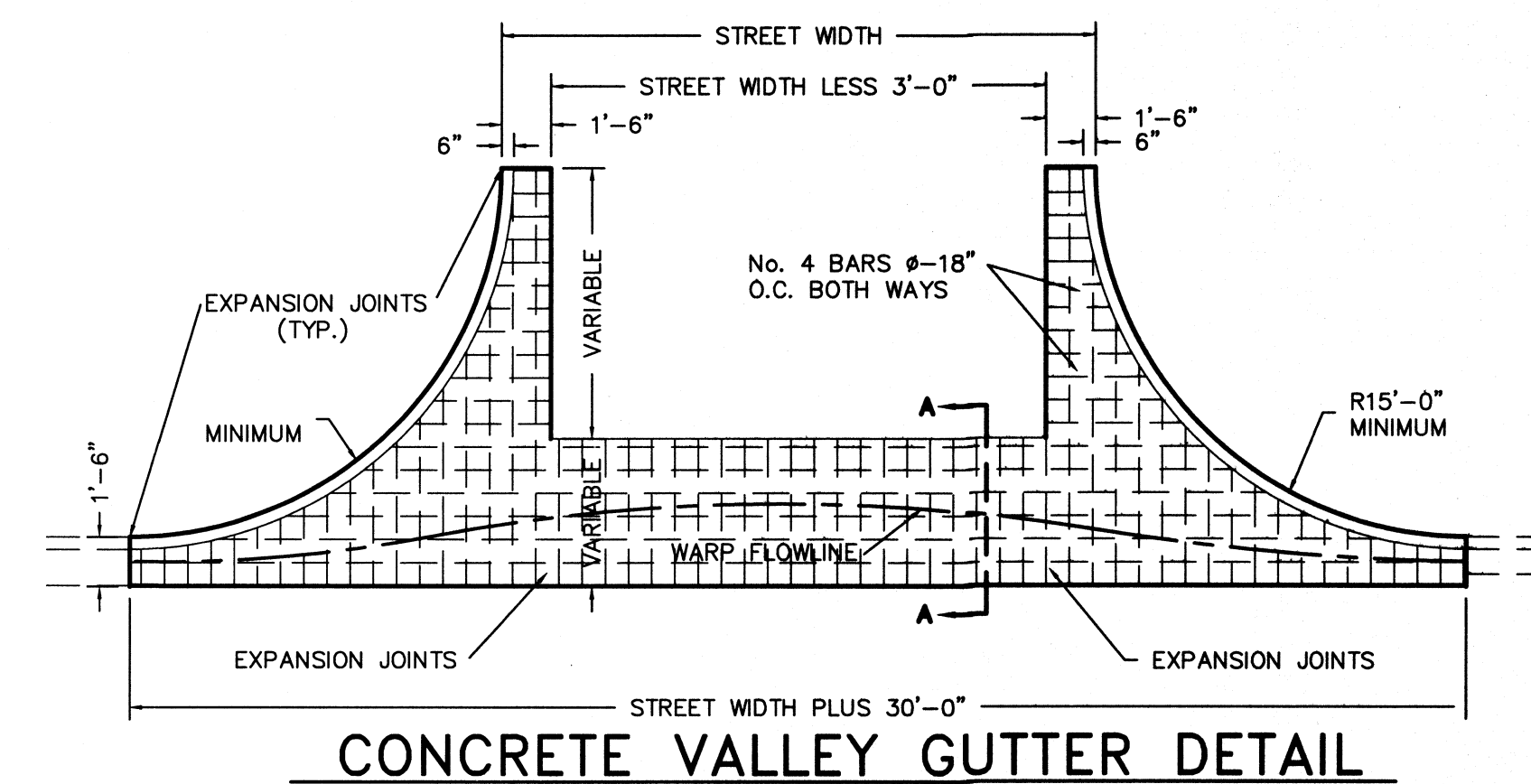
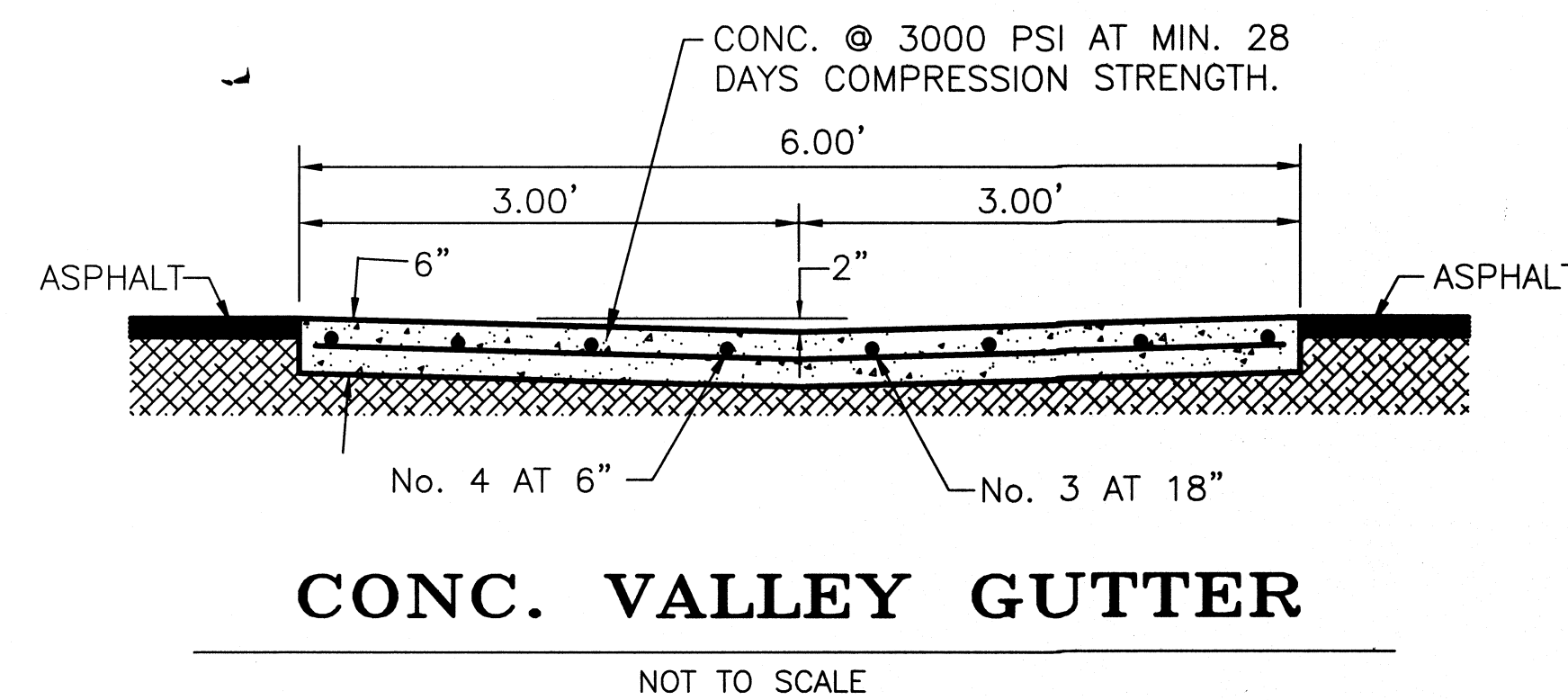
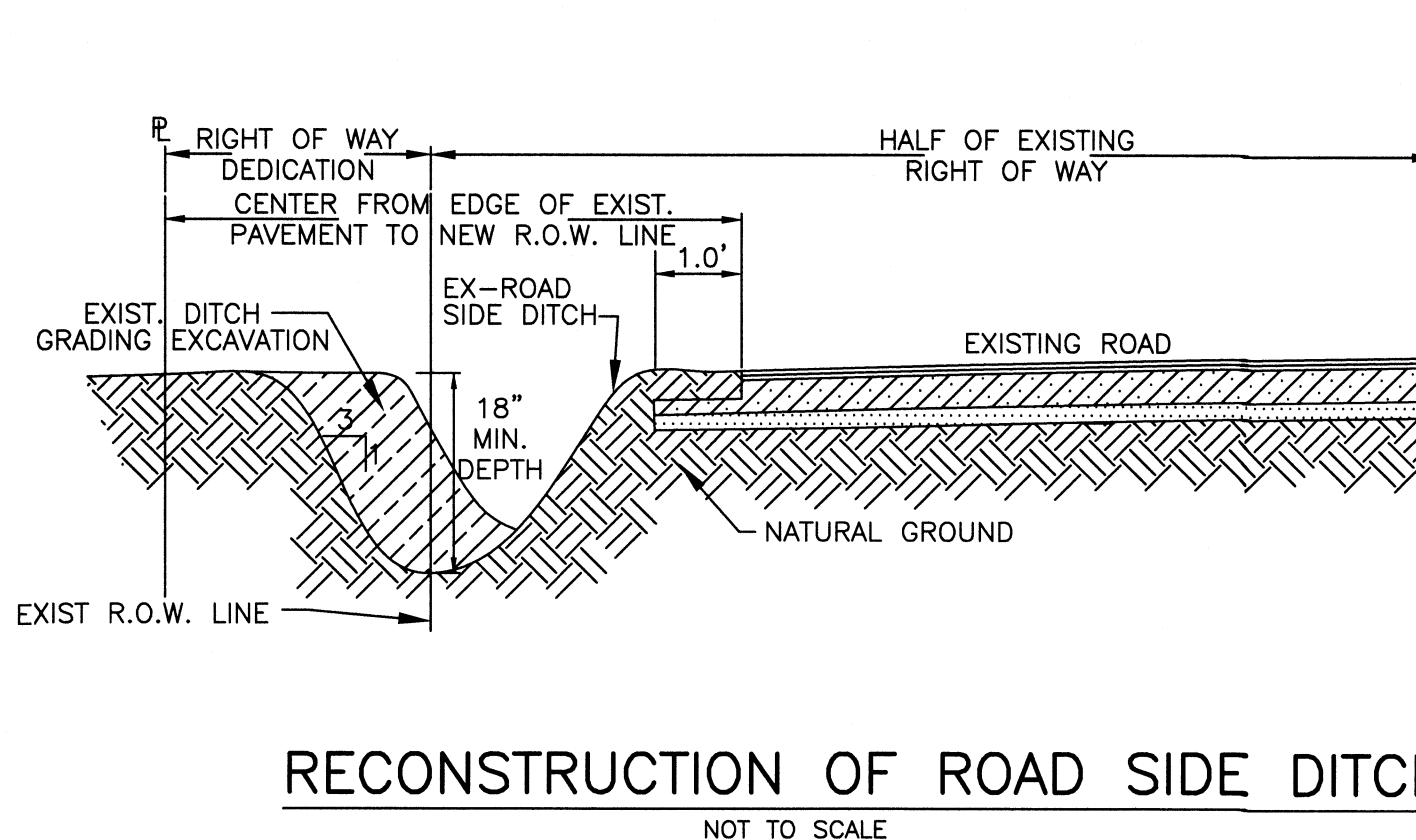
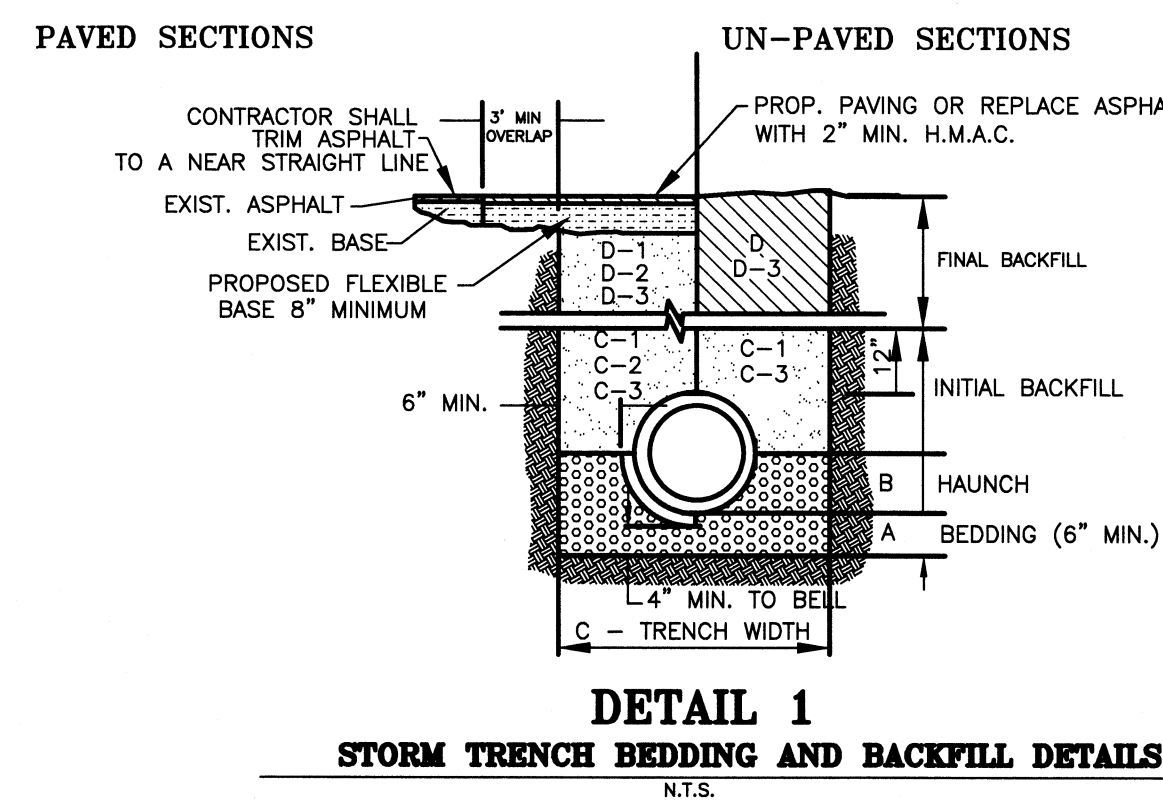




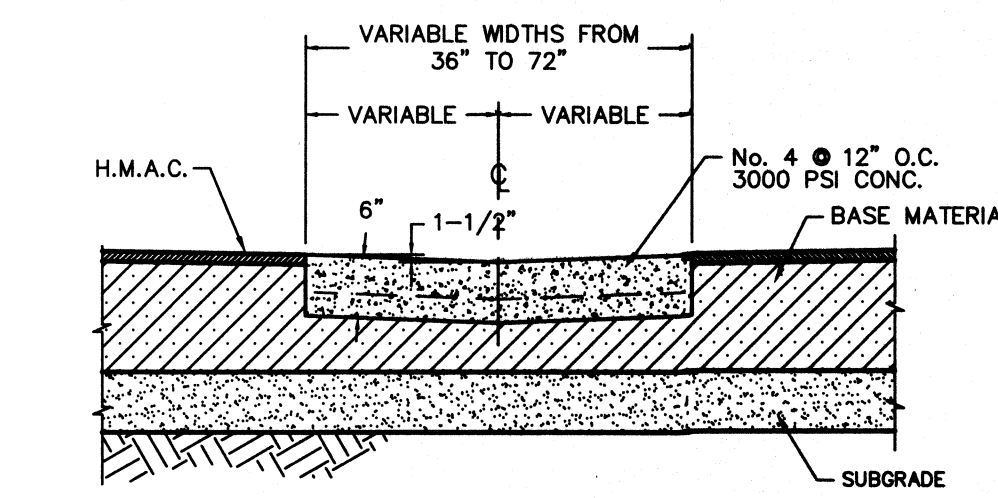
- A. BEDDING FOR RCP CLASS III, HIGH PERFORMANCE POLYPROPYLENE OR CORRUGATED PVC STORM DRAIN PIPE - SAND AND/OR GRAVEL MIX BEDDING PLACED BEFORE PIPE IS LAID UP TO FLOW OF PIPE (MIN. THICKNESS = 6") - PIT RUN GRAVEL 3/4" MAX. SIZE.
- B. HAUNCH FOR RCP CLASS III, HIGH PERFORMANCE POLYPROPYLENE OR CORRUGATED PVC STORM DRAIN PIPE - SHALL BE CLASS I OR CLASS II (ASTM D2321) BACKFILL MATERIAL COMPACTED TO 92% SPD, 8" LOOSE LIFTS, MECHANICAL COMPACTION.
- C. TRENCH WIDTH - SHALL BE BELL O.D. X 1.5 + 12" MINIMUM TRENCH WIDTH SHALL EQUAL STRUCTURE WIDTH + 4 FT. THROUGHOUT THE HEIGHT OF THE STRUCTURE.
- C-1 INITIAL BACKFILL FOR RCP CLASS II STORM DRAIN PIPE ON CITY STREETS, PARKING AREA, DRIVEWAYS, COUNTY ROAD & UNPAVED AREAS - SHALL BE SOIL TYPE A1, A2, A3, WITH A MAXIMUM P.I. OF 19 (ASHTO M145) COMPACTED TO 92% SPD, 8" LOOSE LIFTS, MECHANICAL COMPACTION.
- C-2 INITIAL BACKFILL FOR RCP CLASS II STORM DRAIN PIPE ON STATE MAINTAINED ROADWAYS - COMPACTED SAND/CEMENT STABILIZED BACKFILL WITH 7% PORTLAND CEMENT, COMPACTED TO 92% SPD, AS PER ASTM D4253 AND ASTM D-698, 8" LOOSE LIFTS, MECHANICAL COMPACTION.
- C-3 INITIAL BACKFILL FOR HIGH PERFORMANCE POLYPROPYLENE OR CORRUGATED PVC STORM DRAIN PIPE - SHALL BE CLASS I OR CLASS II WITH A MAXIMUM P.I. OF 19 (ASTM D2321) BACKFILL MATERIAL COMPACTED TO 92% SPD, 8" LOOSE LIFTS, MECHANICAL COMPACTION.
- D. FINAL BACKFILL FOR RCP CLASS III, HIGH PERFORMANCE POLYPROPYLENE OR CORRUGATED PVC STORM DRAIN PIPE UNDER UNPAVED SECTIONS - SHALL BE CLASS I, II, III OR IV, COMPACTED TO 92% SPD (12" LOOSE LIFTS, MECHANICAL COMPACTION).
- D-1 FINAL BACKFILL FOR RCP CLASS III, HIGH PERFORMANCE POLYPROPYLENE OR CORRUGATED PVC STORM DRAIN PIPE ON CITY STREETS, PARKING AREA, DRIVEWAYS, AND COUNTY ROAD - SHALL BE SOIL TYPE A1, A2, A3, WITH A MAXIMUM P.I. OF 19 (ASHTO M145) COMPACTED TO 92% SPD, 8" LOOSE LIFTS, MECHANICAL COMPACTION.
- D-2 FINAL BACKFILL FOR RCP CLASS III, HIGH PERFORMANCE POLYPROPYLENE OR CORRUGATED PVC STORM DRAIN PIPE ON STATE MAINTAINED ROADWAYS - COMPACTED SAND/CEMENT STABILIZED BACKFILL WITH 7% PORTLAND CEMENT, COMPACTED TO 92% SPD, AS PER ASTM D-4253 AND ASTM D698, 8" LOOSE LIFTS, MECHANICAL COMPACTION.
- D-3 FINAL BACKFILL FOR STRUCTURES (INLETS, MANHOLES, ETC.) - STRUCTURES UNDER THE ROADWAY AND UP TO 5 FT. BEYOND THE EDGE OF PAVEMENT/BACK OF CURB SHALL HAVE CLASS I OR CLASS II (ASTM D2321) OR SOIL TYPE A1, A2, OR A3 (ASHTO M145) WITH A MAXIMUM P.I. OF 19. BACKFILL MATERIAL STRUCTURES BEYOND 5 FT. FROM THE E.O.P./B.O.C. SHALL HAVE CLASS I, II, III OR IV (ASTM D2321) BACKFILL MATERIAL. FOUNDATION PREPARATION (WELLPONTS, MINIMUM 4" GRAVEL OR CEMENTS STABILIZATION, OR APPROVED SUBSTITUTES) SHALL BE REQUIRED WHEN TRENCH BOTTOM IS UNSTABLE. BACKFILLING AT STRUCTURES SHALL BE PLACED IN UNIFORM LAYERS, MOISTENED AS REQUIRED TO APPROXIMATE OPTIMUM MOISTURE CONTENT AND COMPACTED TO 90% S.P.D. (USE RELATIVE DENSITY TEST PER ASTM D4253 & ASTM D698). THE THICKNESS OF EACH LOOSE LAYER SHALL NOT EXCEED 8".
- NOTES: 1. MAXIMUM COVER SHALL BE IN ACCORDANCE WITH MANUFACTURERS SPECIFICATIONS.
2. FOR C-1 AND D-2 THE COMPACTION REQUIREMENT SHALL BE 90% S.P.D. WITHIN 12 IN. BELOW THE FLEXIBLE BASE.
3. FOR PAVED SECTIONS THE ABOVE REQUIREMENTS SHALL APPLY WHEN ANY PART OF TRENCH WIDTH IS WITHIN 5 FT. FROM THE E.O.P./B.O.C.
4. THE ABOVE REQUIREMENTS SHALL APPLY TO UTILITY PIPELINES AND UTILITY STRUCTURES OF OTHER UTILITY ENTITIES.

STORM TRENCH BEDDING AND BACKFILL NOTES

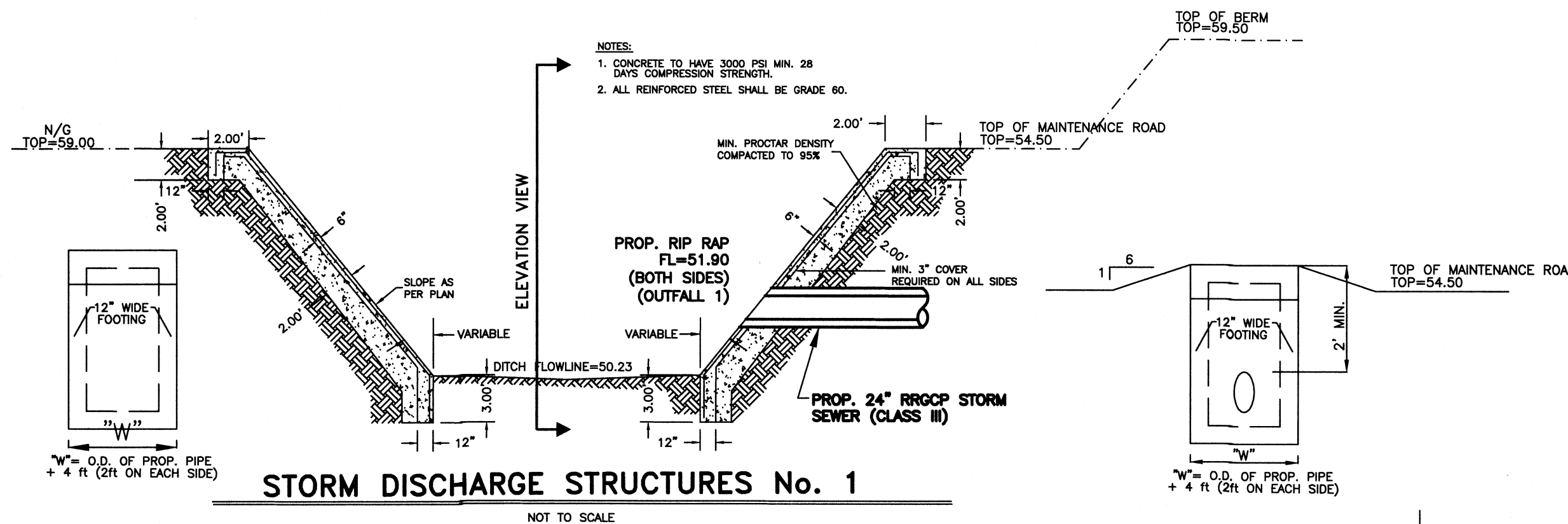
THE ITEM FOR CEMENT STABILIZED BACKFILL SHOW ON BID SHEET IS AS PER C-2 AND D-2 STORM TRENCH BEDDING AND BACKFILL NOTES SHOWN ABOVE.



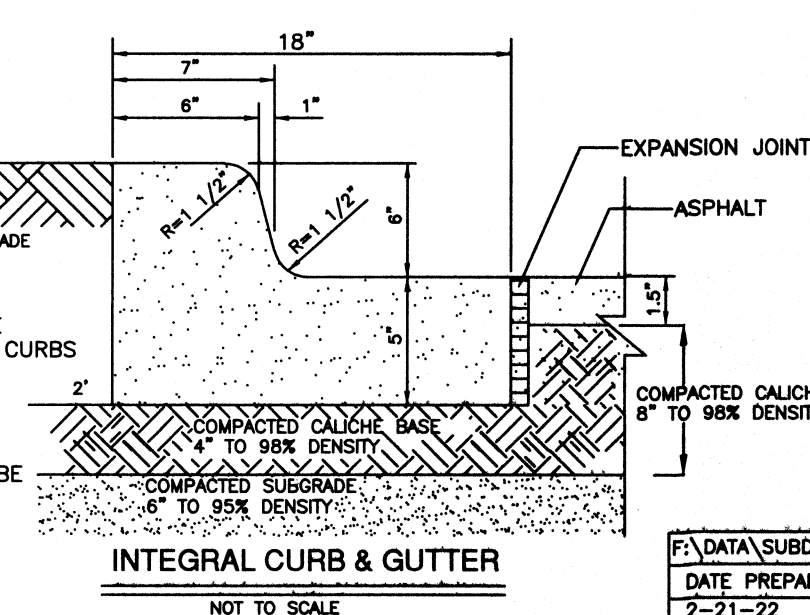
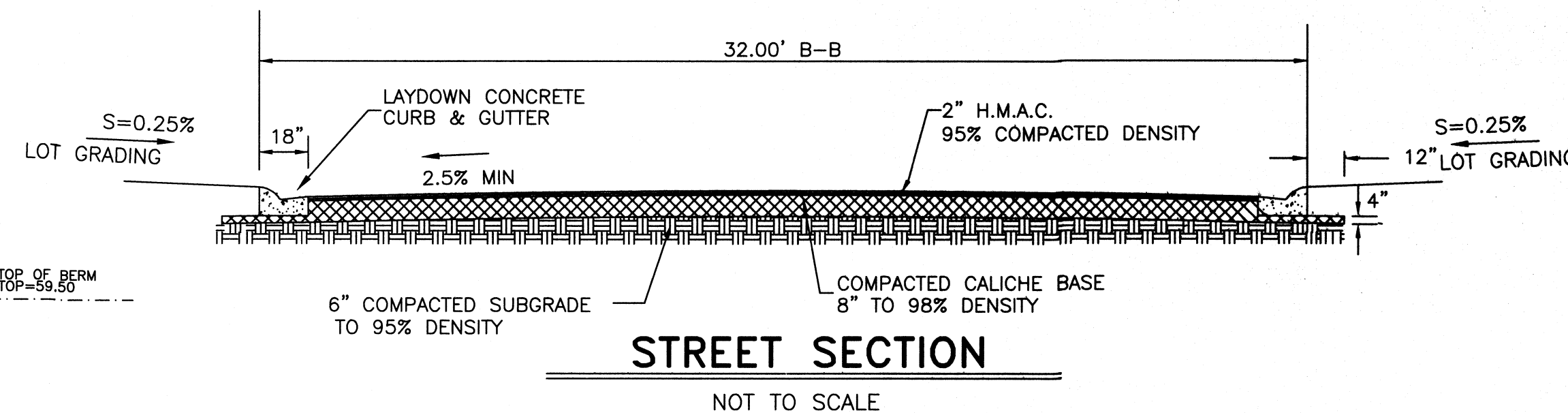
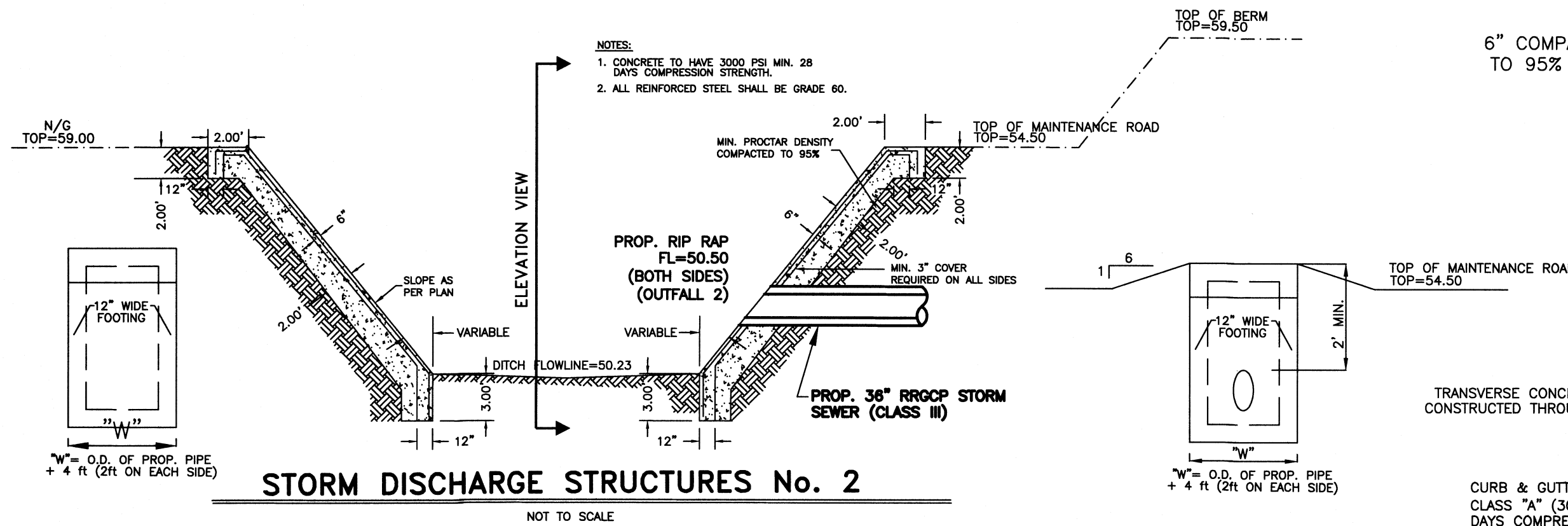
TYPICAL VALLEY GUTTER SECTION SECTION A-A



STORM DISCHARGE STRUCTURES No. 1



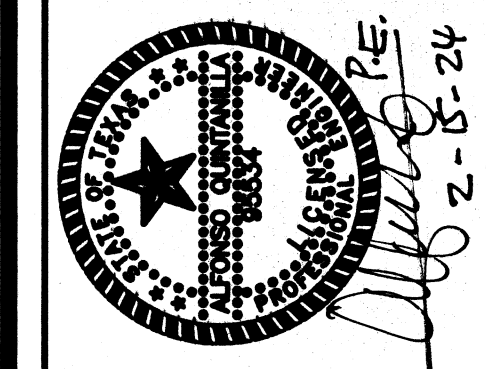
STORM DISCHARGE STRUCTURES No. 2



DATE PREPARED	PREPARED BY	CHECKED BY	APPROVED BY
2-21-22	JLUS C		
DATE REVISED	REVISED BY	CHECKED BY	APPROVED BY
7-31-23	JG		

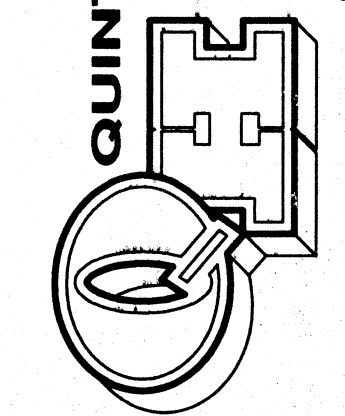
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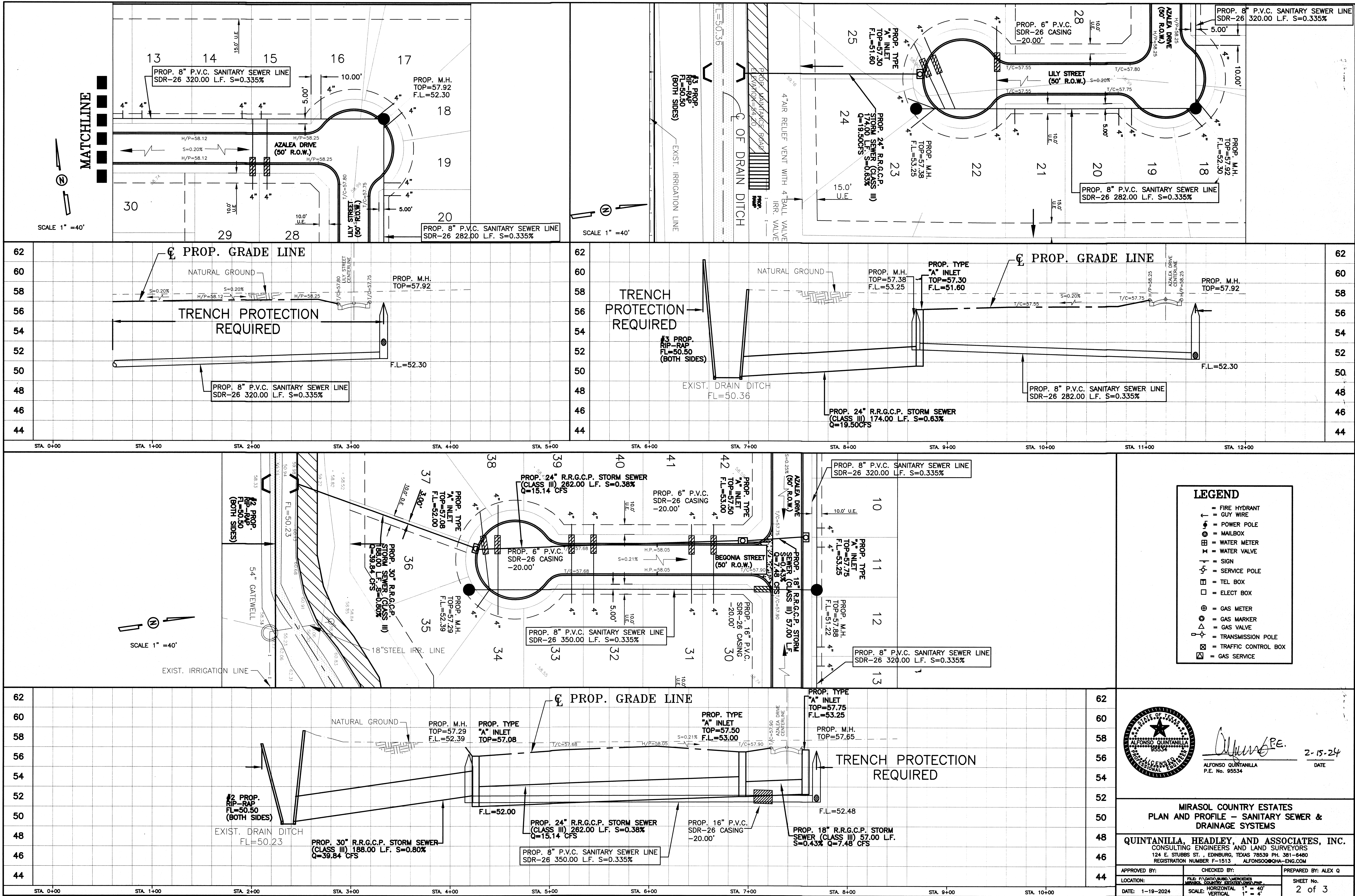
MIRASOL COUNTRY ESTATES PAVING AND DRAINAGE LAYOUT

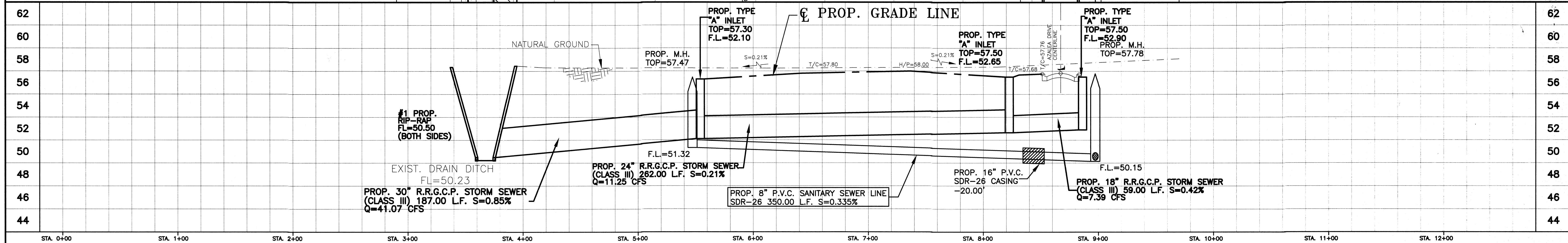
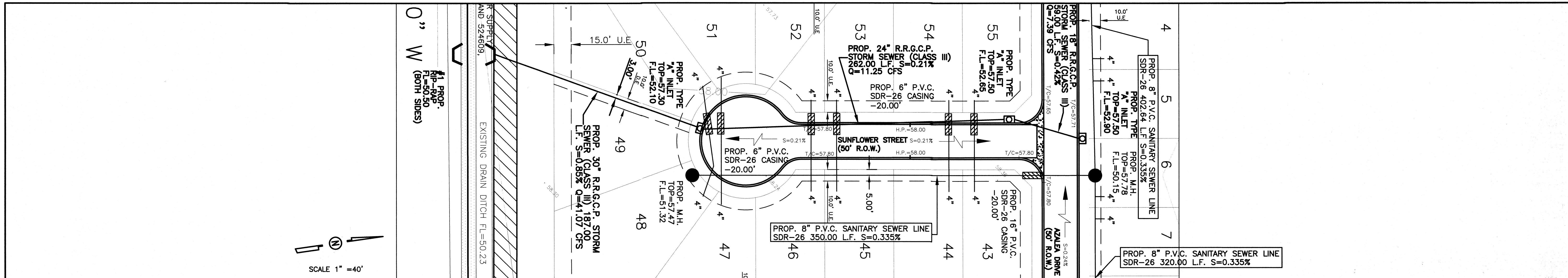


QUINTANILLA, HEADLEY AND ASSOCIATES, INC.
LAND SURVEYORS
PHONE 956-381-6480
FAX 956-381-0527
ALFONSO@QHA-ENG.COM

CONSULTING ENGINEERS
124 E. STUBBS ST.
EDINBURG, TEXAS 78539
ENGINEERING REGISTRATION NUMBER F-1513
SURVEYING REGISTRATION NUMBER 100411-00







LEGEND	
	= FIRE HYDRANT
	= GUY WIRE
	= POWER POLE
	= MAILBOX
	= WATER METER
	= WATER VALVE
	= SIGN
	= SERVICE POLE
	= TEL BOX
	= ELECT BOX
	= GAS METER
	= GAS MARKER
	= GAS VALVE
	= TRANSMISSION POLE
	= TRAFFIC CONTROL BOX
	= GAS SERVICE

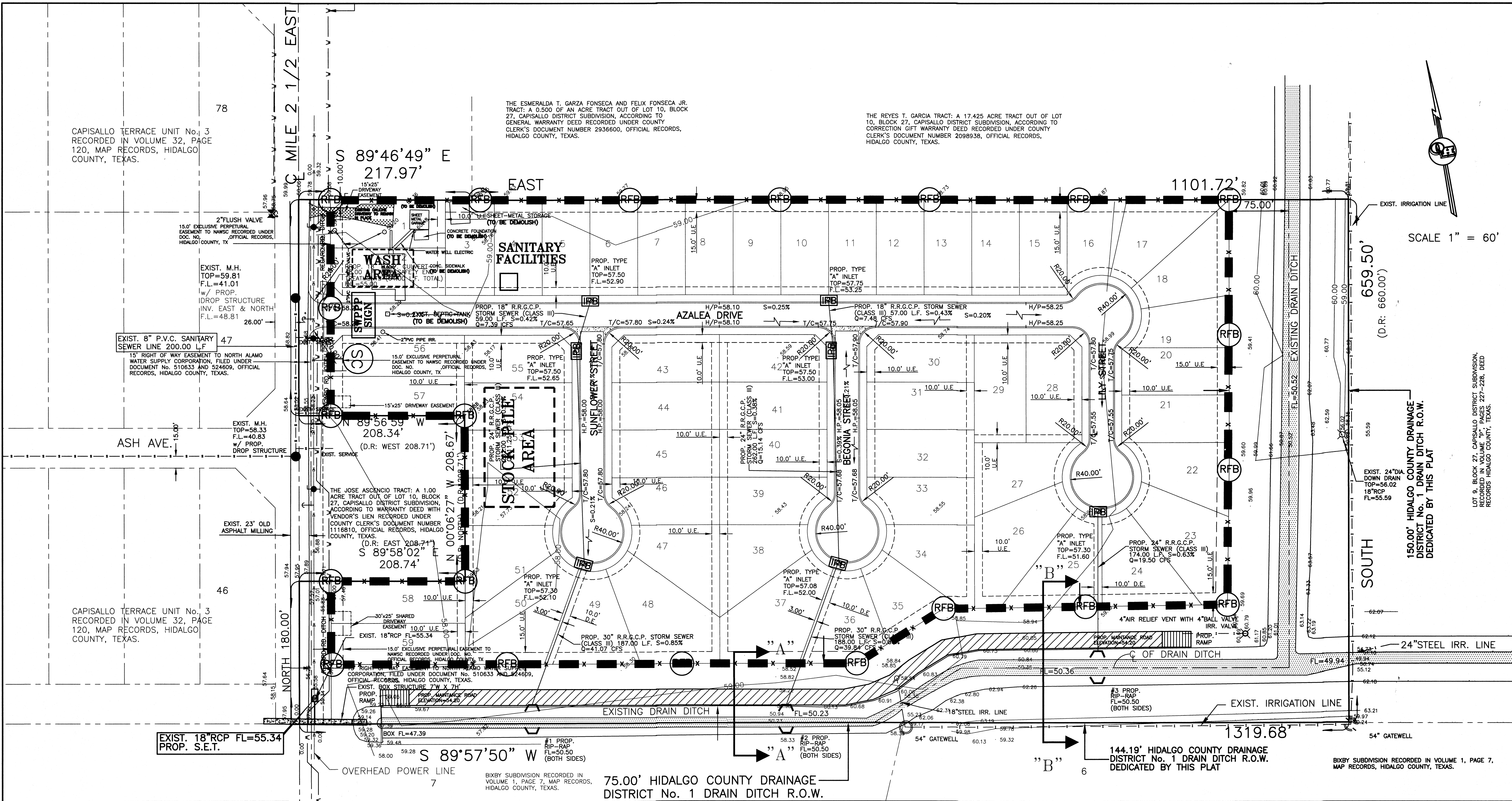


ALFONSO QUINTANILLA
P.E. No. 95534
DATE 2-15-24

MIRASOL COUNTRY ESTATES
PLAN AND PROFILE - SANITARY SEWER &
DRAINAGE SYSTEMS

QUINTANILLA, HEADLEY, AND ASSOCIATES, INC.
CONSULTING ENGINEERS AND LAND SURVEYORS
124 E. STUBBS ST., EDINBURG, TEXAS 78539 PH. 381-6460
REGISTRATION NUMBER F-1513 ALFONSO@QH-A-ENG.COM

APPROVED BY:	CHECKED BY:	PREPARED BY: ALEX Q.
LOCATION:	FILE: F:\ONTARIO\MERCEDES MIRASOL_COUNTRY_ESTATES\DWG\ENG	SHEET No.
DATE: 1-19-2024	SCALE: HORIZONTAL 1" = 40' VERTICAL 1" = 4'	3 of 3



LEGEND

- INLET
- INLET PROTECTION BARRIER
- HYFROMULCH SEEDING
- STABILIZED CONSTRUCTION EXIT
- FILTER FABRIC FENCE
- REINFORCED FILTER FABRIC BARRIER
- PROP. BERM

NOTES: POLLUTION PREVENTION

- 1.- CONTRACTOR SHALL REMOVE SILT DEPOSITS FROM ROADWAY ON A DAILY BASIS OR AS DIRECTED BY PROJECT ENGINEER.
- 2.- CONTRACTOR SHALL CONTROL DUSTING BY WASTERSPRINKLING.
- 3.- CONTRACTOR SHALL HYDROMULCH SEED OR SOD AS INDICATED ON THIS SHEET AND PAVEMENT TYPICAL SECTION, ALL DISTURBED AREAS UPON ACCEPTANCE OF GRADING.
- 4.- CONTRACTOR SHALL KEEP LOG OF SITE RAINFALL & SW3P MAINTENANCE AS CALLED FOR IN THE NOTICE OF INTENT.

NOTES: EROSION CONTROL

- 1.- ALL NON-PAVED DISTURBED AREAS SHALL BE HYDRO-MULCH SEED FOR EROSION PROTECTION IMMEDIATELY UPON COMPLETION OF FINAL GRADING, ALL AREAS DISTURBED AFTER INITIAL SEEDING BY EROSION OR CONSTRUCTION SHALL BE RESEED.
- 2.- STOCKPILE TOPSOIL FROM SITE AT DESIGNATED AREA.
- 3.- CONTRACTOR SHALL COORDINATE ALL WORK THIS CONTRACT WITH ALL WORK BY OTHERS (ENTRY ROAD AND UTILITIES TO SITE) WHICH MAY OR MAY NOT OCCUR DURING THE CONSTRUCTION CONTRACT PERIOD.
- 4.- CONSTRUCT TEMPORARY CONSTRUCTION ENTRANCES AND PROJECT SITE FIELD OFFICE AND CONSTRUCTION AREA (ALL WEATHER SURFACE, CALICHE PAVING).

- 5.- CONSTRUCT TIRE WASH AREAS AT CONSTRUCTION EXIT MINIMUM SURFACE SHALL BE 1" H.M.A.C.. TIRE WASH AREA TO DRAIN INTO EXISTING DITCH.
- 6.- CONSTRUCT TEMPORARY SEDIMENT TRAPS AND BASINS AS SHOWN ON THE PLAN.
- 7.- CONSTRUCT TEMPORARY SILT FENCES AS SHOWN ON THE PLAN.
- 8.- CONSTRUCT/INSTALL PIPE CULVERTS AND STORM SYSTEMS TO ALLOW SILT TRAPS TO FUNCTION AS DESIGNED.

LEGEND

- FIRE HYDRANT
- GUY WIRE
- POWER POLE
- MAILBOX
- WATER METER
- WATER VALVE
- SIGN
- SERVICE POLE
- TEL BOX
- ELECT BOX
- GAS METER
- GAS MARKER
- GAS VALVE
- TRANSMISSION POLE
- TRAFFIC CONTROL BOX
- GAS SERVICE

F:\DATA\SUBD\MERCEDES\MIRASOL\DWG\UTILITY LAYOUT			
DATE PREPARED	PREPARED BY	CHECKED BY	APPROVED BY
1-25-2024	JULIS C		
DATE REVISED	REVISED BY	CHECKED BY	APPROVED BY

JOB NO.
DATE
REVISION
SCALE
DRAWN BY
SHEET

1-25-2024
JULIS C
1"=60'
JULIS C
1

MIRASOL COUNTRY ESTATES
EROSION CONTROL PLAN

Quintanilla, Headley and Associates, Inc.
LAND SURVEYORS
124 E. STUBBS ST.
EDINBURG, TEXAS 78539
PHONE 956-381-6480
FAX 956-381-0527
ALFONSO@QCHA-ENG.COM
SURVEYING REGISTRATION NUMBER 100411-00

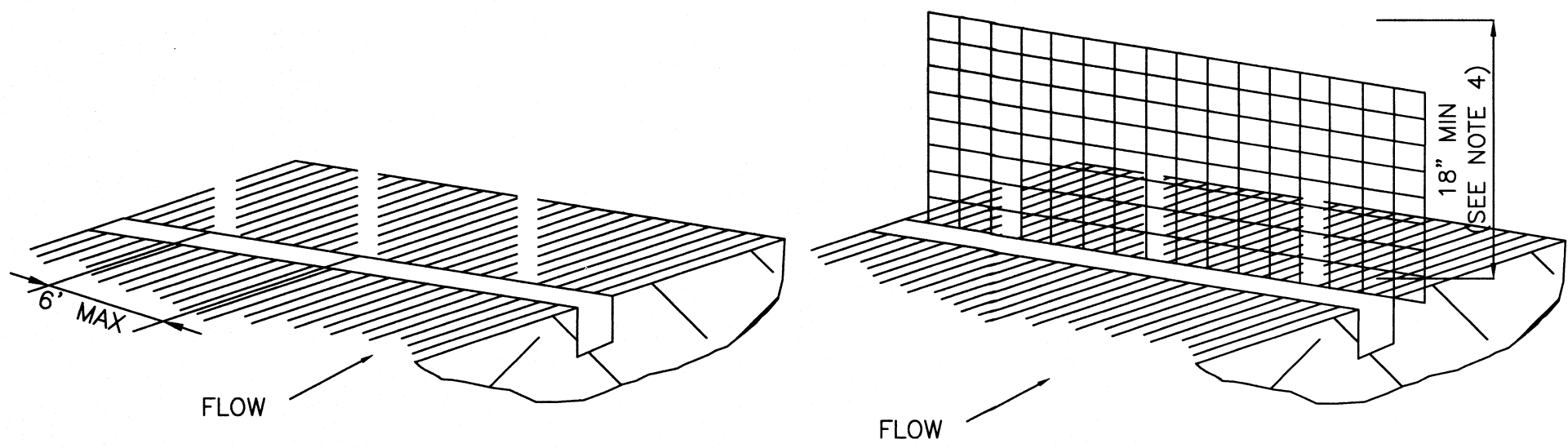
DATE PREPARED
PREPARED BY
CHECKED BY
APPROVED BY

1-25-2024
JULIS C
JULIS C
JULIS C

Page 110 of 138

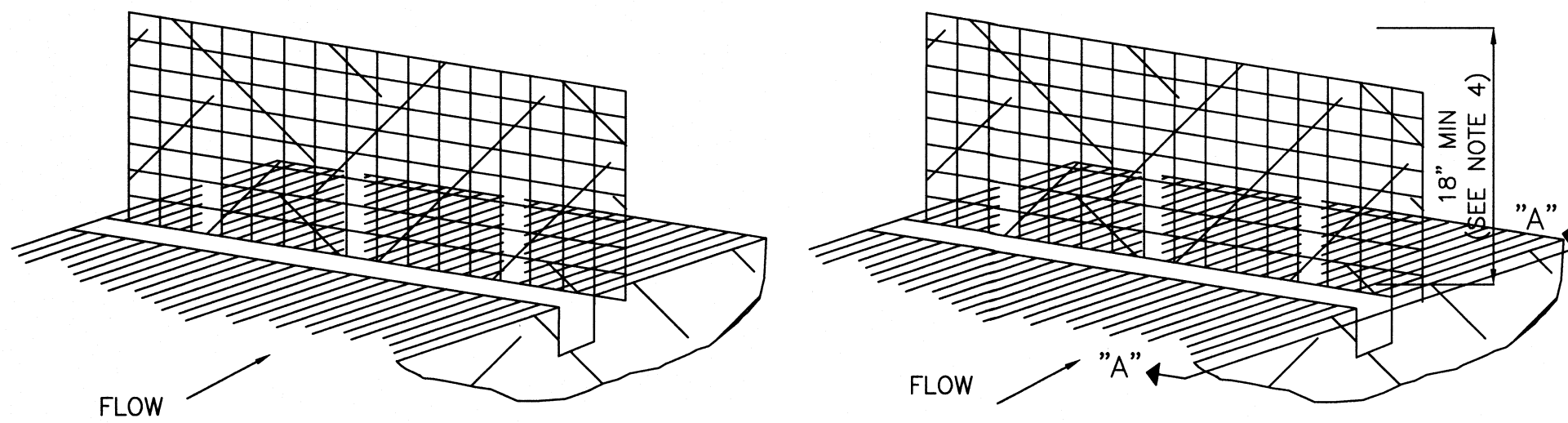
1. SET POSTS AND EXCAVATE A 4"x4" TRENCH UPSLOPE ALONG LINE OF POSTS (SEE NOTE 1).

2. SECURE WIRE FENCING TO POSTS (SEE NOTE 2).

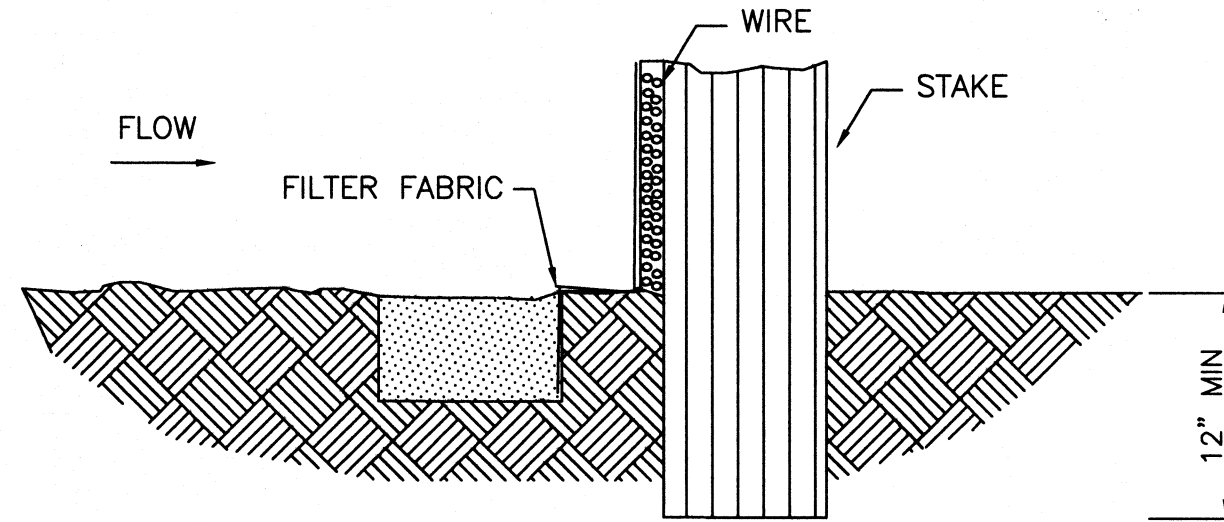


3. ATTACH FILTER MATERIAL TO WIRE FENCE AND EXTEND IT INTO THE TRENCH (SEE NOTE 3).

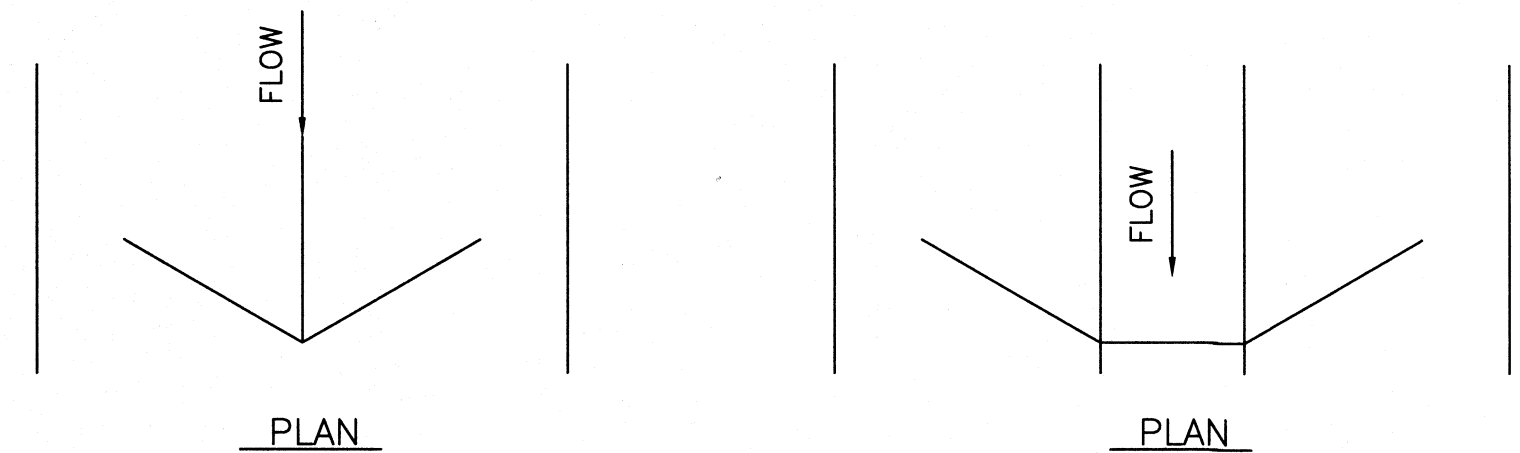
4. BACKFILL AND COMPACT THE EXCAVATED SOIL.



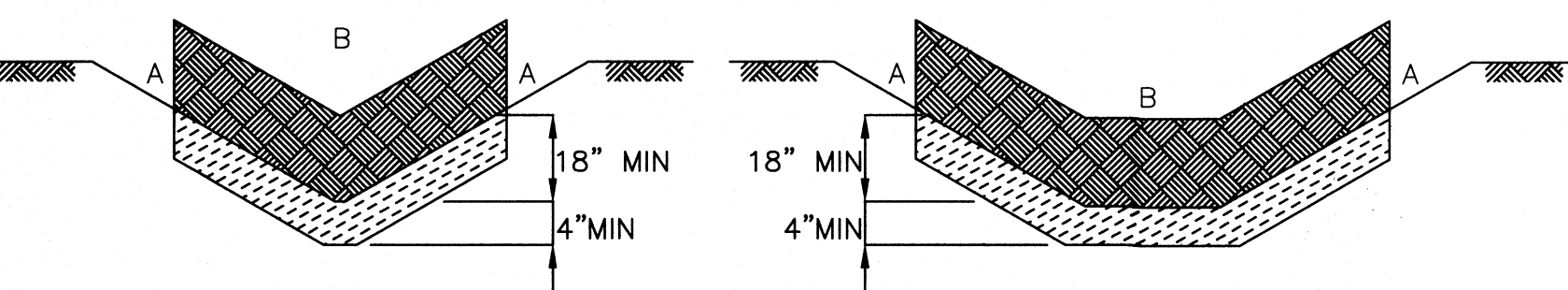
EXTENSION OF FABRIC INTO TRENCH



SECTION "A"



POINTS A SHOULD BE HIGHER THAN POINT B, OR AT TOP OF BANK (TYP)

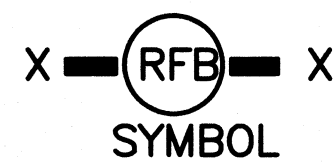


"V-DITCH" SECTION/ELEVATION

TRAPEZOIDAL SECTION/ELEVATION

CONSTRUCTION NOTES:

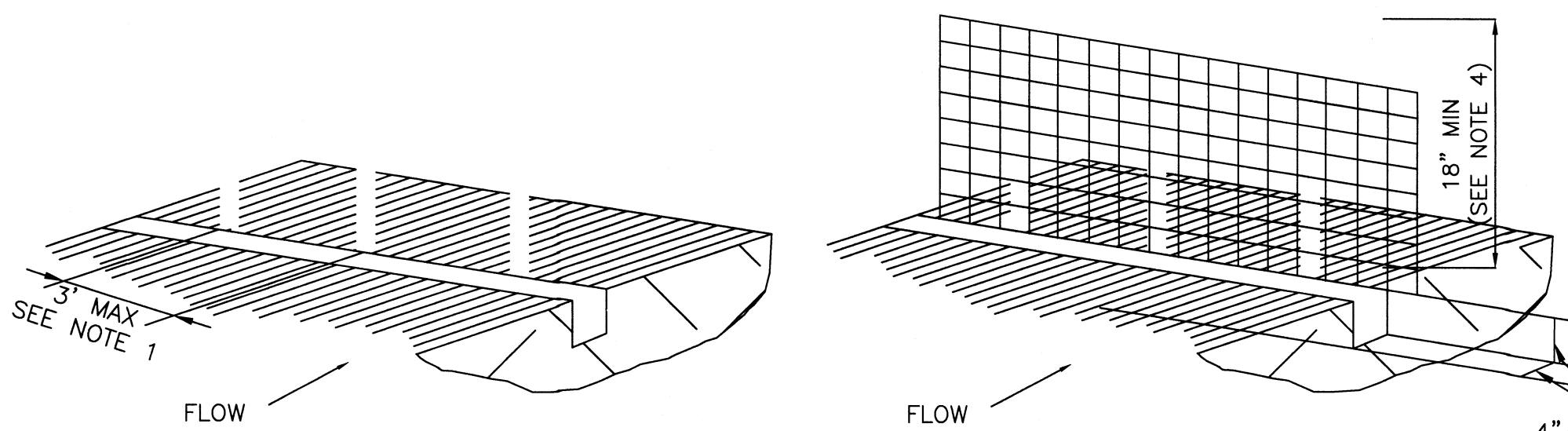
- 1.- SET IRON ROD 1/2" X 36" OR USE 4LVG3 36" POST SPACED A MAX OF 6 FEET APART AND EMBEDDED A MIN OF 12 INCHES.
- 2.- WOVEN WIRE FENCE TO BE FASTENED SECURELY TO FENCE POSTS WITH METAL TIES
- 3.- FILTER CLOTH TO BE FASTENED SECURELY TO WOVEN WIRE FENCE, WITH TIES SPACED EVERY 24 INCHES AT TOP AND MIDSECTION.
- 4.- MINIMUM HEIGHT OF FILTER SHOULD BE 18 INCHES AND A MAXIMUM OF 36 INCHES ABOVE NATURAL GROUND.
- 5.- WHEN TWO SECTIONS OF FILTER CLOTH ADJOIN EACH OTHER THEY SHALL BE OVERLAPPED 6 INCHES AT THE 1/2" IRON ROD OR 4LVG3 36" POSTS, AND FOLDED.
- 6.- SEE STANDARD SPECIFICATION FOR FILTER FABRIC BARRIER.



REINFORCED FILTER FABRIC BARRIER

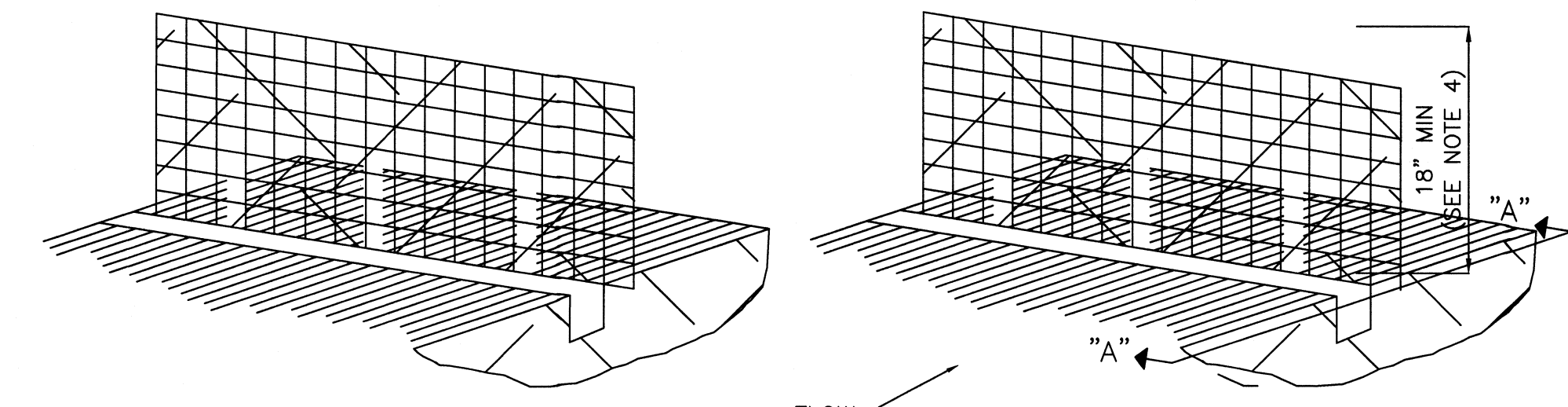
1. SET POSTS AT REQUIRED SPACING.

2. EXCAVATE A 4"x4" TRENCH UPSLOPE ALONG THE LINE OF STAKES.



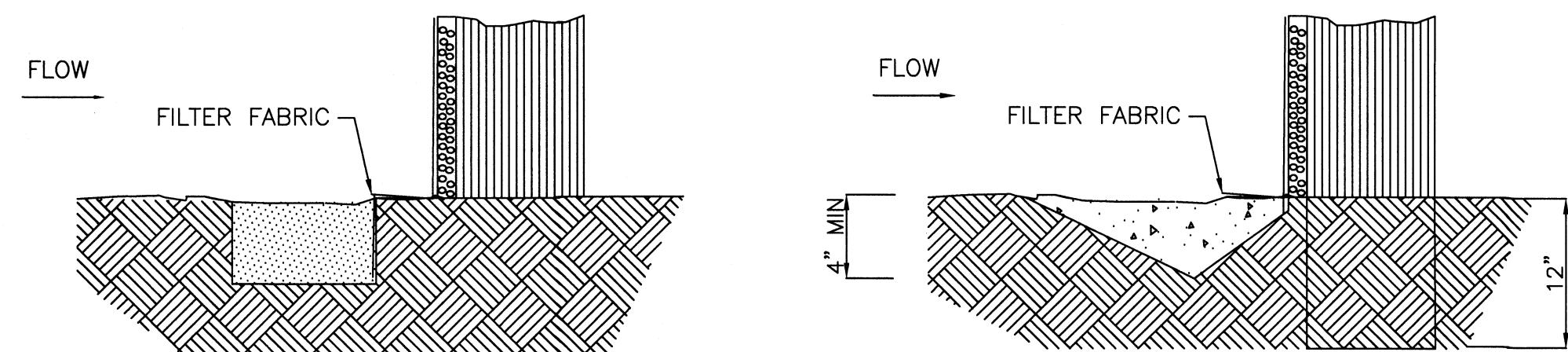
3. ATTACH FILTER MATERIAL TO STAKES AND EXTEND IT INTO THE TRENCH.

4. BACKFILL AND COMPACT THE EXCAVATED SOIL.

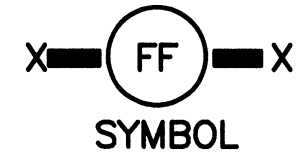


EXTENSION OF FABRIC INTO TRENCH

ALTERNATE V-TRENCH EXTENSION OF FABRIC INTO TRENCH



SECTION "B"



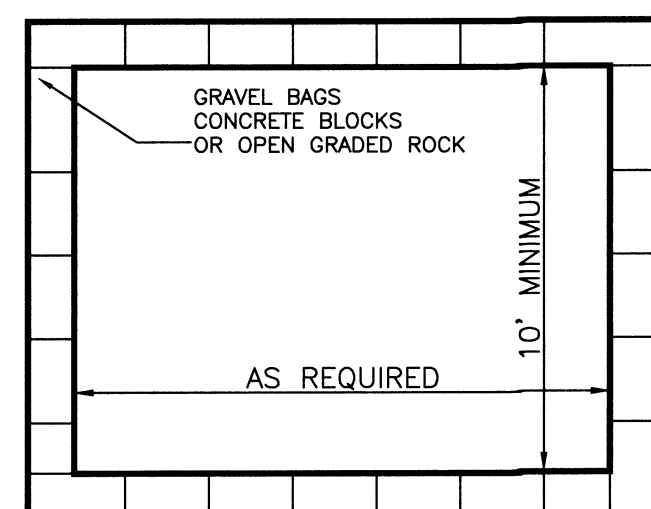
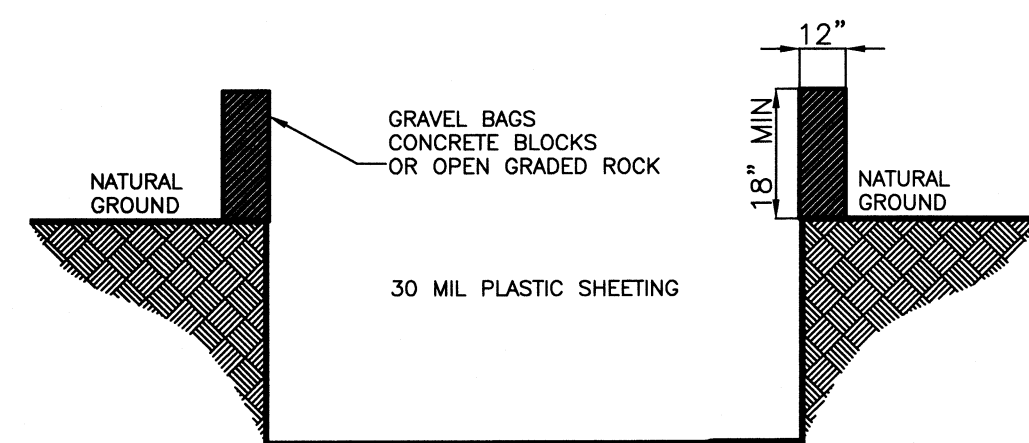
SECTION "B" ALTERNATE

CONSTRUCTION NOTES:

- 1.-IRON ROD 1/2" X 36" OR USE 4LVG3 36" POST TO BE SET AT MAX SPACING OF 3 FEET AND EMBEDDED A MINIMUM OF 8 INCHES. IF PREASSEMBLED FENCE WITH SUPPORT NETTING IS USED, SPACING OF POST MAY BE INCREASED TO 8 FEET MAX.
- 2.- ATTACH FILTER FABRIC TO IRON ROD 1/2" X 36" OR USE 4LVG3 36" POST FILTER FABRIC FENCE SHALL HAVE A MINIMUM HEIGHT OF 18 INCHES AND MAX HEIGHT OF 36 INCHES ABOVE NATURAL GROUND.
- 3.- WHEN TWO SECTIONS OF FILTER CLOTH ADJOIN EACH OTHER THEY SHOULD BE OVERLAPPED 6 INCHES AT THE 1/2" IRON ROD OR USE 4LVG3 36" POST, AND FOLDED.
- 4.- SEE STANDARD SPECIFICATION FOR FILTER FABRIC FENCE.

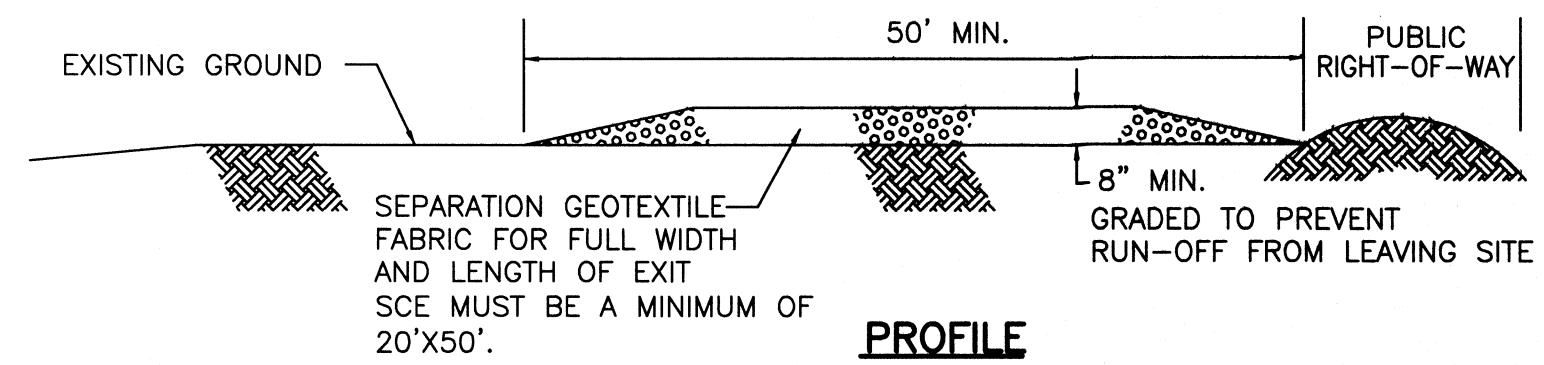
FILTER FABRIC FENCE

WASHOUT DETAIL

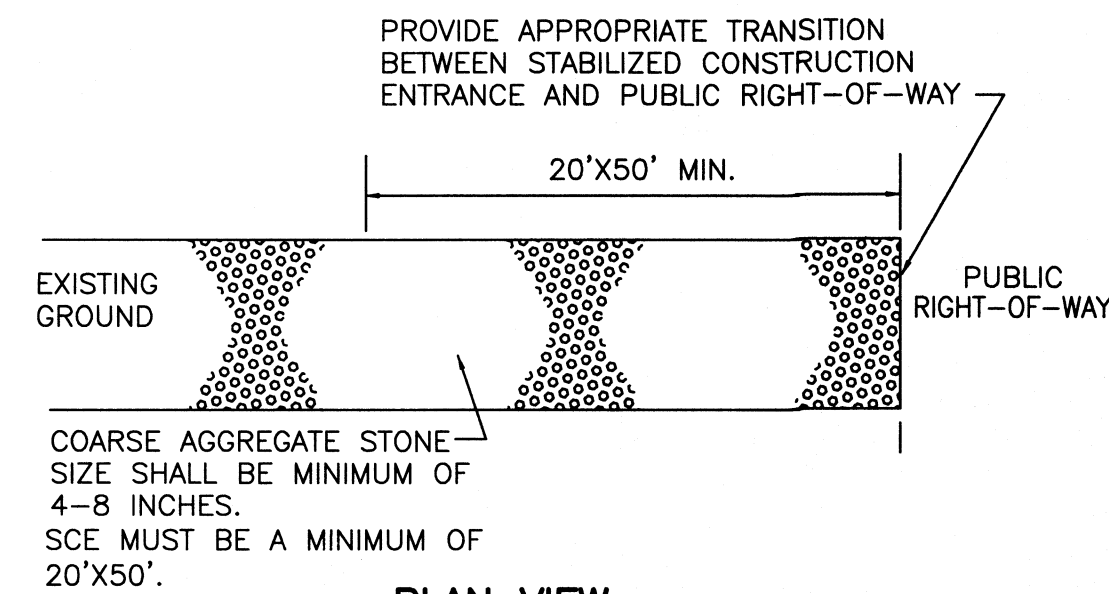


WASHOUT NOTES:

- 1.- THE EXCAVATION FOR THE CONCRETE TRUCK WASHOUT SHALL BE A MINIMUM OF 10' WIDE AND OF SUFFICIENT LENGTH AND DEPTH TO ACCOMMODATE 7 GALLONS OF WASHOUT WATER AND CONCRETE PER TRUCK PER DAY AND /OR 50 GALLONS OF WASHOUT WATER AND CONCRETE PER PUMP TRUCK PER DAY.
- 2.- IN THE EVENT THAT THE SELF-INSTALLED CONCRETE TRUCK WASHOUT IS CONSTRUCTED ABOVE GROUND IT SHALL BE 10' WIDE AND 10' LONG WITH THE SAME REQUIREMENTS FOR CONTAINMENT AS DESCRIBED IN ITEM 1.
- 3.- THE CONTAINMENT AREA SHALL BE LINED WITH 10 MIL PLASTIC SHEETING, WITHOUT HOLES OF TEARS, WHERE THERE ARE SEAMS, THESE SHALL BE SECURED ACCORDING TO MANUFACTURES DIRECTION.
- 4.- THE PLASTIC SHEETING SHALL BE OF SUFFICIENT SIZE SO THAT IT WILL OVERLAP THE TOP OF THE CONTAINMENT AREA AND BE WRAPPED AROUND THE GRAVEL BAGS, CONCRETE BLOCKS OR OPEN GRADED ROCK AT LEAST 2 TIMES.
- 5.- THE GRAVEL BAGS OR CONCRETE BLOCKS SHALL BE PLACED ABUTTING EACH OTHER TO FORM A CONTINUOUS BERM AROUND THE OUTER PERIMETER OF THE CONTAINMENT AREA.
- 6.- THE BERM CONSISTING OF GRAVEL BAGS, CONCRETE BLOCKS OR OPEN GRADED ROCK SHALL BE NO LESS THAN 18" HIGH AND NO LESS THAN 12" WIDE.
- 7.- THE CONTAINMENT AREA SHALL NOT EXCEED 50% OF CAPACITY AT ANY ONE TIME.
- 8.- SOLIDS SHALL BE REMOVED FROM CONTAINMENT AREA AND DISPOSED OF PROPERTY AND ANY DAMAGE TO THE PLASTIC SHEETING SHALL BE REPAIRED OR SHEETING REPLACED BEFORE NEXT USE.



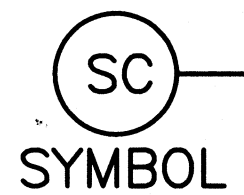
PROFILE



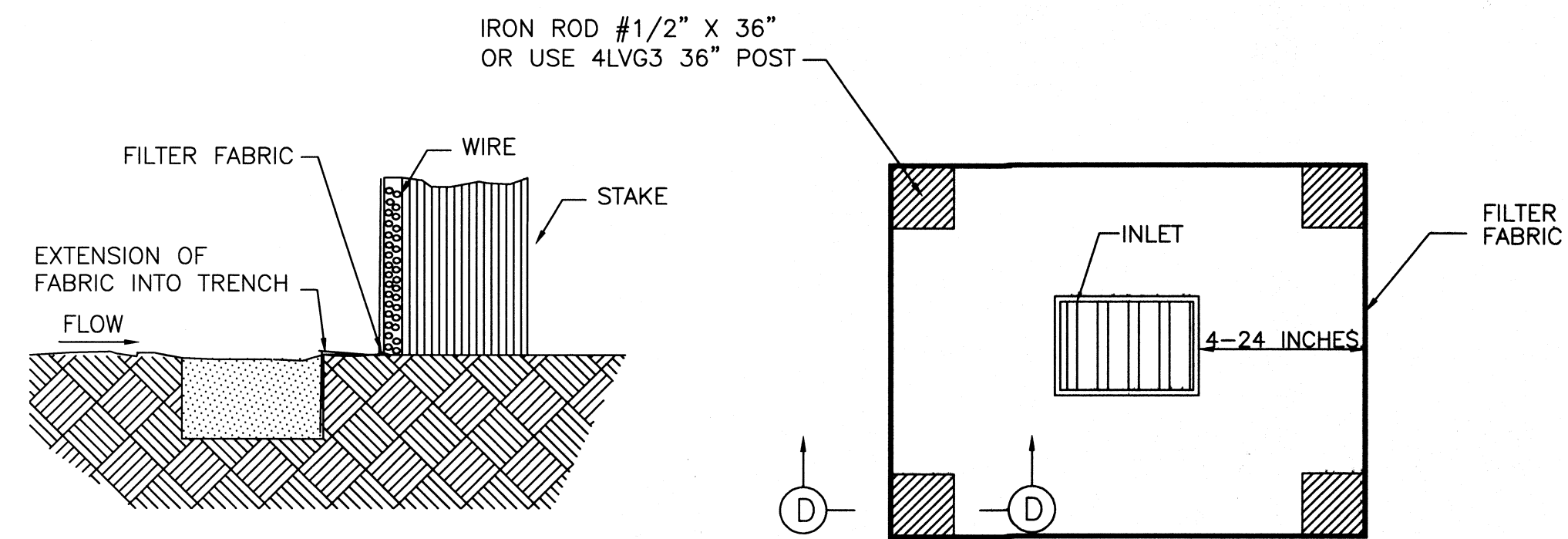
PLAN VIEW

CONSTRUCTION NOTES:

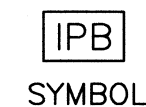
- 1.- LENGTH SHALL BE AS SHOWN ON THE CONSTRUCTION DRAWINGS, BUT NOT LESS THAN 50 FEET.
- 2.- THICKNESS SHALL BE NOT LESS THAN 8 INCHES.
- 3.- WIDTH SHALL BE NOT LESS THAN FULL WIDTH OF ALL POINTS OF INGRESS OR EGRESS.
- 4.- STABILIZATION FOR OTHER AREAS HAVE THE SAME AGGREGATE THICKNESS AND WIDTH REQUIREMENTS AS THE STABILIZED CONSTRUCTION EXIT, UNLESS OTHERWISE SHOWN ON THE CONSTRUCTION DRAWINGS.
- 5.- STABILIZED AREA MAY BE WIDENED OF LENGTHENED TO ACCOMMODATE A TRUCK WASHING AREA. AN OUTLET SEDIMENT TRAP MUST BE PROVIDED FOR THE TRUCK WASHING AREA.
- 6.- SEE STANDARD SPECIFICATION FOR STABILIZED CONSTRUCTION EXIT.
- 7.- STABILIZED CONSTRUCTION EXIT SHALL BE MAINTAINED FREE OF SEDIMENT FOR THE DURATION OF THE PROJECT.



STABILIZED CONSTRUCTION EXIT



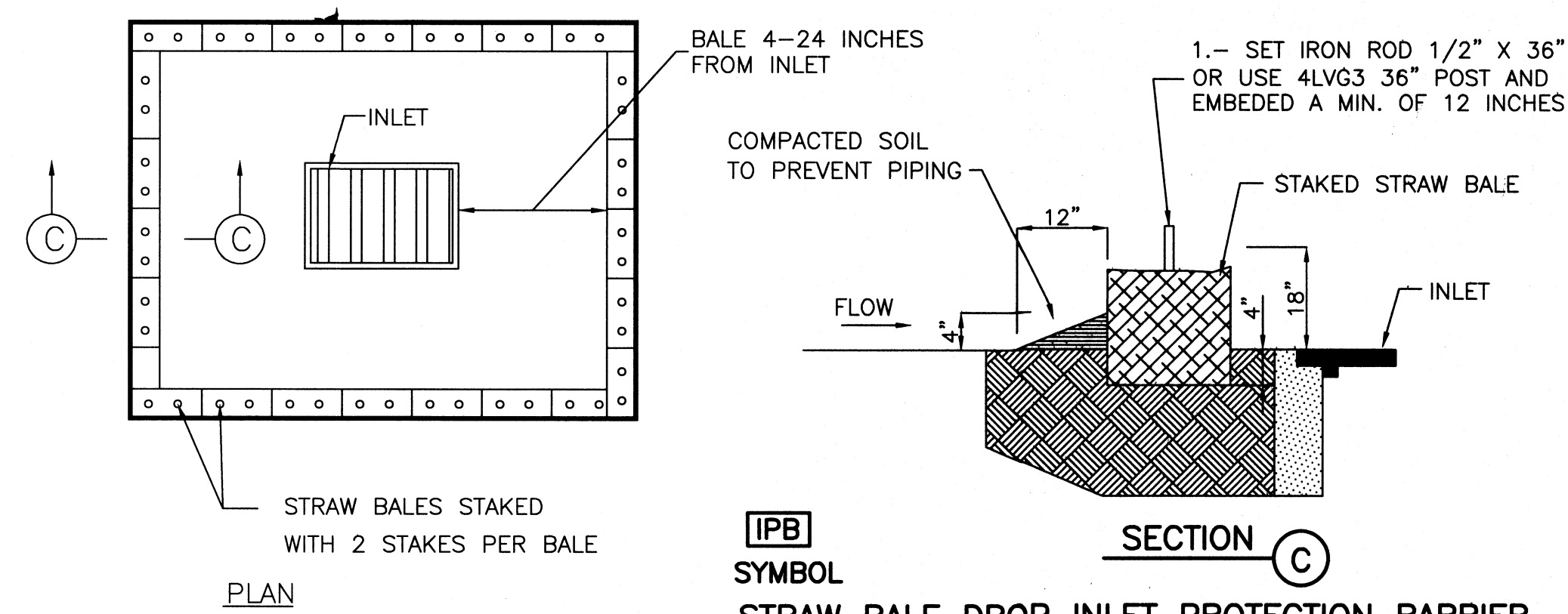
SECTION D



SILTY FENCE INLET PROTECTION BARRIER

CONSTRUCTION NOTE:

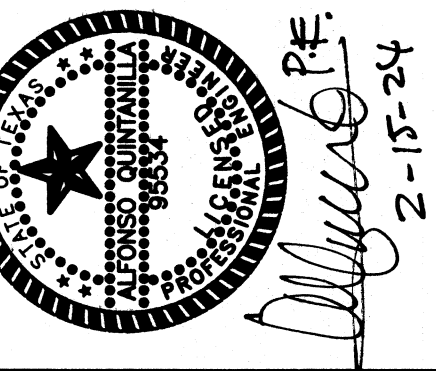
- 1.- SEE CONSTRUCTION NOTES FOR RFB.



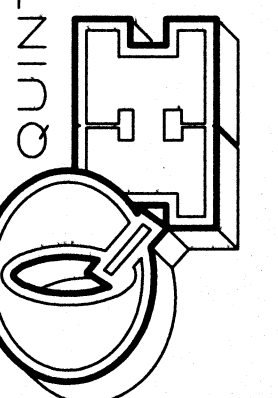
STRAW BALE DROP INLET PROTECTION BARRIER

JOB NO.	1-25-2024
DATE	1-25-2024
REVISION	1-25-2024
SCALE	1"=10'
DRAWN BY	JULIUS CYR
SHEET	

**MIRASOL COUNTRY ESTATES
EROSION CONTROL AND
POLLUTION PREVENTION DETAILS**



QUINTANILLA, HEADLEY AND ASSOCIATES, INC.
LAND SURVEYORS
PHONE 956-381-6480
FAX 956-381-0527
ALFONSO@QHA-ENG.COM
124 E. STUBBS ST.
EDINBURG, TEXAS 78539
REGISTRATION NUMBER F-1513



Date: November 20, 2025

Donation Agreement

This Donation Agreement (“Agreement”) is entered into by and between:

Donor: BCIE USA International (“Donor”) and The City of Mercedes, Texas (“City”), a Texas home-rule municipality.

1.1 Purpose

The Donor desires to voluntarily contribute funds to the City for the sole purpose of supporting public infrastructure, health, safety, and capital improvement projects. The City agrees to accept such contribution subject to the terms of this Agreement.

2.1 Nature of Contribution

The contribution is a voluntary donation with no expectation of repayment, benefit, control, management, agency, employment, return, or preferential treatment. The City retains full authority over the planning, design, construction, and implementation of all improvements funded by this donation.

3.1 Amount and Payment

Donation Amount: \$1,001,832,738.00 United States Currency

Payment Method: _____

Payment Date: _____

4.1 City Responsibilities

- a. Deposit donated funds into a designated capital project or capital improvement fund;
- b. Use the funds solely for lawful public purposes;
- c. Maintain financial records consistent with Texas law.

5.1 No Joint Venture or Partnership

Nothing in this Agreement creates a joint venture, partnership, or contractual obligation for shared control. The Donor has no role in approving contracts, vendors, or construction

methods.

6.1 Public Purpose

The parties acknowledge that the donation will be used exclusively for public purposes pursuant to the Texas Constitution and applicable statutes.

7.1 Governing Law

This Agreement is governed by the laws of the State of Texas, disputes to be resolved through mediation before filing suit in Hidalgo County Texas.

Donor: _____ Date: _____

City of Mercedes, Texas: _____ Date: _____



AGENDA ITEM NO. 8.D.

Management Items

DATE: December 2, 2025
FROM: Armando Villela, Parks Director
ITEM: **Discussion and possible action to Approval of appointments to the Keep Mercedes Beautiful Committee**

BACKGROUND INFORMATION: The City of Mercedes has received three new member applications for Keep Mercedes Beautiful Board from Ms. Patti Loya, Ms. Hazel Hensley, and Mr. Carlos Olivarez. We currently have enough vacancies to support the applications.

BOARD REVIEW/CITIZEN FEEDBACK: KMB voted to accept the applications at the last meeting on November 17, 2025

ALTERNATIVES/OPTIONS: N/A

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):

\$

Account Number(s):

Finance Review by: No

LEGAL REVIEW: No

ATTACHMENTS:

None

STAFF RECOMMENDATION: Approval of recommendation for Ms. Loya, Ms. Hensley, and Mr. Olivarez

Memo

To: Mayor and City Commissioners
From: Melissa Ramirez, DCM Executive Director
CC: File
Date: 11/25/2025
Re: Board Members

DCM records indicate Joe Flores, Peggy Yanez and Marcos Garcia IV are up for reappointment. Their terms expire December 31, 2025. Collectively, they have attracted new businesses, help expand current businesses and promoted projects that have helped in beautifying the City of Mercedes. Each member would like to continue to serve to ensure the community's economic vitality.

Snapshot of complete projects:

- Travel Center/ Wendy's
- Sonic Drive In
- McDonald's
- Shops at Mercedes
- Signage Grant Program

As you are aware, there are several projects in the pipeline the current Board members are working on.

*Please see the attached attendance record on the proceeding page.

FY23-24	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	May	June	July	July	Aug	Sept		
Fred Gonzalez	x	x	x	x	x	x	x	A	A	x	x	x	x	x		
Joe Flores	x	x	x	x	x	x	x	x	x	x	x	A	x	x		
Tony Garza	A	x	x	x	A	x	x	A	x	x	x	x	x	x		
Roel Villanueva	A	A	x	A	x	x	x	x	A	x	x	x	x	A		
Peggy Marie Chavez-Yanez	x	x	x	A	x	A	A	x	x	x	x	x	A	x		
Luis Huerta	x	x	x	x	x	x	x	x	A	x	x	A	x	x		
Marcos Garcia	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
FY24-25	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept				
Fred Gonzalez	x	x	x		x	x	x	x	x	x	x	x				
Joe Flores	A	A	x		x	x	A	x	A	x	x	x				
Tony Garza	x	A	x		x	x	A	x	A	x	A	A				
Roel Villanueva	x	x	x		x	A	A	x	x	A	x	A				
Peggy Marie Chavez-Yanez	x	x	A		x	x	x	x	x	x	x	x				
Luis Huerta	A	x	x		x	A	x	x	x	x	x	x				
Marcos Garcia	x	A	x		x	x	x	x	x	x	A	x				
FY25-26	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept				
Fred Gonzalez	x	x														
Joe Flores	x	x														
Tony Garza	x	x														
Roel Villanueva	x	A														
Peggy Marie Chavez-Yanez	x	x														
Luis Huerta	x	x														
Marcos Garcia	x	x														

RESOLUTION 2025-28

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF MERCEDES, HIDALGO COUNTY, TEXAS, ESTABLISHING A (CERTIFICATES OF OBLIGATION, SERIES 2025) BANK ACCOUNT FOR THE CITY OF MERCEDES, AND APPOINTING THE SIGNATORY AGENTS FOR THIS ACCOUNT.

WHEREAS, The City of Mercedes desires to establish a new bank account for the Certificates of Obligation, 2025 Series, and:

WHEREAS, The City of Mercedes is creating the account at the City's depository bank for the projects to be funded with the issuance of the Certificates of Obligation, Series 2025.

NOW THEREFORE, BE IT RESOLVED by the City Commission of the City of Mercedes that:

SECTION 1: A bank account can be established for the purpose of maintaining City funds for the projects to be funded with the Certificates of Obligation, Series 2025.

SECTION 2: The members of the City Commission are hereby authorized to be signatory agents on said account. Two (2) signatures will be required for any transfer or disbursement.

DISCUSSED, PASSED AND APPROVED this 2nd day of December, 2025 by the City Commission of the City of Mercedes.

Oscar D. Montoya, Sr – Mayor

Joselynn Castillo, City Secretary

**City of Mercedes, Texas
Resolution No. 2025-29**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF
MERCEDES, TEXAS, ACCEPTING A PRIVATE CONTRIBUTION
FOR CAPITAL IMPROVEMENT PROJECTS, ESTABLISHING FUND
MANAGEMENT AND ACCOUNTABILITY PROCEDURES, AND
DECLARING A PUBLIC PURPOSE.**

WHEREAS, the City of Mercedes (“City”) is committed to maintaining and improving public infrastructure and facilities for the benefit of its residents; and

WHEREAS, Section 51.076 of the Texas Local Government Code authorizes municipalities to accept donations, gifts, and contributions of money or property to be used for municipal purposes; and

WHEREAS, BCIE USA International, a private corporation/organization, has expressed its desire to contribute funds in the amount of \$1,001,832,738.00 to support the City’s Capital Improvement Program (CIP); and

WHEREAS, the contribution is made voluntarily and without any expectation of repayment, consideration, or special benefit from the City; and

WHEREAS, the City Commission finds that acceptance and use of such funds for the designated CIP project serves a valid public purpose, including improving essential public infrastructure, enhancing community assets, and promoting the general welfare of the citizens of Mercedes;

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Mercedes, Texas, that:

Section 1. Acceptance of Contribution

The City of Mercedes hereby formally accepts a monetary contribution in the amount of \$1,001,832,738.00 from BCIE USA International, to be used exclusively for Capital Improvement Projects and payment of lawfully incurred obligations that are directly related and necessary to implement those Projects.

Section 2. Purpose and Conditions

The contribution is accepted as a voluntary donation made without conditions, obligations, or expectation of reimbursement, partnership, or preferential treatment. All funds shall be used solely for the designated public purpose.

Section 3. Financial Management

All funds received under this Resolution shall be deposited into a restricted account within the City's Capital Projects Funds and shall be accounted for separately to ensure full transparency and audit compliance. Expenditures shall follow all applicable provisions of the Texas Local Government Code, the City's purchasing policies, and standard accounting practices. All donated funds shall be deposited in bank accounts held solely in the name of the City under the City's exclusive control; no joint accounts with the donor are permitted. All expenditures shall comply with Tex. Loc. Gov't Code chs. 103 and 252, and the Council shall recognize any necessary appropriations through the City's budget or budget amendment consistent with applicable fiscal procedures. The restricted account shall be included in the annual independent audit under ch. 103.

Section 4. Administration

The City Manager, or designee, is hereby authorized to :

1. Execute any related documents necessary to accept and administer the funds;
2. Ensure funds are utilized in accordance with this Resolution; and
3. Provide quarterly updates to the City Commission on the status of expenditures and project progress.
4. The City Manager shall adopt a written spending plan linking each expenditure to the public purposes set forth herein and shall obtain Commission approval for any single contract or expenditure exceeding \$50,000.00. The City shall comply with any applicable disclosure under Tex. Gov't Code § 2252.908 and implementing rules.

Section 5. Acknowledgement and Public Recognition

The City may recognize the donor publicly in appropriate city communications, publications, or signage, provided that such recognition does not imply endorsement or confer any special privilege.

Section 6. Public Purpose Declaration

The City Commission affirms that the acceptance and use of this contribution directly advances a legitimate public purpose by funding infrastructure and community improvements that benefit the residents of Mercedes.

Section 7. Effective Date

This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED this 2nd day of December, 2025.

CITY OF MERCEDES, TEXAS

Oscar D. Montoya Sr., Mayor

ATTEST:

Joselynn Castillo, City Secretary

Martie Garcia Vela, City Attorney

DATE: December 2, 2025
FROM: Denisse Hernandez, Interim Planning Director
ITEM: **Discussion and possible action to Approval of First Reading of Ordinance 2025-37 to Rezone Lot 2 Block 40 Capisallo E Subdivision**

BACKGROUND INFORMATION:

Applicants Salvador Roel Garcia and Jeffrey Adam Bryant previously submitted a petition for voluntary self-annexation for a 10.11-acre tract of land located at Mile 6 North and Mile 1 ½ East. The City Commission accepted the annexation petition in support of a proposed nature-based project known as the Blue Bunting Eco-Retreat.

The owners intend to develop an eco-friendly retreat consisting of five cabin units for short-term rentals, specifically designed to attract birdwatchers, butterfly enthusiasts, and nature tourists. The project highlights the property's ecological value, located within an area documented to contain over 227 species of birds and 119 species of butterflies. The applicants seek to promote eco-tourism, environmental education, and conservation while operating under the City's zoning, permitting, and regulatory requirements.

Because the City of Mercedes does not currently have a zoning district tailored for eco-tourism or cabin-style lodging, staff recommended the "C" Apartment District as the most appropriate designation to allow the project to move forward. A public hearing was held on November 3, 2025, and the Planning & Zoning Commission recommended approval.

BOARD REVIEW/CITIZEN FEEDBACK: Planning & Zoning approved the rezone on November 3, 2025.

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):
\$

Account Number(s):

Finance Review by: Not Applicable

LEGAL REVIEW: Not Applicable

ATTACHMENTS:

1. ORDINANCE NO SALVADOR ROEL GARCIA AND JEFFREY ADAMS
2. SITE PLAN

STAFF RECOMMENDATION:

Staff recommends approval of the rezoning request, as the proposed eco-retreat aligns with the intent of the voluntary annexation and is the most appropriate zoning classification for the project.

ORDINANCE NO. 2025-37

AN ORDINANCE CHANGING THE CLASSIFICATION FOR ZONING PURPOSES OF THE FOLLOWING TRACT OF LAND: LOT 2, BLOCK 40, CAPISALLO E SUBDIVISION (10.11 ACRES), FROM CLASS “N” NEWLY ANNEXED DISTRICT TO CLASS “C” APARTMENTS DISTRICT; PROVIDING FOR A SAVINGS AND REPEAL CLAUSE; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on the 3rd day of November, 2025 a public hearing was held for the purpose of hearing any objections as to why: **LOT 2, BLOCK 40, CAPISALLO E SUBDIVISION (10.11 ACRES)**, Mercedes, Hidalgo County, Texas, should be rezoned and classified as follows: from a Class “N” Newly Annexed District to Class “C” Apartments District.

WHEREAS, the City Commission at its Regular Meeting of December 2nd, 2025, having considered the rezoning of the above-described property as listed in the foregoing section and having heard the pros and cons as to such rezoning request, is of the opinion that the aforementioned rezoning is in the best interest of the City of Mercedes, Texas.

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

Section 1: **LOT 2, BLOCK 40, CAPISALLO E SUBDIVISION (10.11 ACRES)**, Mercedes, Hidalgo County, Texas, should be rezoned and classified as follows: from a Class “N” Newly Annexed District to Class “C” Apartments District.

Section 2: That the aforementioned rezoning of the above property be incorporated into the official map of the City of Mercedes, Texas by the City Planner of said City.

Section 3: That if any provision, section, subsection, phrase, paragraph, sentence, clause or portion of this Ordinance shall for any reason be declared invalid, such invalidity shall not affect the remaining provisions of this Ordinance or their application of persons or sets of circumstances and to this end, all provisions of this Ordinance or parts of Ordinances in conflict herewith are hereby repealed.

Section 4: This Ordinance shall become and be effective in accordance with the City Charter of the City of Mercedes, Texas and the laws of the State of Texas.

PASSED, APPROVED AND ADOPTED ON FIRST READING THIS THE 2ND DAY OF DECEMBER 2025.

PASSED, APPROVED AND ADOPTED ON SECOND READING THIS THE 16TH DAY OF DECEMBER, 2025.

CITY OF MERCEDES

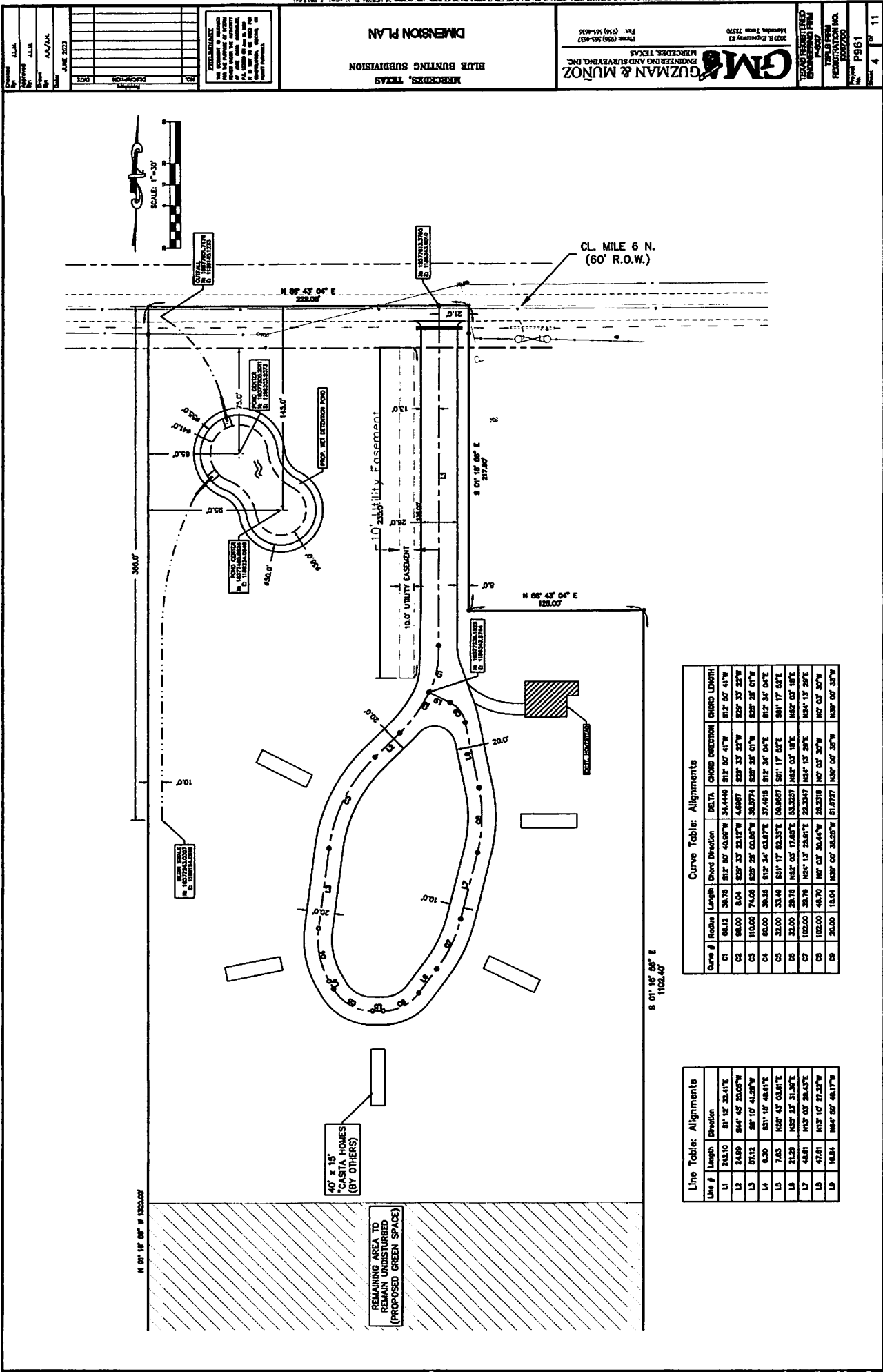
Oscar D. Montoya, Sr., Mayor

ATTEST:

APPROVED AS TO FORM:

Joselynn Castillo
City Secretary

Martie Garcia Vela
City Attorney



Curve Table: Alignments

Curve #	Radius	Length	Chord Direction	DELTA	CHORD DIRECTION	CHORD LENGTH
C1	66.12	36.75	S12° 00' 41" W	34.4440	S12° 00' 41" W	512' 00' 41" W
C2	66.00	6.04	S25° 33' 21.17" W	4.6367	S25° 33' 21" W	525' 33' 21" W
C3	110.00	74.08	S25° 33' 21.17" W	38.9774	S25° 33' 21" W	525' 33' 21" W
C4	60.00	36.33	S12° 34' 03.17" E	37.4610	S12° 34' 03" E	512' 34' 03" E
C5	32.00	33.46	S01° 17' 02.35" E	16.9807	S01° 17' 02" E	501° 17' 02" E
C6	32.00	28.75	N02° 03' 17.65" E	16.3327	N02° 03' 18" E	492° 03' 18" E
C7	102.00	36.78	N04° 13' 23.61" E	22.3347	N04° 13' 24" E	494° 13' 24" E
C8	102.00	44.70	N07° 03' 30.47" E	24.3316	N07° 03' 30" E	497° 03' 30" E
C9	20.00	15.04	N07° 03' 30.57" E	61.8727	N07° 03' 30" E	497° 03' 30" E

Line Table: Alignments

Line #	Length	Bearing
L1	245.10	S1° 12' 32.41" E
L2	24.69	S44° 45' 23.05" W
L3	67.13	S0° 10' 41.87" W
L4	6.30	S01° 10' 40.61" E
L5	7.63	N05° 45' 03.61" E
L6	21.29	N05° 23' 31.36" E
L7	48.61	N03° 03' 28.45" E
L8	42.61	N13° 10' 23.32" W
L9	10.84	N04° 00' 44.17" W

GM GUZMAN & MUÑOZ
ENGINEERING AND SURVEYING, INC.
Merced, Texas 75701
Phone: (936) 344-6037
Fax: (936) 344-6035

2023 E. Expressway E3
Merced, Texas 75701

BLUE BUNTING SUBDIVISION
MERCEDES, TEXAS

2023 E. Expressway E3
Merced, Texas 75701

DATE: JUNE 2023

PROJECT: BLUE BUNTING SUBDIVISION

DESIGNER: J.L.K.

DATE: JUNE 2023

DATE: JUNE 2023

PROJECT: BLUE BUNTING SUBDIVISION

DATE: JUNE 2023

PROJECT: BLUE BUNTING SUBDIVISION

DATE: December 2, 2025
FROM: Joselynn Castillo, City Secretary
ITEM: **Discussion and possible action to Approval of Ordinance 2025-38 establishing Filming Guidelines**

BACKGROUND INFORMATION: The Proposed policy establishes guidelines for commercial filming within the City of Mercedes to promote economic development while protecting the rights, safety, and welfare of residents and businesses. It outlines requirements for the commercial use of City-owned property, private property that may impact surrounding areas, and the use of City equipment or personnel in film productions. The policy also designates the EDC Director as the City's Film Friendly Texas Liaison. The City Manager retains authority to impose additional regulations as needed.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

ALTERNATIVES/OPTIONS: N/A

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):

\$

Account Number(s):

Finance Review by: (Not Applicable)

LEGAL REVIEW: No

ATTACHMENTS:

1. 2025-38 - Filming Guidelines
2. Filming Policy

STAFF RECOMMENDATION: Staff recommends approval.

ORDINANCE NO. 2025-38

AN ORDINANCE OF THE CITY OF MERCEDES, TEXAS, ADOPTING THE “GUIDELINES FOR FILMING IN MERCEDES, TEXAS”; PROVIDING FOR ADMINISTRATION AND ENFORCEMENT; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Mercedes (“City”) recognizes the economic and community benefits that may arise from commercial filming activities within the city limits; and

WHEREAS, the City further recognizes the need to protect public property, ensure public safety, minimize disruptions to residents and businesses, and establish clear standards and procedures for filming activities; and

WHEREAS, the City Commission finds it necessary and in the best interest of the public to formally adopt guidelines governing commercial filming, including requirements for permits, insurance, fees, use of city personnel, and protection of public and private property; and

WHEREAS, the City Manager has reviewed and recommended the adoption of the *Guidelines for Filming in Mercedes, Texas* attached hereto as Exhibit “A.”

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

SECTION 1. ADOPTION OF POLICY.

The City of Mercedes hereby adopts the *Guidelines for Filming in Mercedes, Texas*, attached hereto as **Exhibit “A”** and incorporated herein as though fully set forth. These guidelines shall serve as the official policy for regulating, reviewing, approving, and overseeing commercial filming within the City of Mercedes.

SECTION 2. ADMINISTRATION.

The City Manager, or designee, is hereby authorized to administer and enforce the guidelines, including but not limited to the issuance of permits, collection of fees, inspection of sites, and imposition of reasonable conditions necessary to protect public health, safety, and welfare.

The Executive Director of the Development Corporation of Mercedes is hereby identified as the Film Friendly Texas liaison.

SECTION 3. CONFLICT AND REPEALER.

All ordinances, resolutions, or policies in conflict with this Ordinance are hereby repealed to the extent of such conflict.

SECTION 4. SEVERABILITY.

If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid by a court of competent jurisdiction, such ruling shall not affect the remaining portions of this Ordinance, which shall continue in full force and effect.

SECTION 5. EFFECTIVE DATE.

This Ordinance shall become effective in accordance with Article II, Section 2.13 of the City Charter.

PASSED AND APPROVED on this 2nd day of December, 2025.

1st Reading: December 2, 2025

2nd Reading: December 16, 2025

CITY OF MERCEDES, TEXAS

Oscar D. Montoya Sr., Mayor

ATTEST:

Joselynn Castillo, City Secretary

Martie Garcia-Vela, City Attorney

Guidelines for Filming in Mercedes, TX

- I. Purpose
- II. City Control/City Manager Authority
- III. Permit Requirements and Fees
- IV. Application Fee
- V. Use of City Equipment and Personnel
- VI. Use of City-Owned Real Estate
- VII. Vehicles and Equipment
- VIII. Hours of Filming
- IX. Notification of Neighbors
- X. Certificate of Insurance
- XI. Damage to Public or Private Property
- XII. Hold Harmless Agreement

Guidelines for Filming in Mercedes, Texas

I. PURPOSE

The Guidelines contained in this policy are intended to create a program for promoting economic development activity within Mercedes and the vicinity of the City. The following Guidelines are also intended to protect the personal and property rights of Mercedes, Texas residents and businesses, and to promote the public health, safety and welfare. The City Manager reserves the right to impose additional regulations in the interest of public health, safety and welfare, or if otherwise deemed appropriate by the City Manager.

These Guidelines cover requests for commercial use of City-owned property (including but not limited to streets, rights-of-way, parks, and/or public buildings), commercial use of private property which may affect adjacent public or private property, and the use of City equipment and personnel in all types of motion picture production, including, but not limited to, feature films, television programs, commercials, music videos and corporate films.

II. CITY CONTROL/CITY MANAGER AUTHORITY

The City Manager may authorize the use of any street, right-of-way, park, or public building, equipment or personnel for commercial uses in the filming or taping of movies, television programs, commercials, or training films and related activities. In conjunction with these uses, the City Manager may require that any or all of the conditions and/or remuneration herein and as specified on the application be met as a prerequisite to that use.

The Applicant agrees that the City of Mercedes shall have exclusive authority to grant the Applicant the use of public streets, rights-of-way, parks and public buildings of the City, as well as authority to regulate the hours of production and the general location of the production. The City reserves the full and absolute right to prohibit all filming or to order cessation of filming in order to promote the public health, safety or welfare.

The Applicant shall allow City departments (e.g., Police, Fire, Building) to inspect all structures, property, devices and equipment to be used in connection with the filming and taping, as deemed appropriate by the City Manager.

III. PERMIT REQUIREMENTS

Before filing an application for filming in Mercedes, the Office of the City Manager must be contacted to discuss the production's specific filming requirements and the feasibility of filming in Mercedes, TX.

Any commercial producer who desires to undertake a commercial production in Mercedes is required to complete and return the attached application for filming to the Office of the City Manager, within the time frames below:

- Commercials or episodic television: a minimum of two (2) business days prior to the commencement of filming or any substantial activity related to the project.
- Feature films: a minimum of five (5) business days prior to the commencement of filming or any substantial activity related to the project.

IV. APPLICATION FEE

A suggested application processing fee of \$25.00 should accompany each application for filming in Mercedes. The City Manager may waive this fee upon proof of an organization's non-profit status or for any other reason deemed appropriate by the City Manager.

V. USE OF CITY EQUIPMENT AND PERSONNEL

The Applicant shall pay for all costs of any Police, Fire, Public Works, or other City personnel assigned to the project (whether or not specifically requested by the production). Remuneration rates for the use of any City equipment, including police cars and fire equipment, will be established on a case-by-case basis as determined by the City Manager. The Applicant shall pay all costs in full within ten (10) days after receipt of an invoice for said costs. The City Manager may, at his/her discretion, require an advance deposit for all costs related City personnel and/or the use of City equipment.

The City Manager, in consultation with the Chief of Police and/or Fire Chief, shall have the authority to stipulate additional fire or police requirements and level of staffing for same, at any time during a film project if it is determined to be in the best interest of public health, safety and welfare, which cost shall be borne entirely by the Applicant. Off-duty police officers and firefighters shall be paid by the production company at a rate no less than one and one-half times their hourly rate.

VI. USE OF CITY-OWNED REAL ESTATE

The City Manager may authorize the use of any street, right-of-way, park or public building, use of Mercedes, Texas name, trademark or logo and/or use of City equipment and/or personnel for commercial uses in motion picture production. In conjunction with these uses, the City Manager may require that any or all of the conditions and/or remuneration as specified herein and on the application be met as a prerequisite to that use. A security or damage deposit may be required within the discretion of the City Manager. The Applicant shall reimburse the City for inconveniences when using public property. Following is the rate schedule:

Activity:	Cost per calendar day:
Total or disruptive use (regular operating hours) of a public building, park, right-of-way, or public area	\$500
Partial, non-disruptive use of a public building, park, right-of-way, or public area	\$250
Total closure or obstruction of public street or right-of-way, including parking lots and on-street parking	\$50
Partial closure or obstruction of public street or right-of-way, including parking lots and on-street parking	\$25
Use of City parking lots, parking areas, and City streets (for the purpose of parking film trailers, buses, catering trucks, and other large vehicles)	\$50

The Applicant acknowledges and agrees that the City of Mercedes, Texas, possesses and retains exclusive authority to grant the Applicant a revocable license for the use of its name, trademark, and logo, public streets, rights-of-way, parks and buildings of the City as well as control over the hours of production and the general location of the production. The City reserves the full and absolute right to prohibit all filming or to order cessation of filming activity in order to promote the public health, safety and/or welfare.

In order to leave the City-owned property in as good condition as when received, the Applicant is responsible for and must provide professional cleaning and/or sanitation services upon completion of work, if the City requests such cleaning and/or sanitation services at any time. Upon such a request by the City, the Applicant must obtain approval from the City of the Applicant's arrangements for cleaning and/or sanitation services (which will not be unreasonably withheld). The City may require such approval before use of the City-owned property for Production Activity begins.

VII. VEHICLES AND EQUIPMENT

The Applicant shall provide a report listing the number of vehicles and types of equipment to be used during the filming, including proposed hours of use and proposed parking locations. Such locations will need to be specifically approved by the City Manager. On-street parking or use of public parking lots is subject to City approval.

The use of exterior lighting, power generators, or any other noise- or light-producing equipment requires on-site approval of the City Manager.

VIII. HOURS OF FILMING

Unless express written permission has been obtained from the City Manager in advance, and affected property owners, tenants and residents have been notified, filming will be limited to the following hours:

Monday through Friday: 7:00 a.m. to 9:00 p.m.

Saturday, Sunday and holidays: 8:00 a.m. to 8:00 p.m.

IX. NOTIFICATION OF NEIGHBORS

The Applicant shall provide a short, written description, approved by the City Manager, of the schedule for the proposed production to the owners, tenants and residents of each property in the affected neighborhood(s). The Applicant, or his or her designee, shall make a good faith effort to notify each owner, tenant and resident of all such property, and shall submit, as part of this application, a report noting owners, tenants and/or residents' comments, along with their signatures, addresses and phone numbers. Based upon this community feedback, and other appropriate factors considered by the City Manager, the City Manager may grant or deny the filming application. Applicant must certify all appropriate parties have been notified via a certified letter inclusive of addresses.

X. CERTIFICATE OF INSURANCE

The Applicant shall attach a valid certificate of insurance, issued by a company authorized to conduct business in the state of Texas, naming the City of Mercedes and

its agents, officers, elected officials, employees and assigns, as additional insured, in an amount not less than \$1,000,000 general liability, including bodily injury and property damage with a \$1,000,000 umbrella; and automobile liability (if applicable) in an amount not less than \$1,000,000 including bodily injury and property damage.

XI. DAMAGE TO PUBLIC OR PRIVATE PROPERTY

The Applicant shall pay in full, within ten (10) days of receipt of an invoice, the costs of repair for any and all damage to public or private property, resulting from or in connection with, the production, and restore the property to its original condition prior to the production, or to better than original condition.

XIII. HOLD HARMLESS AGREEMENT

The Applicant shall sign the following Hold Harmless Agreement holding the City harmless from any claim that may arise from their use of designated public property, right-of-way, or equipment in conjunction with the permitted use:

I certify that I represent the firm which will be performing the filming/taping at the locations specified on the attached permit application. I further certify that I and my firm will perform in accordance with the directions and specifications of The City of Mercedes, Texas, and that I and my firm will indemnify and hold harmless the City of Mercedes, Texas and its elected officials, officers, servants, employees, successors, agents, departments and assigns from any and all losses, damages, expenses, costs and/or claims of every nature and kind arising out of or in connection with the filming/taping and other related activities engaged in pursuant to this Application. I further certify that the information provided on this Application is true and correct to the best of my knowledge, and that I possess the authority to sign this and other contracts and agreements with the City of Mercedes, Texas on behalf of the firm.

Signature

Date

Printed Name

Application for Commercial Filming

Title of Project: _____

Type of Production: _____

(feature film, television series, commercial, music video, virtual reality, etc.)

Proposed Filming Locations: _____

Date(s) of Prep, Filming & Wrap: _____

Primary Contact Name: _____

Cell Phone Number: _____

Email: _____

Location Manager (if different from Primary Contact) Name: _____

Cell Phone Number: _____

Email: _____

Name of Production Company: _____

Address: _____

City/State/Zip: _____

Web Site: _____

Has this production already been in contact with the Texas Film Commission? _____

If yes, who is your contact at the Texas Film Commission? _____

Or Has this production already completed the Texas Film Commission's Texas
Production Registration Form? _____

PRODUCTION (Attach additional sheets if necessary.)

1. Production schedule and activities, including stunts, pyrotechnics, special effects, aerial or drone photography, amplified sound or use of animals: (give dates and times, hours should include prep, holding of sets, wrap and rain dates, if potentially needed)

2. Approximate number of persons involved with the production, including cast and crew: _____

3. Anticipated need of City or County personnel, equipment or property:

4. Public areas in which public access will be restricted during production:

5. Describe alterations to public property: _____

6. Number and type of production vehicles to be used and location(s) where vehicles will be parked: _____

7. Location where crew will be fed, if not at filming location:

8. Location where extras will be held, if not at filming location:

9. Please attach map of anticipated street closure(s) or other public area use.

Applicant (production company representative):

_____ Date: _____

Signature _____

Printed Name & Title Application approved by Mercedes representative:

_____ Date: _____

The “Guidelines for Filming in Mercedes, Texas” apply to all motion picture production in Mercedes. The Office of the City Manager may require the applicant to acknowledge receipt of the Guidelines prior to approving this application.