Mayor Oscar D. Montoya
Commissioner Joe Martinez
Commissioner Armando Garcia

Commissioner Dr. Jacob Howell
Mayor Pro-Tem Dr. Ruben Saldana
City Manager Alberto Perez

MERCEDES CITY COMMISSION
REGULAR MEETING
JANUARY 6, 2026 – 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 on Winter Wonderland Event Held December 12, 2025 at RGV Premium Outlets
   b. Presentation on Mercedes PD and Friends Of The Library BBQ Cookoff Event Held November 15, 2025 at the Mercedes Recreation Center
7. **Consent Agenda**
   a. Approval of Minutes for Meeting(s) held December 16, 2025
   b. Approval of the First Amendment to the Interlocal Cooperation Agreement Between the County of Hidalgo and the City of Mercedes, Texas Regarding the MVCPA Task Force (FY26)
8. **City Manager Update**
   a. Update regarding RioPlex
9. **Management Items**: Present, discuss, consider and possibly take action regarding:
   a. Consider and take possible action to ratify the Final Plat Approval for Stable Estates
   b. Consider and take action on the approval of the Interlocal Agreement between Hidalgo County Urban County Program and the City of Mercedes for FY 2025
   c. Consider and take action regarding the Approval to Terminate the Tax Increment Reinvestment Zone No. 1 Agreement
   d. Discussion and Possible Action Regarding City Support for Catholic Cemetery
10. **Ordinances/Resolutions**
    a. Consider and take action to Approve of Resolution 2026-01 regarding the Agreement for the Temporary Closure of State Right-of-Way – 87th Annual Rio Grande Valley Livestock Show Parade

b. Consider and take Action on Approval of Resolution 2026-02 regarding the Agreement for the Temporary Closure of State Right-of-Way – 87th Annual Rio Grande Valley Livestock Show

11. Bids/Contracts

a. Consider and take Action on Agreement to Ratify the purchase agreement for the Neuhaus Property known as Capisallo S28.50 AC EXC AN IRR TR S200' -E476' LOT 9 BLK 81 26.50 AC NET

b. Consider and take possible action to approve Municipal Court Judge Ms. Melisa Canales renewal agreement.

c. Consider and take action regarding the Conveyance of Real Estate to the Development Corporation of Mercedes: Mercedes Original Townsite S. 88.5' -E 110' BLK 2

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

a. Discussion with City Manager regarding personnel matters - Section 551.074

b. Consultation with Attorney regarding update on litigation - Section 551.071

c. Consultation with Attorney regarding Project ALP172 - Section 551.087

13. 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

14. Adjournment

Notice is hereby given that the City Commissioners of the City of Mercedes, Texas will meet in a Regular Meeting on Tuesday, January 6, 2026 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 29TH DAY OF DECEMBER, 2025.

ATTEST:

Joselynn Castillo, City Secretary
Time of Posting: 4:50 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.

AGENDA ITEM NO. 6.A.

Presentation

DATE: January 6, 2026
FROM: Orlando Diaz, Lieutenant
ITEM: **Discussion and possible action to Presentation on Winter Wonderland Event Held December 12, 2025 at RGV Premium Outlets**

BACKGROUND INFORMATION: The Mercedes Police Department, in coordination with the City of Mercedes, RGV Premium Outlets, and partnering agencies, successfully supported the Winter Wonderland community event held on December 12, 2025, at RGV Premium Outlets. The event was designed to promote community engagement, provide a safe and family-friendly holiday experience, and strengthen partnerships between the City, local businesses, and residents. The Mercedes Police Department played a key role in event planning, security coordination, traffic management, and public safety operations to ensure a safe and successful event.
The Chief of Police will provide an informational presentation to the City Commission highlighting:

- Event purpose and community impact
- Public safety and traffic operations
- Community partnerships
- Attendance and overall outcomes

The presentation will include video footage and photographs documenting the event and its positive engagement with the community.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)
Proposed Expenditure/(Revenue): **Account Number(s):**
$

Finance Review by: (Has finance reviewed it to make sure we have the funds Yes/No/Not Applicable)

LEGAL REVIEW:

ATTACHMENTS:

1. IMG_8270
2. IMG_8258
3. IMG_8249
4. IMG_8247
5. IMG_8241
6. IMG_8239
7. IMG_8225
8. IMG_8209
9. IMG_8101
10. IMG_8091
11. IMG_8087
12. IMG_8073
13. IMG_8072
14. IMG_8057
15. IMG_8051
16. IMG_8046
17. IMG_8041
18. IMG_8038
19. IMG_8026
20. IMG_8021
21. IMG_8020
22. IMG_8018
23. IMG_8013
24. IMG_8010
25. IMG_8008
26. IMG_8006
27. IMG_8003
28. IMG_8002
29. IMG_8001
30. IMG_7998
31. IMG_7990
32. IMG_7985
33. IMG_7981
34. IMG_7979
35. IMG_7976
36. IMG_7975
37. IMG_7970
38. IMG_7969
39. IMG_7961
40. IMG_7960
41. IMG_7957
42. IMG_7954

43. IMG_7950
44. IMG_7949
45. IMG_7946
46. IMG_7945
47. IMG_7941
48. IMG_7940
49. IMG_7937
50. IMG_7934
51. IMG_7931
52. IMG_7930
53. IMG_7929
54. IMG_7928
55. IMG_7925
56. IMG_7921
57. IMG_7918
58. IMG_7913
59. IMG_7911
60. IMG_7835
61. IMG_7834
62. IMG_7825
63. IMG_7823
64. IMG_7819
65. IMG_7818

STAFF RECOMMENDATION:


FIRE EST. DEPT.
1909
J. CAMPOS
FIRE CHIEF
PARAMEDIC


RIO GRANDE VALLEY
PREMIUM OUTLETS
A SIMON CENTER


www.party2go.net
Party 2go


www.party2go.net
Party 2go








NO PARKING


TTLE AXE
THROW




30
TOYOTA


FoamDaddy


O. ALVAREZ
Bolthouse Farms
lemonade










BUILDING 1
CITY
OF
RCEDES






WYATT RANCHES
FLOW
Friendship Jewelry


Terry Palacios
FLOW
FEATURES:
Friendship Jewelry
20+


Terry Palacios
DISTRICT ATTORNEY
LEGO
ZOOOOOM
ACROSS THE CITY!


KID
KID




INLINE SKATE
GEN ACADEMY




DRINKING WATER
Coke
Dr Pepper




RIO GRANDE VALLEY
PREMIUM OUTLETS
BAC'N
BITES




29




Fresh
CORN
A CUP
Brisket
Sandwiches
Bill's
Gluten-Free
140
FRESH LEMONADE
FRESH LEMONADE
Strawberry


29


Romy's
ICE CREAM


LOVE




DALLAS


NAUGHTY?
WHO, ME?




IN MY
GRINCH


PRO SHOP
FIRE LANE


NO PARKING


CAUTION
SPEED BUMPS
AHEAD
DRIVE
SLOWLY




FIRE LANE




POLICE
CITY OF MERCEDES
SC14
EMERGENCY 9-1-1


POLICE
SC14










Pearl
Pearl




FIRE LAN




Mercedes






JD
MEGA
unitan
NEXUM
MEGA
unitan
NEXUM


EAT MOR CHIKIN
EAT MOR CHIKIN
KERSFIELD
California




EAT MOR CHIKIN

AGENDA ITEM NO. 6.B.

Presentation

DATE: January 6, 2026
FROM: Orlando Diaz, Lieutenant
ITEM: **Discussion and possible action to Presentation on Mercedes PD and Friends Of The Library BBQ Cookoff Event Held November 15, 2025 at the Mercedes Recreation Center**

BACKGROUND INFORMATION:
The Mercedes Police Department, in partnership with the City of Mercedes**,** Friends of the Mercedes Library, successfully hosted the First Annual Mercedes Police Department & Friends of the Library Barbecue Cookoff on November 15, 2025, at the Mercedes Recreation Center, which also serves as a designated dome shelter and public park facility.
This inaugural event was organized as a community-focused fundraiser to support:

- The Dr. Hector P. Garcia Memorial Library, and
- The Mercedes Police Department's Winter Wonderland initiative, toy drive for local children.

The event was Champions Barbecue Alliance (CBA) sanctioned and designated as a State Championship Cookoff, featuring a $5,000 guaranteed payout, with team entry requirements of a $200 entry fee and five (5) donated toys per team. Competition categories included chicken, pork ribs, brisket, and jackpot categories such as fajitas and charro beans.
In addition to the cookoff, the event included:

- A car show featuring regional car clubs,
- Food and merchandise vendors,
- Informational booths,
- Family-friendly live music,
- And was free and open to the public, drawing attendees from Mercedes and across the Rio Grande Valley.

The Mercedes Police Department played a central role in event planning, logistics, security, traffic control, vendor coordination, and public safety operations, ensuring the event was conducted safely and successfully.
The Chief of Police will provide an informational presentation to the City Commission highlighting:

- Event purpose and community impact
- Fundraising and charitable outcome
- Public safety and traffic operations

- Interdepartmental and community partnerships
- Event scale, participation, and outcome

The presentation will include photographs and video footage documenting the event and its positive impact on the community.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)
Proposed Expenditure/(Revenue): **Account Number**
$

LEGAL REVIEW:

ATTACHMENTS:
1. IMG_5199
2. IMG_5275
3. IMG_5283
4. IMG_5318
5. IMG_5321
6. IMG_5374
7. IMG_5461
8. IMG_5463
9. IMG_5468
10. IMG_5469

STAFF RECOMMENDATION:


Taco Pizza"






Foodservice Foil
KIRKLAND
Heavy Duty
Aluminum Foil






MERCEDES
MERCEDES POLICE DEPARTMENT
MERCEDES
MERCEDES POLICE DEPARTMENT
MERCEDES
MERCEDES POLICE DEPARTMENT
MERCEDES
MERCEDES POLICE DEPARTMENT
Frank Sanchez
Secretary
TEXAS
NATURAL
GRILLER
COOKING TEA
3rd Place Pork R


MERCEDES
MERCEDES POLICE DEPARTMENT
OLYMPUS
PHYSICAL THERAPY
STEALTH
Frank Sanchez
Secretary
FRIENDS OF THE MERCEDES LIBRARY


MERCEDES
MERCEDES POLICE DEPARTMENT
DATE: 11-15-25
PAY TO THE ORDER OF: Le Falta Sal
$ 1500.00
One Thousand Five Hundred dlls and 00/100 DOLLARS
FRIENDS OF THE
MERCEDES LIBRARY
FOR: Grand Champion
063723337 003743637 1000
GRAND CHAMPION


MERCEDES
MERCEDES POLICE DEPARTMENT
OUR SPONSORS
DATE: 11-15-25
PAY TO THE ORDER OF: Southern Trenchless $300.00
Three Hundred dlls 00/100 DOLLARS
FRIENDS OF THE MERCEDES LIBRARY
FOR: Reserve Grand Champion
063723337 003743637 1000
RESERVE GRAND CHAMPION
GRAND CHAMPION
DATE: 11-15-25
PAY TO THE ORDER OF: Le Falta Sal $1500.00
One thousand five hundred dlls and 00/100 DOLLARS
FRIENDS OF THE MERCEDES LIBRARY
FOR: Grand Champion
063723337 003743637 1000

MERCEDES CITY COMMISSION
REGULAR MEETING
DECEMBER 16, 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

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
Kristine Longoria, Human Resources
Armando Villela, Parks Director
Michael Rocha, I.T Director
Tom Villagomez, Public Works Director
Richard Morin, Recreation Director
Denisse Hernandez, Planning Director
Javier Campos, Fire Chief/EMC

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**
   Four members of the Commission were present, which constitutes a quorum. Mayor Pro-Tem Saldana attended the meeting virtually.

3. **Invocation**
   Commissioner Martinez said the invocation.

4. **Pledge of Allegiance**
   Captains of the Varsity Football Team Eddie Ramirez and Robert Sanchez led in the pledge of allegiance.

5. **Open Forum**
   Ms. Jessica Zuniga addressed the commission about ordinance clarification Article 8.03 regarding noise permits. She stated that the ordinance does not include the hours allowed

for the sound permit and no fines are listed. Mayor Montoya stated the points are noted and will be looked into. There was no further discussion.

6. Presentation

a. Proclamation for the Mercedes Tigers Varsity Football Team

Mayor Montoya congratulated the football team on their accomplishments both on and off the field and addressed the team. He then read the proclamation recognizing the team as District Champions, Bi-District Champions, and Area Finalists. Head Coach Roger Adame Jr. addressed the Commission, shared remarks about the team, and expressed appreciation to the City Commission for their support. Members of the City Commission also offered brief remarks recognizing the team and acknowledging several student-athletes who were named All-Time Scholars, expressing their pride in the team's achievements.

b. Presentation by the Chief Building Official providing an overview of the 2024 International Building Code

Chief Building Official Alvaro De Leon informed the Commission regarding the 2024 International Building Code. Mr. De Leon stated that municipalities will be adopting the updated code, replacing the current 2018 International Code with the 2024 International Building Code and the 2023 Electrical Code. He explained that adoption of the updated codes impacts the City's ISO rating and that adopting them will help prevent a decrease in the City's ISO rating. Mr. De Leon noted that the updated codes include new definitions and requirements. There was no further discussion.

c. Presentation by Fire Department regarding fire training with Sister City Ramos-Arizpe's Fire Department

Fire Chief Javier Campos informed the Commission that the City approved a resolution establishing a sister city relationship with Ramos Arizpe. He reported that, through a partnership with South Texas College (STC), hands-on and realistic firefighter training services were conducted, which included participation by firefighters from Ramos Arizpe. Chief Campos noted that STC provided a training prop that assisted with vehicle fire training. He emphasized the importance of the sister city partnership and the positive impact the training has had on the sister city. Commissioner Martinez expressed appreciation to Chief Campos for the update.

d. Presentation Update regarding the Tax Increment Reinvestment Zone No. 1 and No. 2 by Mr. Bill Calderon

Mr. Bill Calderon presented virtually to the Commission regarding an update on TIRZ No. 1 and TIRZ No. 2. He provided the current status of TIRZ No. 2 and reported that staff met with the County Auditor's Office to discuss the existing agreements and the County's timeframe for participation. Mr. Calderon stated that the County expressed concerns regarding the City's management of TIRZ No. 1 and requested that the City address patterns of non-compliance.

Mr. Calderon explained that TIRZ No. 1 was not properly established in 2009 under previous management. He stated that the County provided options for the City to either

address the lack of required reports for TIRZ No. 1 or amend the agreement to improve its functionality. The County requested that the City determine which option it intends to pursue prior to the County taking TIRZ No. 2 to Commissioners Court.

Following the meeting with the County, City staff met to evaluate what information could be provided and discussed the possibility of terminating the TIRZ No. 1 agreement. Mr. Calderon noted that the County has been escrowing funds for TIRZ No. 1 and that termination of the agreement would result in the funds reverting to the County's general fund.

In response to a question, Mr. Calderon recommended deeming TIRZ No. 1 a failed effort and terminating the agreement, stating that no active development would be affected by the termination. He noted, however, that the City may forfeit any potential reimbursements owed by the County.

Mayor Montoya stated that the City has been addressing this matter for approximately three years and recommended placing the termination of the agreement on the next agenda. Mr. Calderon noted that the agreement contains a clause restricting early termination, which would require coordination between the City Attorney and the County Attorney.

Mr. Perez stated that there are no documents available from that period to provide to the County. Mayor Pro-Tem Saldana expressed interest in meeting to discuss how processes will be improved moving forward. Mr. Calderon added that the previous administration failed to establish a local government corporation, which has since been created for TIRZ No. 2.

Mr. Calderon recommended maintaining communication and cooperation with the County prior to placing the item on a future agenda. The recommendation was to proceed with placing the item on the next agenda while continuing discussions with the County.

7. Consent Agenda

a. Approval of Minutes for Meeting(s) held December 2, 2025

b. Second and Final Reading of Ordinance 2025-37 to Rezone Lot 2 Block 40 Capisallo E Subdivision

c. Second and Final Reading of Ordinance 2025-38 establishing Filming Guidelines

Commissioner Martinez motioned to approve items A, B, and C and forego the readings for B and C. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

d. Approval of the Implementation and AI Use Policy

Mr. Perez stated that item 7D is for the implantation of an AI policy to help identify who is using it and what programs they are using. The policy will require staff to document when they use a program for their work and to keep staff from adding confidential information into the programs. Commissioner Howell motioned to approve subject to legal review. Commissioner Martinez seconded. Upon a called vote, the motion passed unanimously.

e. Approval on CLG 2026 Grant Application

Commissioner Howell motioned to approve item 7E. Commissioner Martinez seconded. Upon a called vote, the motion passed unanimously. Commissioner Martinez stated that this is a $50,000 match.

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

a. Approval of DCM Policies regarding Foreclosure and Loan Write-Offs

Ms. Melissa Ramirez, DCM Director, informed the commission regarding the policy for Foreclosure and loan write-offs. They generally do the write-offs at the end of the year. The foreclosure policy is on a case-by-case basis but they wanted to formalize some rules. Legal recommended approval pending legal review. Commissioner Martinez motioned to approve subject to legal review. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

b. Consider and take possible action to research feasibility of restricting vape sales and establishments

Commissioner Howell raised the topic of supporting restrictions on the sale of vape products and vape-related establishments in order to protect the community. He requested that the City Commission explore avenues to regulate vape businesses within the City. Mayor Montoya suggested that the City Manager consult with the Police Chief regarding staffing and enforcement capabilities related to compliance with local vape business regulations. The primary concern expressed was the protection of youth and the community.

City Manager Perez suggested beginning with current state legislation, including SB 2024, which targets e-pens and vape shops, and proceeding from that framework. Commissioner Howell inquired whether the City could impose taxes or increase fees on vape shops to benefit local schools. Commissioner Martinez cautioned against singularly targeting specific businesses, noting that the sale of vape products is not illegal. Legal counsel advised exploring the creation of new permits and consulting with the Police Chief to ensure compliance with state requirements.

Commissioner Howell made a motion to approve moving forward as discussed. Commissioner Martinez seconded the motion. Upon a called vote, the motion passed unanimously.

9. Ordinances/Resolutions

a. Approval to Ratify Resolution 2025-30 and Agreement for the Temporary Closure of State Right-of-Way – 3rd Annual South Texas International Marathon

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

b. Approval of First Reading of Ordinance 2025-38 amending Chapter 3 "Building Regulations" of the Code of Ordinances to add a new section, Article 3.12 entitled "Annual Registration and Inspection for Multi-Family Dwellings"

Planning Director Hernandez addressed the Commission regarding a proposed ordinance adding an annual inspection requirement for multi-family dwellings due to ineffective existing regulations intended to ensure resident safety and accountability by property owners. She noted that the Building Inspector has experience implementing a similar ordinance with the City of Pharr and emphasized that resident safety was the primary concern.

In response to a question, Ms. Hernandez stated that the proposed ordinance would include a $50 inspection fee assessed to the property owner. Mayor Montoya expressed concern about the potential impact on low-income residents if inspections were enforced on properties where costs may be passed on to tenants. Mayor Pro-Tem Saldana agreed with Mayor Montoya and suggested that issues be addressed through inspections initiated by complaints based on reasonable suspicion.

City Manager Perez recommended amending the ordinance to allow inspections to be conducted in response to complaints. In response to a question, Chief Building Official Alvaro De Leon informed the Commission that state law permits a building inspector to enter a dwelling with the occupant's consent when a complaint has been filed.

Mayor Montoya recommended exploring additional options and conducting further research. Commissioner Martinez made a motion to postpone consideration of the ordinance for further research. Commissioner Garcia seconded the motion. Upon a called vote, the motion passed unanimously.

c. Approval of First Reading of Ordinance 2025-39 to Rezone Lot 13 Hollywood Acres Subdivision

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

d. Approval of Resolution 2025-31 regarding the election for the Board of Directors of the Hidalgo County Appraisal District

Commissioner Howell recommended a vote for Mr. David Moreno, Mayor of Donna. Commissioner Martinez recommended Richard Garza and Joe Olivarez. Commissioner Martinez motioned to give 4 votes for David Moreno, 4 votes for Richard Garza and 4 votes for Joe Olivarez. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

10. Monthly Departmental Reports

a. Planning, Recreation Center, I.T., City Sec/HR, Library, Parks

There were no comments regarding the monthly department reports.

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 Martinez motioned to go into executive session. Commissioner Howell seconded. Upon a called vote, the motion passed unanimously. The meeting went into executive session at 8:10 pm.

a. Discussion with City Manager regarding personnel matters - Section 551.074
b. Consultation with Attorney regarding update on litigation - Section 551.071
c. Consultation with Attorney regarding Project Updates - Section 551.087
d. Deliberation regarding Real Property for Neuhaus Property - Section 551.072

12. Open Session

Mayor Montoya reconvened the meeting at 9:26 P.M.

a. Possible Action pertaining to executive session item A

No action was taken on item A from executive session.

b. Possible Action pertaining to executive session item B

No action was taken on item B from executive session.

c. Possible Action pertaining to executive session item C

No action was taken on item C from executive session.

d. Possible Action pertaining to executive session item D

No action was taken on item D from executive session.

13. Adjournment

Commissioner Martinez motioned to adjourn. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously. The meeting adjourned at 9:27 P.M.

AGENDA ITEM NO. 7.B.

Consent Agenda

DATE: January 6, 2026
FROM: Orlando Diaz, Lieutenant
ITEM: **Discussion and possible action to Approval of the First Amendment to the Interlocal Cooperation Agreement Between the County of Hidalgo and the City of Mercedes, Texas Regarding the MVCPA Task Force (FY26)**

BACKGROUND INFORMATION: The Mercedes Police Department respectfully requests approval of the First Amendment to the existing Interlocal Cooperation Agreement between the City of Mercedes and Hidalgo County for participation in the Motor Vehicle Crime Prevention Authority (MVCPA) Task Force for Fiscal Year 2026.
This amendment updates the agreement to reflect FY26 MVCPA grant funding and allocation amounts, while all other terms and conditions of the original Interlocal Cooperation Agreement remain unchanged.
Under the FY26 MVCPA grant:

- The total task force funding is $827,096.00.
- $49,515.00 is allocated to the City of Mercedes for approved task force-related expenses.
- The City is required to provide $14,758.00 in matching funds, paid in cash from the General Fund, to support the assignment of a Mercedes Police Department Task Force Officer (TFO).

Participation in the MVCPA Task Force allows the City to collaborate with multiple law enforcement agencies across Hidalgo County to combat motor vehicle theft and related crimes through coordinated enforcement, intelligence sharing, and grant-supported resources.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):	**Account Number(s):**
$ 14758.00	01-522-1023 / 01-522-1101

Finance Review by:

LEGAL REVIEW: Yes

ATTACHMENTS:

1. MEMO
2. MVCPA Task Force Letter of Support FY26
3. Amendment No. 1 MVCPA -
4. ILA Between the County of Hidalgo, TX and The City of Mercedes, TX Regarding MVCPA Task Force FY25

STAFF RECOMMENDATION: Approve the First Amendment to the Interlocal Cooperation Agreement between the City of Mercedes and Hidalgo County regarding the MVCPA Task Force for Fiscal Year 2026 and authorize the Mayor to execute the amendment on behalf of the City.

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: **Mayor, Commissioners, City Manager, Legal**
From: **Chief Francisco J. Sanchez**
Date: **January 6, 2026**
Ref: **Approval of First Amendment to the Interlocal Cooperation Agreement Between the County of Hidalgo, TX and the City of Mercedes, TX Regarding the MVCPA Task Force (FY26)**

This memo requests approval of the **First Amendment to the Interlocal Cooperation Agreement** between the City of Mercedes and Hidalgo County, entered under the authority of the Texas Interlocal Cooperation Act (Texas Government Code Chapter 791). This amendment updates funding and allocation provisions related to the **Motor Vehicle Crime Prevention Authority (MVCPA) Task Force for Fiscal Year 2026**, while leaving all other terms of the original agreement in effect

Purpose of the Amendment

The purpose of this amendment is to revise specific provisions of the existing Interlocal Cooperation Agreement to reflect FY26 MVCPA grant funding amounts and the City of Mercedes' financial participation, ensuring continued compliance with grant requirements and uninterrupted participation in the multi-agency MVCPA Task Force.

Key Changes and Provisions

1. Grant Funding

- The MVCPA Task Force is funded in the total amount of $827,096.00 for FY26.
- Of this amount, $49,515.00 is allocated to the City of Mercedes for approved task force expenses as outlined in the agreement.

2. City Matching Funds

- The City of Mercedes will contribute $14,758.00 in matching funds, paid in cash from the General Fund.
- This contribution supports the assignment of a Mercedes Police Department Task Force Officer (TFO) and remains unchanged from the prior fiscal year.

MERCEDES POLICE DEPARTMENT

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

3. Allocation of Funds

- Allocation of City funds is detailed in Exhibit "A", which is incorporated into the agreement by reference.
- Hidalgo County remains the fiscal and administrative lead agency for the grant.

4. Continuation of Existing Terms

- Except as modified by this amendment, all terms and conditions of the original Interlocal Cooperation Agreement remain in full force and effect, including:
  - Termination provisions
  - Equipment ownership and reversion
  - Indemnification and insurance requirements
  - Compliance with state and federal laws and grant conditions

Benefits to the City and Community

- Sustained Regional Collaboration: Continued participation in a countywide, multi-agency task force focused on motor vehicle crime reduction.
- Cost-Effective Enforcement: Leverages substantial MVCPA grant funding while limiting the City's financial obligation to the required match.
- Public Safety Impact: Supports proactive enforcement, intelligence sharing, and targeted operations that reduce vehicle theft and related crimes affecting residents and businesses.

Conclusion

Approval of this First Amendment allows the City of Mercedes to continue its participation in the MVCPA Task Force for FY26, ensures alignment with updated grant funding requirements, and preserves access to state-funded resources that enhance public safety efforts.

I respectfully request City Commission approval of this amendment to maintain the City's formal role in the MVCPA-funded task force.

Please contact me should additional information or clarification be required.

MERCEDES POLICE DEPARTMENT

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

X

Francisco J. Sanchez
Chief of Police

MERCEDES POLICE DEPARTMENT

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

Francisco J. Sanchez
Chief of Police

May 12, 2025

To: Motor Vehicle Crime Prevention Authority
Texas Department of Motor Vehicles

From: Francisco J. Sanchez, Chief of Police

Ref: Letter of Support – MVCPA Task Force Participation FY26

To Whom It May Concern,

The Mercedes Police Department is committed to enhancing regional efforts to combat motor vehicle crime and supports the mission of the Motor Vehicle Crime Prevention Authority (MVCPA). This letter is to confirm our agency's intent to participate in the MVCPA Task Force FY26 through the Interlocal Cooperation Agreement with the Hidalgo County Sheriff's Office.

The Mercedes Police Department will assign **one (1) Task Force Officer (TFO)** to actively engage in the operations and objectives of the MVCPA Task Force. We recognize the value of this collaborative initiative in addressing vehicle theft, burglary, and fraud-related motor vehicle crimes in our region.

We appreciate the opportunity to participate in this important program and look forward to working alongside our regional partners to improve public safety.

If additional information is required, please do not hesitate to contact my office.

Respectfully,

X

Francisco J. Sanchez
Chief of Police

STATE OF TEXAS §

COUNTY OF HIDALGO §

FIRST AMENDMENT TO INTERLOCAL COOPERATION AGREEMENT BETWEEN THE COUNTY OF HIDALGO AND THE CITY OF MERCEDES, TEXAS REGARDING THE MVCPA TASK FORCE

This **FIRST AMENDMENT** to the **INTERLOCAL COOPERATION AGREEMENT ("AMENDMENT")** is made this **6th** day of **January**, **2026,** by and between **HIDALGO COUNTY, TEXAS** and **THE CITY OF MERCEDES, TEXAS**.

WHEREAS, County and City entered into an Interlocal Cooperation Agreement on January 6, 2026 (the "AGREEMENT") in which the Parties agreed to operate a multi-agency taskforce with the Motor Vehicle Prevention Authority of the State of Texas;

WHEREAS, Section No. 8 **Amendments** allows the Agreement to be amended in writing by mutual agreement of the parties.

WHEREAS, the parties desire to amend the Agreement as provided herein.

NOW THEREFORE, for and in consideration of the terms and provisions of this first Amendment to the Interlocal Agreement, both parties hereby agree to the following amendment to the Agreement.

1. The fifth WHEREAS paragraph is replaced with the following:

   WHEREAS, County and City have the objective to operate a multi-agency task force funded in part by the Motor Vehicle Crime Prevention Authority of the State of Texas (MVCPA) grant, for funding in the total amount of $827,096.00. Of which, $49,515.00 is allocated to the City of Mercedes for the items described below;

2. Section No. 5. **Consideration** is replaced with the following:

   As consideration for the Agreement, City agrees to contribute a total of $14,758.00 in matching funds for the enhancement of the funded grant program in the amounts and methods as follows.

Item Description	Amount	Method (Cash Paid/In Lieu of/In Kind)
Mercedes PD TFO	$14,758.00	General Funds/Cash

Section No. 6 **Allocation of Funds** is replaced with the following:

> The specific allocation of the City funds is set out in Exhibit "A" of this Agreement and made a part hereof for all purposes.

Except as modified herein, all terms and conditions of the Agreement, as amended, remain in full force and effect. County and City ratify and confirm the terms and provisions of the Agreement as amended.

(Signature page to Follow)

EXECUTED as of the day and year first written above.

APPROVED BY COMMISSIONERS COURT ON 6th day of **January**, **2026**

Agenda Item No. _____

Executive Office: _____

CITY OF MERCEDES, TEXAS

_____
Mayor

COUNTY OF HIDALGO, TEXAS

_____
Hon. Richard F. Cortez, County Judge

ATTEST:

_____
City Secretary

ATTEST:

_____
Arturo Guajardo, Jr., County Clerk

APPROVED AS TO FORM

_____
City Attorney

APPROVED AS TO FORM
Office of the Criminal District Attorney,
Toribio "Terry" Palacios

_____
ADA, Assistant District Attorney

STATE OF TEXAS §
§
COUNTY OF HIDALGO §

INTERLOCAL COOPERATION AGREEMENT BETWEEN THE COUNTY OF HIDALGO, TEXAS, AND THE CITY OF MERCEDES, TEXAS REGARDING MVCPA TASK FORCE

THIS Agreement is made on and entered into, effective as of the 27TH day of MAY, 2025, by and between **HIDALGO COUNTY, TEXAS**, by and through the Hidalgo County Sheriff's Office (the "County"), and **CITY OF MERCEDES** (the "City"), collectively referred to as the "Parties", pursuant to the provisions of the Texas Interlocal Cooperation Act ("Act"), Chapter 791, et seq., Texas Government Code. This Agreement shall be fully executed and enforceable on the date it is signed by both of the Parties.

WITNESSETH:

WHEREAS, the City is a municipality defined as a "Political Subdivision" under the Interlocal Cooperation Act, a political subdivision organized under the laws of the State of Texas;

WHEREAS, the County is defined as a "Local Government" under the Act, and a county in the State of Texas;

WHEREAS, County and City are authorized to enter into this Agreement pursuant to the Interlocal Cooperation Act, Chapter 791 Texas Government Code, which authorizes local governments to contract with each other to perform governmental functions and services under the terms of the Act;

WHEREAS, this agreement is intended to further the purpose of the Interlocal Cooperation Act, which is to increase the efficiency and effectiveness of local government;

WHEREAS, County and City have the objective to operate a multi-agency taskforce funded in part by the Motor Vehicle Crime Prevention Authority of the State of Texas (MVCPA) grant, for funding in the amount of $49,515.00 for the items described below;

WHEREAS, County and City have agreed to contribute an amount of matching funds if said application is approved, wherein City's contribution amount is indicated below;

WHEREAS, the source of funds would not normally be used for this purpose;

WHEREAS, the County and City have the authority and it is in their best interest to join in the application to develop a multijurisdictional MVCPA Task Force;

WHEREAS, the County and City agree to each accept the responsibility for their respective commitments and to adhere to all applicable federal, state and local laws or regulations, as well as all grant rules and conditions.

WHEREAS, County and City have determined that it is in the best interest and benefit of the citizens of City and County to cooperate in this agreement and that it serves a public purpose;

NOW THEREFORE, County and City in consideration of the mutual covenants expressed hereinafter, agree as follows:

1. All of the above statements are incorporated herein and fully restated.

2. **Purpose**. The purpose of this Agreement is to allow County and City to operate a multi-agency taskforce with the Motor Vehicle Crime Prevention Authority of the State of Texas, which application is attached hereto as **Exhibit "A"** and made a part hereof for all purposes.

3. **Term.** The term of this Interlocal agreement commences on the effective date indicated above and ends on October 16th, 2026, or unless otherwise terminated as provided herein.

4. **Termination.** This Agreement may be terminated for convenience by either party upon thirty (30) days written notice to the other party. This Agreement may also be terminated immediately by mutual written agreement of the parties. The parties intend this provision to be a continuing right to terminate this Agreement.

5. **Consideration**. As consideration for this Agreement, City agrees to contribute a total of $14,758.00 in matching funds for the enhancement of the funded grant program in the amounts and methods as follows:

Item Description	Amount	Method (Cash Paid/In Lieu of/In Kind)
Mercedes PD TFO	$14,758.00	General Funds / Cash

6. **Allocation of Funds**. The specific allocation of City funds is set out in the attachment(s) to this Agreement, marked as Exhibit(s) "B" inclusive, and made part hereof for all purposes.

7. **Equipment**. Upon termination of this Agreement, equipment including vehicles, hardware, and other non-expendable items will revert back to the applicant. The Motor Vehicle Crime Prevention Authority of the State of Texas will be notified and inventory records will be updated.

8. **Amendments**. This Agreement may be amended by the mutual agreement of the parties hereto in writing to be attached to and incorporated into this agreement.

9. **Indemnity**. TO THE EXTENT AUTHORIZED BY LAW AND WITHOUT WAIVING ANY GOVERNMENTAL OR OFFICIAL IMMUNITIES OR DEFENSES, CITY AGREES TO AND SHALL INDEMNIFY, SAVE AND HOLD HARMLESS, AND DEFEND COUNTY, ITS OFFICIALS, OFFICERS, AGENTS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND LIABILITY OF EVERY KIND, INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES AND RELATED COSTS, FOR PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE, DESTRUCTION, OR LOSS ARISING OUT OF OR CONNECTED IN ANY WAY WITH THE PERFORMANCE BY CITY OFFICIALS, AGENTS, AND EMPLOYEES OF CITY'S RESPONSIBILITIES UNDER THIS AGREEMENT, WHERE SUCH PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE, DESTRUCTION, OR LOSS IS CAUSED BY THE JOINT NEGLIGENCE OF CITY AND ANY OTHER PERSON OR ENTITY OR THE JOINT INTENTIONAL ACT OR OMISSION OF CITY AND ANY OTHER PERSON OR ENTITY. SUCH INDEMNITY SHALL APPLY WHERE THE CLAIMS, LOSSES, DAMAGES, CAUSES OF SUCH ACTION, SUITS OR LIABILITY ARISE IN WHOLE OR IN PART FROM THE NEGLIGENCE OR INTENTIONAL ACT OR OMISSION OF CITY.

10. This Agreement is not intended to extend the liability of the Parties beyond that provided by law. Neither County nor City waive, nor shall be deemed to have hereby waived, any immunity or defense that would otherwise be available to it against claims arising from third parties.

11. **Entire Agreement**. This Agreement contains the entire contract between the parties hereto and each party acknowledges that neither has made (either directly or through any agreement or representative) and representation or agreement in connection with this Agreement not specifically set forth herein. This Agreement may be modified or amended only by agreement in writing executed by City and County, and not otherwise.

12. **Texas Law to Apply.** The validity of this Agreement and of any of its terms or provisions, as well as the rights and duties of the Parties, shall be governed by the laws of the State of Texas. This agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligation of the parties created hereunder are performable in Hidalgo County, Texas. The City hereby consent to personal jurisdiction in Hidalgo County, Texas.

13. **Conflict of Applicable Law/Severability.** Nothing in this Agreement shall be construed so as to require the commission of any act contrary to law, and whenever there is a conflict between and provisions of their Agreement and any present or future law, ordinance or

administrative, executive or judicial regulation, order or decree, or amendment thereof, contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the affected provisions or provision of the Agreement shall be modified only to the extent necessary to bring them within the legal requirements and only during times such conflict exists. In case any one or more of the provisions contained in this Agreement will for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision thereof, and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Authority to Execute. The execution and performance of this Agreement by each Party to this Agreement has been duly authorized by all necessary laws, resolutions or corporate action, and this Agreement constitutes the valid and enforceable obligations of the Parties to this Agreement in accordance with its terms.

15. Notice. Except as may be otherwise specifically provided in this Agreement, all notices, demands, requests or communication required or permitted hereunder shall be in writing and shall either be (i) personally delivered against a written receipt, or (ii) sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the parties at the addresses set forth below, or at such other addresses as may have been theretofore specified by written notice delivered in accordance herewith:

If to County:	County of Hidalgo Attention: County Judge 100 E. Cano, 2nd Floor Edinburg, TX 78539
w/ copy to:	Hidalgo County Sheriff's Office Attn: Hidalgo County Sheriff 711 El Cibolo Rd. Edinburg, TX 78541
If to City:	City of Mercedes Attn: Chief of Police Address: 316 S. Ohio Ave. Mercedes, TX 78570

Each notice, demand, request or communication which shall be delivered or mailed in the manner described above shall be deemed sufficiently given for all purposes at such time as it is personally delivered to the addressee or, if mailed, at such time as it is deposited in the United States mail.

16. Governmental Purpose. Each party hereto is entering into this Agreement for the purpose of providing for governmental services or functions and will pay for such services out of current revenues available for the paying party, as herein provided.

17. **Commitment or Current Revenues Only:** In the event that during any term hereof; the governing body of any party does not appropriate sufficient funds to meet the obligations of such party under this Agreement, then any party may terminate this Agreement upon ninety (90) days written notice to the other party. Each of the parties hereto agrees, however, to use its best efforts to secure funds necessary for the continued performance of this Agreement. The parties intend this provision to be a continuing right to terminate this Agreement at the expiration of each budget period of each party hereto pursuant to the provisions of Tex. Loc. Govt. Code Ann. §271.903.

18. **Liability Insurance.** Each entity will carry sufficient liability insurance at the statutorily required limits, pursuant to the Texas Tort Claims Act.

19. **No Waiver of Immunities/Defenses:** Nothing in this Agreement is intended to and the Parties to this Agreement do not hereby waive, release or relinquish any right to assert any of the defenses the Parties to this Agreement may enjoy by virtue of the state or federal constitution, laws, rules or regulations, and any sovereign, official or qualified immunity available to the Parties to this Agreement as to any claim or action of any person, entity, or individual against the Parties to this Agreement.

20. **Non-Discrimination.** The Agreement and all related activities shall be conducted in a manner that does not discriminate against any person on a basis prohibited by applicable law or by each Party's respective policy, including without limitation race, color, national origin, religion, sex, age, veteran status, disability or any other protected category.

21. **Additional Documents.** The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the terms of this Agreement.

22. **Successors.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns where permitted by this Agreement.

23. **Assignments.** This Agreement shall not be assignable.

24. **Gender and Number.** All pronouns used in this Agreement shall include the other gender, whether used in the masculine, feminine or neuter gender, and singular shall include the plural whenever and so often as may be appropriate.

22. **Authority to Execute:** The execution and performance of this Agreement by each Party to this Agreement has been duly authorized by all necessary laws, resolutions or corporate action, and this Agreement constitutes the valid and enforceable obligations of the Parties to this Agreement in accordance with its terms.

23. **Governing Provisions.** Parties shall comply with all applicable laws and regulations.

24. Headings. The headings and captions contained in this Agreement are solely for convenience reference and shall not be deemed to affect the meaning or interpretation of any provision of any paragraph hereof.

25. Prior Agreements. This Agreement supersedes and terminates all previous Interlocal Agreement(s) between the parties hereto concerning the subject matter hereof, except for any Interlocal Agreement dated prior to this Agreement to the extent work is being performed under said Agreement at the time of executing this Agreement. Once ongoing work under any such previous Interlocal Agreement(s) is completed and payment is remitted such previous Interlocal Agreement shall terminate at such time.

26. Appendix II to CFR 200-Contract Provisions. Pursuant to 2 CFR 200.327, a non- Federal entity's contracts must contain the applicable provisions described in Appendix II to 2 CFR 200-Contract Provisions for non-Federal Entity Contracts under Federal Awards. Therefore, if applicable, the provisions of Appendix II to 2 CFR 200 are incorporated by reference into this County contract should it be subject to Federal award.

[SIGNATURE PAGE TO FOLLOW]

WITNESS THE HANDS OF THE PARTIES effective as of the day and year first written above.

THE CITY OF MERCEDES, TEXAS

_____
Printed Name: Oscar D. Montoya, Sr.
Mayor

ATTEST

_____
Printed Name: Joselynn Castillo,
City Secretary

THE COUNTY OF HIDALGO

_____
Richard F. Cortez, County Judge

ATTEST

_____
Arturo Guajardo, Jr., County Clerk

Approved by Hidalgo County Commissioners Court on:_____
Agenda Item No._____

APPROVED AS TO FORM:
Hidalgo County Criminal District Attorney's Office
Toribio "Terry" Palacios

_____
_____, Assistant District Attorney

AGENDA ITEM NO. 8.A.

City Manager Update

DATE: January 6, 2026
FROM: Alberto Perez, City Manager
ITEM: **Discussion and possible action to Update regarding RioPlex**

BACKGROUND INFORMATION:

RioPlex was born from the vision of business leaders like you — leaders who want a better tomorrow for their organizations and the communities they serve. In today's competitive global economy, your success depends on promoting the region not as isolated entities, but as a united front. Corporations and investors are drawn to regions that show strength in numbers.

Prosperity is not achieved in isolation. It comes when business leaders like you come together to showcase our strengths to the world. Just as a great mall attracts new stores, your participation in RioPlex will help attract investments that fuel industries producing goods and services for export — reaching beyond our borders and creating opportunities right here at home.

When you join RioPlex, your organization becomes part of a coalition focused on:

- Promoting your region's assets to investors, businesses, and partners.
- Helping you drive exports and innovation that create long-term economic growth.
- Giving you a stronger voice by collaborating across sectors to present a unified message.

The RioPlex region has untapped potential, boasting a strategic location with multiple border crossings, seaports, airports, and even spaceports, as well as world-class universities and community colleges, and a motivated workforce eager to prove itself. With your leadership, we can transform this potential into real, shared prosperity.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)
Proposed Expenditure/(Revenue): **Account Number(s):**
$

Finance Review by:

LEGAL REVIEW:

ATTACHMENTS:
1. Planet Level membership

STAFF RECOMMENDATION: Approval

RIOPLEX

GATEWAY TO THE FUTURE

Yearly plans

PLANET LEVEL

$5,000 / year

Eligibility: Large corporations and active EDO's.

- All Star Level benefits
- Priority access to regional events and leadership roundtables
- Speaking privileges during meetings
- Company logo featured at all events
- Opportunity to participate in committees (subject to selection) and Invite to annual RioPlex event
- Two passes for company representatives to attend events and conferences
- 15-minute business spotlight during a bimonthly session
- Ability to represent RioPlex in other associations

What is RioPlex?

RioPlex is an industrial-economic development initiative uniting the **Rio Grande Valley,** Texas and northern Tamaulipas. It is a collaboration between the business sector, government, and the nonprofits of the Rio Grande Valley, aimed at promoting the region's economic potential, innovation, and attracting beneficial investments. RioPlex serves as a catalyst for strengthening industrial ties between Mexico and the United States.

Member Profile

RioPlex welcomes visionaries and changemakers from across the region, including:

- We invite investors, Industrial-economic developers, institutions, and organizations dedicated to transforming the future of the Rio Grande Valley and Northern Tamaulipas.
- Industrial, commercial, and residential developers.
- Architects, engineers and investors.
- Educational institutions.
- Established small, medium, and large businesses.
- Anyone contributing to the prosperity of the region.

Ready to prosper?

As a RioPlex Member, you are part of a dynamic industrial network dedicated to accelerating binational economic development across the RGV-RioPlex region. Your membership connects you to a powerful coalition committed to innovation, investment, and inclusive growth on both sides of the border.

RioPlex aims to establish the region as a global hub for manufacturing, innovation, trade, and industrial development, presenting the Rio Grande Valley and Northern Tamaulipas as a gateway for investment, innovation, and industrial expansion.

AGENDA ITEM NO. 9.A.

Management Items

DATE: January 6, 2026
FROM: Denisse Hernandez, Interim Planning Director
ITEM: **Discussion and possible action to Consider and take possible action to ratify the Final Plat Approval for Stable Estates**

BACKGROUND INFORMATION: The applicant is requesting final approval for a residential subdivision consisting of 109 lots, featuring a mix of fourplex units and townhouses on a 30-acre tract. The Planning and Zoning Commission granted final approval during their regular meeting on May 5, 2025, following a comprehensive review of the site plans, drainage studies, and utility layouts.

- Total Acreage: 30 Acres
- Total Units: 109 Lots (Multi-family residential)
- Housing Type: Fourplexes and Townhouses
- Zoning: [Insert Current Zoning, e.g., R-3 / Multi-Family]

While the majority of technical requirements have been met, there are minor outstanding administrative and engineering items currently being addressed by the applicant.

To ensure the city's interests are protected while allowing the development process to move forward, a Conditional Approval Agreement has been established.

BOARD REVIEW/CITIZEN FEEDBACK: On May 5, 2025, the P&Z Commission recommended approval of the final plat.

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)
Proposed Expenditure/(Revenue): **Account Number(s):**
$

Finance Review by: Not Applicable

LEGAL REVIEW: Not Applicable

ATTACHMENTS:
1. 10.22.23 The Stables Drainage Report 1-25
2. 1-26-24 The Stables 1-11

STAFF RECOMMENDATION: Staff recommends approval of the Final Plat for Stable Estates subject to all the city's comments.

THE STABLES SUBDIVISION
(RESIDENTIAL DEVELOPMENT)
MERCEDES, TEXAS

INDEX

- **COVER**
- **INDEX**
- **DRAINAGE STATEMENT**
- **DRAINAGE CALCULATIONS**
- **"C" VALUES FOR METHOD**
- **RAINFALL INTENSITY FOR HIDALGO COUNTY**
- **LOCATION MAP**
- **USGS TOPOGRAPHICAL MAP**
- **FLOOD PLAIN**
- **SOIL SURVEY**
- **PLAT**



Homero Luis Gutierrez

October 22, 2023

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
TBPE Firm Licensed No. F-10426

P.O. Box 548
McAllen, Texas 78505
Tel: 956-369-0988

DRAINAGE STATEMENT
FOR
THE STABLES SUBDIVISION
(RESIDENTIAL DEVELOPMENT)
MERCEDES, TEXAS



Prepared by

Homero Luis Gutierrez

October 22, 2023

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
TBPE Firm Licensed No. F-10426

P.O. Box 548
McAllen, Texas 78505
Tel: 956-369-0988

Drainage Statement
For
RESIDENTIAL SUBDIVISION

I. PROJECT LOCATION

The Stables Subdivision is a 30.0-acre tract of land being out of Lot 8, Block 65 Capisallo District Subdivision, as recorded in Volume P, Pages 226, Hidalgo County Map Records, Hidalgo County, Texas. Proposed development will consist of a 109-lot residential subdivision. The property is located on the West side of Mile 2 1/2 Road approximately 1,300.00 feet South from the intersection of Mile 8 and is within City of Mercedes City Limits. (Refer to Exhibit A).

II. FLOOD PLAIN

The subject tract lies in Zone "X" (Shaded), Areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 100-year flood as per Community Panel No. 480334 0450 C Map Revised June 6, 2000. (Refer to **Exhibit B**).

III. SOIL CONDITIONS

A review of the Soil Survey of Hidalgo County (Refer to Exhibit C) indicates the subject tract lies in an area of Hidalgo Sandy Clay Loam (Hidalgo 28) a soil that is well drained, with surface runoff being slow and permeability is moderate, and Raymondville Clay Loam (Raymondville 52) a soil that is moderately well drained, with surface runoff being moderate. This soil has a moderate shrink-swell potential.

IV. EXISTING CONDITIONS

The subject tract is currently undeveloped. The existing terrain has a grade of approximately 0.10 to 0.15%. Existing runoff is by sheet flow generally towards the southwest of the tract, and naturally drains onto surrounding lands. The total contributing 10-year existing storm water runoff is **19.88 cfs** (Refer to Exhibit A)

V. PROPOSED CONDITIONS

The proposed conditions for this subject tract will consist of a 105-lot, multi-family residential. The drainage detention of this subdivision will be a grand total of **233,550.27** cubic feet **(5.632 ac-ft)** of storm water storage for a 50 year design frequency in accordance with the County's drainage requirements. Street runoff will be released via a proposed 24" storm sewer line that will run along the internal street right-of-way and drainage easements which will outfall to a proposed detention area on the southwest side of said development and located inside the subdivision. The proposed detention will be connected to an existing City of Mercedes Storm Drainage Ditch. The detention will be partially detained in the proposed detention pond located inside this subdivision. There is an existing drainage ditch located west of this property that will be improved by this development to detain the remainder of the required detention. The storm runoff after development will be increased to **158.88 cfs.** (Refer to Exhibit D)



Homero Luis Gutierrez

EXHIBIT A

Area: **30.00** acres

Undeveloped t_c: **47.70** min.

Developed t_c: **15.02** min.

Proposed				Existing			
LAND CHARACTER				**LAND CHARACTER**			
3.22	acres	**0.9**	Asphalt	**0.00**	acres	**0.00**	
24.73	acres	**0.6**	Multi-Family	**0.00**		**0.00**	
2.05	acres	**0.20**	Lawn: Sandy Soil, Flat, 2%	30.00	acres	**0.20**	Lawn: Sandy Soil, Flat, 2%
0.60	**C (composite, developed)**			**0.20**	**C (composite, developed)**		

Accumulated Runoff Calculations: **50** year storm

LIMIT OUTFLOW: **19.88**

Calculations

County: **HIDALGO COUNTY, TEXAS**

			Pre	**Post**	**OUTFLOW**			
2-year								
e	b	d	I_2 (in/hr)	I_2 (in/hr)		(Undeveloped)		(Developed)
0.8385	62.3356	12.3218	2.01	3.89	Q_2=	12.07	Q_2=	70.59
5-year								
e	b	d	I_5 (in/hr)	I_5 (in/hr)		(Undeveloped)		(Developed)
0.8215	79.1505	12.2329	2.74	5.24	Q_5=	16.45	Q_5=	95.07
10-year								
e	b	d	I_{10} (in/hr)	I_{10} (in/hr)		(Undeveloped)		(Developed)
0.8123	92.2303	12.3289	3.31	6.28	Q_{10}=	**19.88**	Q_{10}=	**113.87**
25-year								
e	b	d	I_{25} (in/hr)	I_{25} (in/hr)		(Undeveloped)		(Developed)
0.8022	109.9653	12.6024	4.10	7.67	Q_{25}=	24.62	Q_{25}=	139.27
50-year								
e	b	d	I_{50} (in/hr)	I_{50} (in/hr)		(Undeveloped)		(Developed)
0.7952	123.4681	12.8577	4.72	8.76	Q_{50}=	28.35	Q_{50}=	158.88
100-year								
e	b	d	I_{100} (in/hr)	I_{100} (in/hr)		(Undeveloped)		(Developed)
0.7888	137.9853	13.3182	5.39	9.87	Q_{100}=	32.33	Q_{100}=	179.05

Volume Req'd: **5.362** **Ac-Ft.** **233,550.27** ft^3

t_c	Intensity	Peak Disch.	Acc. Runoff	Runoff	Acc. Disch.	Net Storage	
(min)	*(in/hr.)*	*(cfs)*	*acre ft.*	difference	*acre ft.*	*acre ft.*	
10	10.25	186.05	2.563	2.5627	0.790	1.773	
15	8.76	158.97	3.284	0.7218	0.859	2.426	
20	7.68	139.41	3.841	0.5561	0.927	2.914	
25	6.86	124.56	4.289	0.4487	0.995	3.294	
30	6.22	112.86	4.664	0.3744	1.064	3.600	
35	5.70	103.38	4.984	0.3202	1.132	3.851	
40	5.26	95.53	5.263	0.2792	1.201	4.062	
45	4.90	88.90	5.510	0.2473	1.269	4.241	
50	4.59	83.23	5.732	0.2217	1.338	4.394	
55	4.32	78.32	5.933	0.2009	1.406	4.527	
60	4.08	74.01	6.117	0.1836	1.475	4.642	
65	3.87	70.21	6.286	0.1690	1.543	4.742	
70	3.68	66.82	6.442	0.1566	1.612	4.831	
75	3.51	63.77	6.588	0.1459	1.680	4.908	
80	3.36	61.03	6.725	0.1366	1.749	4.976	
85	3.23	58.53	6.853	0.1284	1.817	5.036	
90	3.10	56.26	6.974	0.1212	1.885	5.089	
95	2.99	54.18	7.089	0.1148	1.954	5.135	
100	2.88	52.26	7.198	0.1090	2.022	5.176	
105	2.78	50.49	7.302	0.1038	2.091	5.211	
110	2.69	48.85	7.401	0.0991	2.159	5.242	
115	2.61	47.32	7.496	0.0948	2.228	5.268	
120	2.53	45.90	7.587	0.0909	2.296	5.291	
125	2.46	44.57	7.674	0.0873	2.365	5.309	
130	2.39	43.33	7.758	0.0840	2.433	5.325	
135	2.32	42.16	7.839	0.0810	2.502	5.338	
140	2.26	41.06	7.917	0.0782	2.570	5.347	
145	2.21	40.02	7.993	0.0755	2.639	5.354	
150	2.15	39.04	8.066	0.0731	2.707	5.359	
155	2.10	38.11	8.137	0.0708	2.776	5.361	
160	**2.05**	**37.23**	**8.206**	**0.0687**	**2.844**	**5.362**	**233550.3**
165	2.01	36.40	8.272	0.0667	2.912	5.360	
170	1.96	35.60	8.337	0.0648	2.981	5.356	
175	1.92	34.85	8.400	0.0631	3.049	5.351	
180	1.88	34.13	8.462	0.0614	3.118	5.344	



Undeveloped

Overland Flow

Length	100	Ft	(100 ft MAX)
n (mannings roughness):	0.15		(Grass Short)
P	3.67	in	(NOAA PFDS)
Slope	0.1	ft/ft	
Tc	4.81	min	

Shallow Flow

Ku	3.28	(Empirical Coefficient)
K	0.457	(Intercept Coefficient
Slope	0.1	%
Length	1220	Ft
Velocity	0.47	Ft/sec
Tc	42.90	min

Tc Total 47.7022

Developed

Overland Flow

Length	100	Ft	(100 ft MAX)
n (mannings roughness):	0.011		(Grass Short)
P	3.67	in	(NOAA PFDS)
Slope	0.01	ft/ft	
Tc	1.49	min	

Shallow Flow

Ku	3.28	(Empirical Coefficient)
K	0.62	(Intercept Coefficient
Slope	0.2	%
Length	303	Ft
Velocity	0.91	Ft/sec
Tc	5.55	min

Conduit Flow

n (mannings roughness)	0.013	
R (wetted perimeter)	0.5	ft
Slope	0.002	ft/ft
Length	1545	ft
Velocity	3.23	
Tc	7.97	

Tc Total 15.02

Pipe Calculation

A	1017.88
N	0.02
Rw	9
D	36
Sm	0.0021
V	2.81
Q	19.88
Qr	19.88

Volume Calculation

A	3.14	
D	2	(24")
Length	1,770.00	
Volume	5,560.62	
A	4.91	
D	2.5	(30")
Length	1,181.00	
Volume	5,797.22	
A	7.07	
D	3	(36")
Length	718.00	
Volume	5,075.24	
A	12.57	
D	4	(48")
Length	38.00	
Volume	477.52	
Total Pipe Volume	16,910.60	
Total Swale Volume	46,612.74	
Detention Pond	170,470.73	
Total Detention	233,994.07	
Detention Required	233,550.27	

POND A STAGE STORAGE TABLE						
ELEV	AREA (sq. ft.)	DEPTH (ft)	AVG END INC. VOL. (cu. ft.)	AVG END TOTAL VOL. (cu. ft.)	CONIC INC. VOL. (cu. ft.)	CONIC TOTAL VOL. (cu. ft.)
47.00	123.73	N/A	N/A	0.00	N/A	0.00
47.00	8,970.45	0.00	0.00	0.00	0.00	0.00
48.00	10,826.09	1.00	9898.27	9898.27	9883.74	9883.74
49.00	11,500.18	1.00	11163.13	21061.41	11161.44	21045.18
50.00	12,191.62	1.00	11845.90	32907.30	11844.21	32889.40
51.00	12,900.52	1.00	12546.07	45453.37	12544.40	45433.80
52.00	13,626.95	1.00	13263.74	58717.11	13262.08	58695.88
53.00	14,370.89	1.00	13998.92	72716.03	13997.27	72693.15
54.00	15,132.38	1.00	14751.63	87467.66	14749.99	87443.14
55.00	15,911.44	1.00	15521.91	102989.57	15520.28	102963.42
56.00	16,708.05	1.00	16309.75	119299.31	16308.12	119271.54
57.00	17,522.22	1.00	17115.13	136414.45	17113.52	136385.06
58.00	18,354.09	1.00	17938.15	154352.60	17936.55	154321.61
59.00	19,203.70	1.00	18778.89	173131.50	18777.29	173098.90
60.00	55.67	1.00	9629.69	182761.18	6764.45	179863.35

SWALE A STAGE STORAGE TABLE						
ELEV	AREA (sq. ft.)	DEPTH (ft)	AVG END INC. VOL. (cu. ft.)	AVG END TOTAL VOL. (cu. ft.)	CONIC INC. VOL. (cu. ft.)	CONIC TOTAL VOL. (cu. ft.)
59.00	1,332.00	N/A	N/A	0.00	N/A	0.00
60.00	4,004.00	1.00	2668.00	2668.00	2548.47	2548.47

SWALE B STAGE STORAGE TABLE						
ELEV	AREA (sq. ft.)	DEPTH (ft)	AVG END INC. VOL. (cu. ft.)	AVG END TOTAL VOL. (cu. ft.)	CONIC INC. VOL. (cu. ft.)	CONIC TOTAL VOL. (cu. ft.)
59.00	2,465.99	N/A	N/A	0.00	N/A	0.00
60.00	7,413.96	1.00	4939.98	4939.98	4718.60	4718.60

SWALE C STAGE STORAGE TABLE						
ELEV	AREA (sq. ft.)	DEPTH (ft)	AVG END INC. VOL. (cu. ft.)	AVG END TOTAL VOL. (cu. ft.)	CONIC INC. VOL. (cu. ft.)	CONIC TOTAL VOL. (cu. ft.)
57.00	1,328.00	N/A	N/A	0.00	N/A	0.00
58.00	4,007.15	1.00	2667.57	2667.57	2547.33	2547.33
59.00	7,432.18	1.00	5719.66	8387.24	5632.20	8179.53
60.00	11,594.50	1.00	9513.34	17900.58	9436.53	17616.06

SWALE D STAGE STORAGE TABLE						
ELEV	AREA (sq. ft.)	DEPTH (ft)	AVG END INC. VOL. (cu. ft.)	AVG END TOTAL VOL. (cu. ft.)	CONIC INC. VOL. (cu. ft.)	CONIC TOTAL VOL. (cu. ft.)
57.00	1,328.00	N/A	N/A	0.00	N/A	0.00
58.00	4,007.15	1.00	2667.57	2667.57	2547.33	2547.33
59.00	7,432.18	1.00	5719.66	8387.24	5632.20	8179.53
60.00	11,594.50	1.00	9513.34	17900.58	9436.53	17616.06

SWALE E STAGE STORAGE TABLE						
ELEV	AREA (sq. ft.)	DEPTH (ft)	AVG END INC. VOL. (cu. ft.)	AVG END TOTAL VOL. (cu. ft.)	CONIC INC. VOL. (cu. ft.)	CONIC TOTAL VOL. (cu. ft.)
59.00	2,151.12	N/A	N/A	0.00	N/A	0.00
60.00	6,461.37	1.00	4306.25	4306.25	4113.55	4113.55

Runoff Coefficients - Urban Watersheds

	C value	Description
Pervious	0.20	Soil Group B
Impervious	0.90	Roof / Driveway

HC Unimproved Areas	
Soil Group	C value
A	0.10 - 0.15
B	0.15 - 0.20
C	0.20 - 0.25
D	0.25 - 0.35

% Impervious	Weigthed C	Description
10%	0.27	Single Family (Lots Greater than 1 acre)
20%	0.34	Single Family (Lots 1/2 to 1 acre)
30%	0.41	Single Family (Lots 1/4 to 1/2 acre)
40%	0.48	Single Family (Lots less than 1/4 acre)
50%	0.55	Multi-Family (Lots greater than 1/3 acre)
60%	0.62	Multi-Family (Lots less than 1/3 acre)
70%	0.69	Multi-Family Attached / Apartment dweling
80%	0.76	Commercial / Industrial Lots
90%	0.83	Maximized for Commerical without Site Plan

Appendix 1.0

RAINFALL INTENSITY FOR HIDALGO COUNTY

based on Weather Bureau (NWS) Technical Paper No. 40 "Rainfall Frequency Atlas of the United States"

formula $I = b/(t_c+d)^e$

TIME	2 yr.	5 yr.	10 yr.	25 yr.	50 yr.	100 yr.
1	10.404	12.626	14.283	16.353	17.386	17.952
2	9.653	11.721	13.281	15.215	16.210	16.793
3	9.012	10.950	12.426	14.244	15.204	15.797
4	8.458	10.286	11.687	13.405	14.333	14.929
5	7.974	9.706	11.042	12.671	13.570	14.165
6	7.546	9.194	10.472	12.023	12.895	13.487
7	7.167	8.740	9.966	11.447	12.294	12.881
8	6.827	8.334	9.512	10.930	11.755	12.336
9	6.520	7.968	9.103	10.464	11.268	11.841
10	6.243	7.636	8.732	10.042	10.825	11.391
11	5.990	7.334	8.394	9.656	10.421	10.979
12	5.758	7.058	8.084	9.303	10.051	10.601
13	5.546	6.804	7.799	8.978	9.710	10.252
14	5.350	6.569	7.536	8.678	9.395	9.928
15	5.169	6.353	7.293	8.400	9.102	9.628
16	5.000	6.151	7.067	8.142	8.831	9.348
17	4.843	5.964	6.856	7.902	8.577	9.087
18	4.697	5.789	6.659	7.677	8.340	8.842
19	4.560	5.625	6.475	7.466	8.117	8.612
20	4.432	5.472	6.302	7.268	7.908	8.396
21	4.311	5.327	6.139	7.082	7.711	8.192
22	4.198	5.191	5.985	6.906	7.525	8.000
23	4.090	5.062	5.840	6.740	7.349	7.817
24	3.989	4.941	5.703	6.583	7.183	7.644
25	3.893	4.825	5.572	6.434	7.025	7.480
26	3.802	4.716	5.449	6.293	6.875	7.324
27	3.715	4.612	5.331	6.158	6.732	7.176
28	3.633	4.513	5.220	6.030	6.596	7.034
29	3.554	4.419	5.113	5.908	6.467	6.899
30	3.480	4.329	5.011	5.792	6.343	6.769
31	3.408	4.244	4.914	5.680	6.224	6.646
32	3.340	4.161	4.821	5.574	6.111	6.527
33	3.275	4.083	4.732	5.472	6.002	6.413
34	3.212	4.008	4.646	5.374	5.897	6.304
35	3.152	3.935	4.564	5.280	5.797	6.199

TIME	2 yr.	5 yr.	10 yr.	25 yr.	50 yr.	100 yr.
36	3.095	3.866	4.486	5.189	5.701	6.098
37	3.040	3.799	4.410	5.103	5.608	6.001
38	2.986	3.735	4.337	5.019	5.519	5.908
39	2.935	3.673	4.267	4.939	5.433	5.817
40	2.886	3.614	4.199	4.861	5.350	5.730
41	2.838	3.557	4.134	4.786	5.270	5.646
42	2.793	3.501	4.071	4.714	5.193	5.565
43	2.748	3.448	4.010	4.644	5.118	5.487
44	2.706	3.396	3.951	4.577	5.046	5.411
45	2.665	3.346	3.895	4.511	4.976	5.337
46	2.625	3.298	3.840	4.448	4.908	5.266
47	2.586	3.251	3.786	4.387	4.843	5.197
48	2.549	3.206	3.735	4.328	4.779	5.130
49	2.513	3.162	3.685	4.270	4.717	5.065
50	2.477	3.120	3.636	4.215	4.658	5.002
51	2.443	3.078	3.589	4.161	4.600	4.941
52	2.410	3.038	3.543	4.108	4.543	4.881
53	2.378	2.999	3.499	4.057	4.488	4.824
54	2.347	2.962	3.456	4.007	4.435	4.767
55	2.317	2.925	3.414	3.959	4.383	4.713
56	2.288	2.889	3.373	3.912	4.333	4.659
57	2.259	2.854	3.333	3.867	4.284	4.608
58	2.231	2.821	3.295	3.822	4.236	4.557
59	2.204	2.788	3.257	3.779	4.189	4.508
60	2.178	2.756	3.220	3.737	4.144	4.460
65	2.056	2.607	3.050	3.541	3.933	4.237
70	1.948	2.475	2.899	3.368	3.745	4.038
75	1.852	2.358	2.765	3.212	3.577	3.860
80	1.765	2.252	2.643	3.073	3.426	3.699
85	1.688	2.156	2.533	2.946	3.289	3.554
90	1.617	2.069	2.434	2.831	3.164	3.421
95	1.552	1.990	2.342	2.726	3.050	3.299
100	1.493	1.917	2.258	2.629	2.944	3.187
105	1.439	1.850	2.181	2.540	2.847	3.083
110	1.389	1.788	2.109	2.457	2.757	2.988

where:	2yr	5yr	10yr	25yr	50yr	100yr
e=	0.831	0.795	0.778	0.771	0.749	0.740
b=	74	80	87	98	99	103
d=	9.6	9.2	9.2	9.2	9.2	9.6

RAINFALL INTENSITY FOR HIDALGO COUNTY

based on Weather Bureau (NWS) Technical Paper No. 40 "Rainfall Frequency Atlas of the United States"

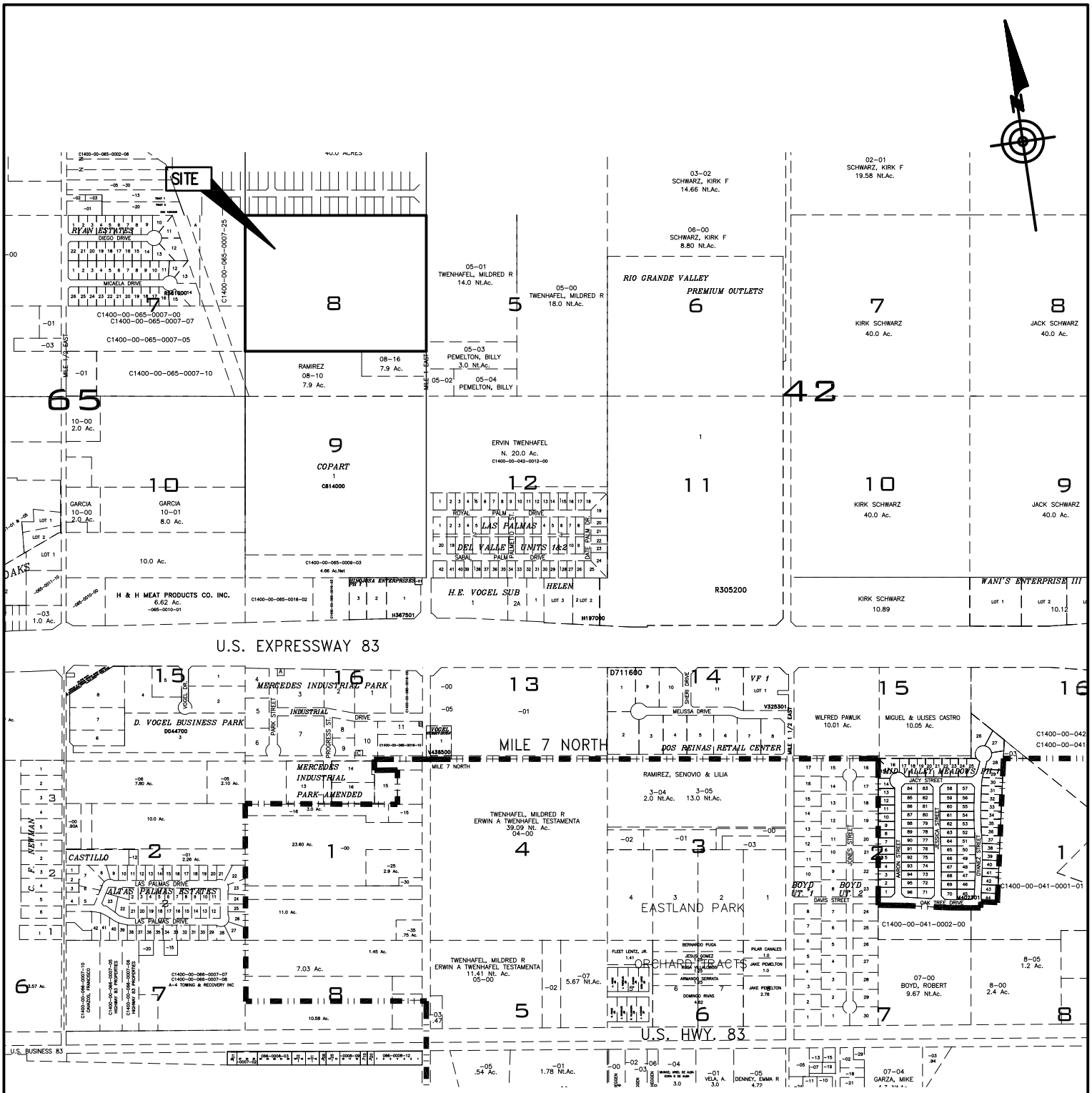
formula $I = b/(t_c+d)^e$

TIME	2 yr.	5 yr.	10 yr.	25 yr.	50 yr.	100 yr.
115	1.342	1.731	2.043	2.380	2.674	2.898
120	1.299	1.677	1.981	2.309	2.596	2.815
125	1.259	1.628	1.924	2.242	2.523	2.737
130	1.221	1.581	1.870	2.180	2.455	2.665
135	1.186	1.537	1.819	2.122	2.391	2.596
140	1.153	1.496	1.771	2.067	2.331	2.532
145	1.122	1.457	1.727	2.015	2.274	2.471
150	1.093	1.421	1.684	1.966	2.220	2.413
155	1.065	1.386	1.644	1.919	2.169	2.359
160	1.039	1.354	1.606	1.876	2.121	2.307
165	1.014	1.323	1.570	1.834	2.075	2.258
170	0.991	1.293	1.536	1.794	2.032	2.211
175	0.968	1.265	1.504	1.757	1.990	2.167
180	0.947	1.239	1.473	1.721	1.951	2.124
185	0.927	1.213	1.443	1.686	1.913	2.084
190	0.907	1.189	1.415	1.654	1.877	2.045
195	0.889	1.166	1.388	1.622	1.842	2.008
200	0.871	1.144	1.362	1.592	1.809	1.972
205	0.854	1.122	1.337	1.564	1.778	1.938
210	0.838	1.102	1.313	1.536	1.747	1.906
215	0.823	1.082	1.290	1.510	1.718	1.874
220	0.808	1.063	1.268	1.484	1.690	1.844
225	0.793	1.045	1.247	1.460	1.663	1.815
230	0.780	1.028	1.227	1.436	1.637	1.787
235	0.766	1.011	1.207	1.413	1.611	1.759
240	0.754	0.995	1.189	1.392	1.587	1.733
245	0.741	0.979	1.170	1.370	1.564	1.708
250	0.729	0.964	1.153	1.350	1.541	1.684
255	0.718	0.950	1.136	1.330	1.519	1.660
260	0.707	0.936	1.119	1.311	1.498	1.637
265	0.696	0.922	1.103	1.293	1.477	1.615
270	0.686	0.909	1.088	1.275	1.458	1.594
275	0.676	0.896	1.073	1.257	1.438	1.573
280	0.666	0.884	1.059	1.241	1.420	1.553
285	0.657	0.872	1.045	1.224	1.402	1.533

TIME	2 yr.	5 yr.	10 yr.	25 yr.	50 yr.	100 yr.
290	0.647	0.860	1.031	1.209	1.384	1.514
295	0.639	0.849	1.018	1.193	1.367	1.496
300	0.630	0.838	1.005	1.178	1.350	1.478
305	0.622	0.828	0.992	1.164	1.334	1.460
310	0.614	0.817	0.980	1.150	1.319	1.444
315	0.606	0.807	0.969	1.136	1.303	1.427
320	0.598	0.797	0.957	1.123	1.288	1.411
325	0.591	0.788	0.946	1.110	1.274	1.395
330	0.583	0.779	0.935	1.097	1.260	1.380
335	0.576	0.770	0.924	1.085	1.246	1.365
340	0.570	0.761	0.914	1.073	1.233	1.351
345	0.563	0.752	0.904	1.061	1.220	1.337
350	0.556	0.744	0.894	1.050	1.207	1.323
355	0.550	0.736	0.885	1.039	1.195	1.309
360	0.544	0.728	0.875	1.028	1.182	1.296
365	0.538	0.720	0.866	1.017	1.171	1.284
370	0.532	0.713	0.857	1.007	1.159	1.271
375	0.526	0.705	0.849	0.997	1.148	1.259
380	0.521	0.698	0.840	0.987	1.137	1.247
385	0.515	0.691	0.832	0.977	1.126	1.235
390	0.510	0.684	0.824	0.968	1.115	1.224
395	0.504	0.677	0.816	0.958	1.105	1.212
400	0.499	0.671	0.808	0.949	1.095	1.201
405	0.494	0.664	0.800	0.940	1.085	1.191
410	0.489	0.658	0.793	0.932	1.075	1.180
415	0.485	0.652	0.786	0.923	1.066	1.170
420	0.480	0.646	0.779	0.915	1.056	1.160
425	0.475	0.640	0.772	0.907	1.047	1.150
430	0.471	0.634	0.765	0.899	1.038	1.140
435	0.466	0.628	0.758	0.891	1.029	1.131
440	0.462	0.623	0.751	0.883	1.021	1.121
445	0.458	0.617	0.745	0.876	1.012	1.112
450	0.454	0.612	0.739	0.869	1.004	1.103
455	0.450	0.607	0.733	0.861	0.996	1.094
460	0.446	0.602	0.726	0.854	0.988	1.086

where:	2yr	5yr	10yr	25yr	50yr	100yr
e=	0.831	0.795	0.778	0.771	0.749	0.740
b=	74	80	87	98	99	103
d=	9.6	9.2	9.2	9.2	9.2	9.6

LOCATION MAP



LOCATION MAP

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

USGS TOPOGRAPHICAL MAP

U.S. DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

The National Map US Topo

MERCEDES QUADRANGLE
TEXAS - HIDALGO COUNTY
7.5-MINUTE SERIES

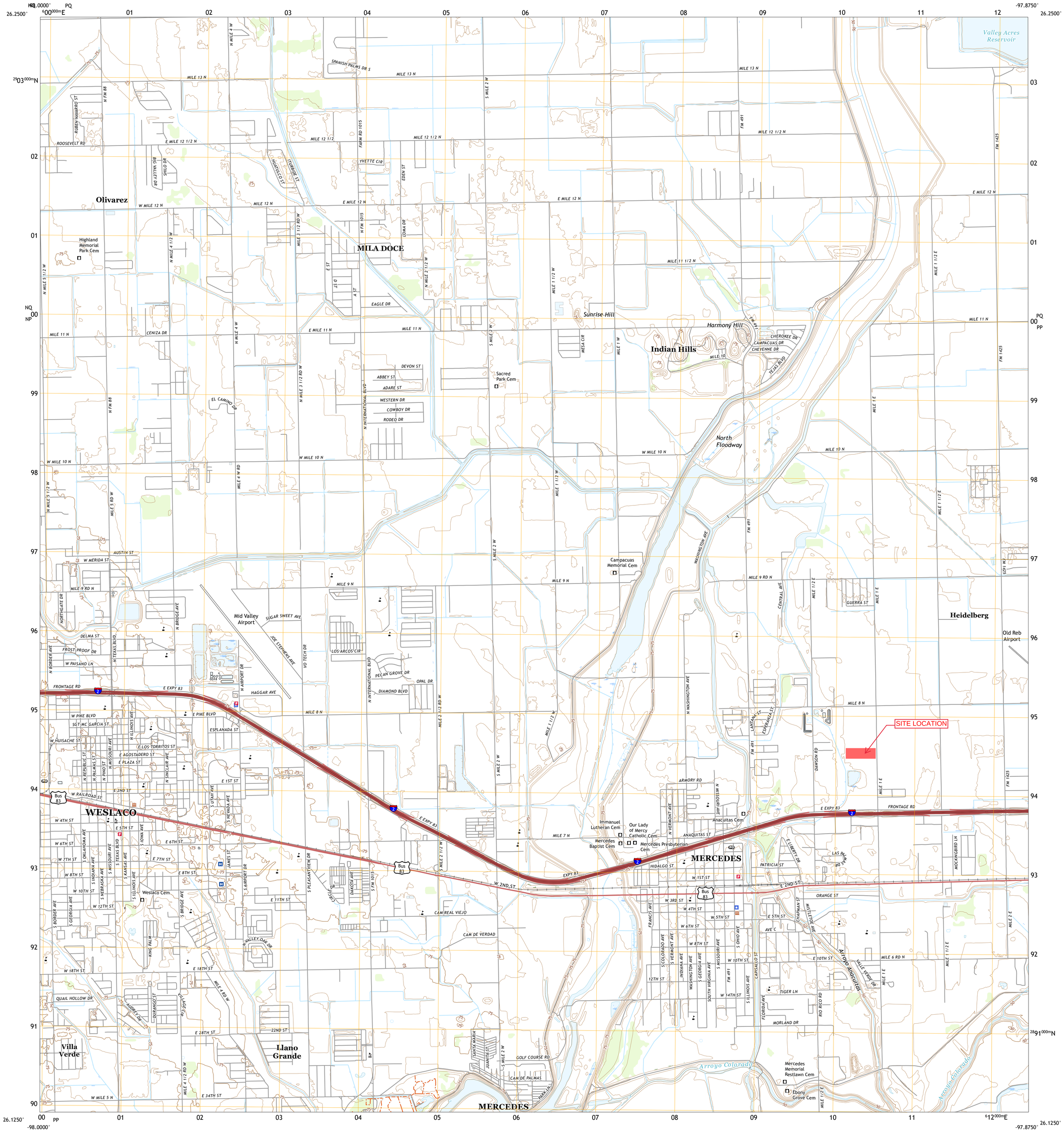
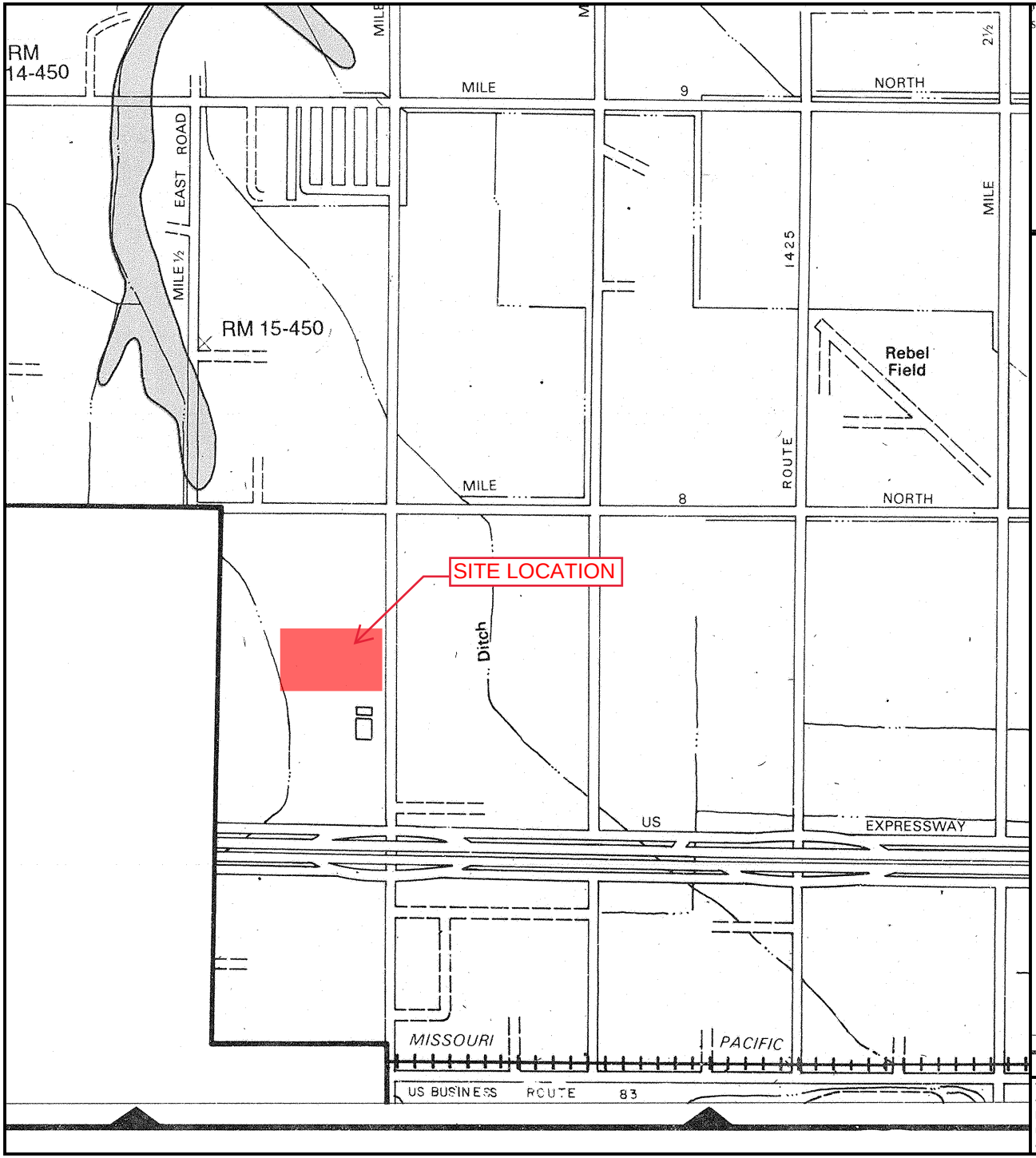

Valley Acres Reservoir
Olivarez
Highland Memorial Park Cem
MILA DOCE
Sunrise Hill
Harmony Hill
Indian Hills
CHEROKEE DR
CAMPACUAS DR
CHEYENNE DR
TEJAS BLVD
Sacred Park Cem
North Floodway
Campacuas Memorial Cem
Mid Valley Airport
Heidelberg
Old Reb Airport
SITE LOCATION
WESLACO
Weslaco Cem
Immanuel Lutheran Cem
Our Lady of Mercy Catholic Cem
Mercedes Baptist Cem
Mercedes Presbyterian Cem
Anacuitas Cem
MERCEDES
Villa Verde
Llano Grande
Arroyo Colorado
Mercedes Memorial Restlawn Cem
Ebony Grove Cem
ROOSEVELT RD
SPANISH PALMS DR S
YVETTE CIR
EAGLE DR
CENIZA DR
DEVON ST
ABBEY ST
ADARE ST
WESTERN DR
COWBOY DR
RODEO DR
EL CAMINO DR
W MILE 10 N
AUSTIN ST
W MERIDA ST
NORTHGATE DR
SUGAR SWEET AVE
JOE STEPHENS AVE
VO TECH DR
LOS ARCOS CIR
PECAN GROVE DR
OPAL DR
DIAMOND BLVD
HAGGAR AVE
DELMA ST
FROST PROOF DR
W PAISANO LN
FRONTAGE RD
E EXPY 83
W PIKE BLVD
E PIKE BLVD
SGT MC GARCIA ST
ESPLANADA ST
W HUISACHE ST
E LOS TORRITOS ST
E AGOSTADERO ST
E PLAZA ST
E 1ST ST
E 2ND ST
W RAILROAD ST
W 4TH ST
E 5TH ST
W 6TH ST
E 6TH ST
W 7TH ST
E 7TH ST
W 8TH ST
E 8TH ST
W 10TH ST
W 12TH ST
E 11TH ST
CAM REAL VIEJO
CAM DE VERDAD
N VALLEY OAK DR
W 18TH ST
E 18TH ST
QUAIL HOLLOW DR
AUDREY DR
E 28TH ST
22ND ST
W MILE 5 N
E 34TH ST
CAM DE PALMAS
GOLF COURSE RD
PARK LN
HIDALGO ST
W 1ST ST
W 2ND ST
E 2ND ST
W 3RD ST
W 4TH ST
W 5TH ST
E 5TH ST
W 6TH ST
W 8TH ST
W 10TH ST
W 14TH ST
AVE C
ORANGE ST
E 10TH ST
MORLAND DR
TIGER LN
ANAQUITAS ST
ARMORY RD
E EXPY 83
FRONTAGE RD
LAS PALMAS DR
PATRICIA ST
GUERRA ST
MILE 13 N
MILE 12 1/2 N
MILE 12 N
MILE 11 1/2 N
MILE 11 N
MILE 10 N
MILE 10
MILE 9 N
MILE 9 RD N
MILE 8 N
MILE 7 N
MILE 6 RD N
E MILE 12 N
W MILE 12 N
E MILE 11 N
N FM 88
N FM 1015
S FM 1015
FM 491
FM 1425
N INTERNATIONAL BLVD
S INTERNATIONAL BLVD
N MILE 4 W
N MILE 3 1/2 RD W
N MILE 2 1/2 W
N MILE 1 1/2 W
N MILE 5 1/2 W
N MILE 4 1/2 W
N MILE 4 W RD
N MILE 3 1/2 RD W
N MILE 2 1/2 RD W
N MILE 5 RD W
N MILE 4 RD W
N MILE 4 1/2 RD W
S MILE 2 W
S MILE 2 1/2 W
MILE 1 W
MILE 1 1/2 W
MILE 1 1/2 E
MILE 1 E
MILE 2 E
RUBEN NAVARRO ST
BIG VALLEY DR
SHILO DR
HUATULCO ST
ITURBIDE ST
FARM RD 1015
EDEN ST
LOMA DR
E ST
D ST
A ST
MESA CIR
CHAPMAN ST
MISTLETOE AVE
ARROYO ARRIBEÑOS
VALLE VERDE DR
CENTRAL AVE
WASHINGTON AVE
N WASHINGTON AVE
LANTANA ST
ESPERANZA ST
DAWSON RD
MOCKINGBIRD LN
ELIBERTY DR
FRANCIS AVE
S COLORADO AVE
S VERMONT AVE
INDIANA AVE
S WASHINGTON AVE
S GEORGIA AVE
SOUTH VIRGINIA AVE
S MISSOURI AVE
S OHIO AVE
CAPISALLO ST
S ILLINOIS AVE
FLORIDA AVE
RIO RICO RD
N MISSOURI AVE
N VERMONT AVE
ANAQUITAS ST
N BRIDGE AVE
N BORDER AVE
N TEXAS BLVD
N ILLINOIS AVE
N MISSOURI AVE
N REPUBLIC ST
N PALMAS ST
N PINO ST
N SINCLAIR AVE
S UTAH AVE
S NEVADA AVE
S IOWA AVE
S OKLAHOMA AVE
S INDIANA AVE
S NEBRASKA AVE
S MISSOURI AVE
S TEXAS BLVD
S KANSAS AVE
S ILLINOIS AVE
S BORDER AVE
S GEORGIA AVE
S BRIDGE AVE
JAMES ST
S AIRPORT DR
S PLEASANTVIEW DR
CHESTNUT DR
DAKOTA AVE
S FM 1015
N AIRPORT DR
KING PALM
DURANGO ST
CACTUS DR
MILE 4 RD W
MILE 2 1/2 RD W
MILE 1 1/2 W
SANTA MARIA
JUANITA ST
MESQUITE DR
MILE 1 1/2 E
MILE 1 E
MILE 2 E
MILE 1/2 E
MILE 1 1/2 E
MILE 1 E
MILE 1/2 E
MILE 1 E
MILE 1 1/2 E
MILE 1 E
MILE 2 E
MILE 1 1/2 E
MILE 1 E
MILE 1 E
MILE 1 1/2 E
MILE 1 E
MILE 1 E
MILE 1 1/2 E
MILE 1 E
MILE 1

EXHIBIT B



determine if flood insurance is available in this community, contact your surance agent or call the National Flood Insurance Program at (800) 638-6620.

APPROXIMATE SCALE

2000 0 2000 FEET

NATIONAL FLOOD INSURANCE PROGRAM

FIRM

FLOOD INSURANCE RATE MAP

HIDALGO COUNTY, TEXAS
(UNINCORPORATED AREAS)

(SEE MAP INDEX FOR PANELS NOT PRINTED)

COMMUNITY-PANEL NUMBER
480334 0450 C

MAP REVISED:
JUNE 6, 2000

Federal Emergency Management Agency

This is an official FIRMette showing a portion of the above-referenced flood map created from the MSC FIRMette Web tool. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For additional information about how to make sure the map is current, please see the Flood Hazard Mapping Updates Overview Fact Sheet available on the FEMA Flood Map Service Center home page at https://msc.fema.gov.

EXHIBIT C

Soil Map—Hidalgo County, Texas
(The Stables)



Map Scale: 1:2,520 if printed on A landscape (11" x 8.5") sheet.

N

Meters
0 35 70 140 210

Feet
0 100 200 400 600

Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 14N WGS84

MAP LEGEND

Area of Interest (AOI)
- Area of Interest (AOI)

Soils
- Soil Map Unit Polygons
- Soil Map Unit Lines
- Soil Map Unit Points

Special Point Features
- Blowout
- Borrow Pit
- Clay Spot
- Closed Depression
- Gravel Pit
- Gravelly Spot
- Landfill
- Lava Flow
- Marsh or swamp
- Mine or Quarry
- Miscellaneous Water
- Perennial Water
- Rock Outcrop
- Saline Spot
- Sandy Spot
- Severely Eroded Spot
- Sinkhole
- Slide or Slip
- Sodic Spot
- Spoil Area
- Stony Spot
- Very Stony Spot
- Wet Spot
- Other
- Special Line Features

Water Features
- Streams and Canals

Transportation
- Rails
- Interstate Highways
- US Routes
- Major Roads
- Local Roads

Background
- Aerial Photography

MAP INFORMATION

The soil surveys that comprise your AOI were mapped at 1:20,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

Maps from the Web Soil Survey are based on the Web Mercator projection, which preserves direction and shape but distorts distance and area. A projection that preserves area, such as the Albers equal-area conic projection, should be used if more accurate calculations of distance or area are required.

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Hidalgo County, Texas
Survey Area Data: Version 22, Sep 5, 2023

Soil map units are labeled (as space allows) for map scales 1:50,000 or larger.

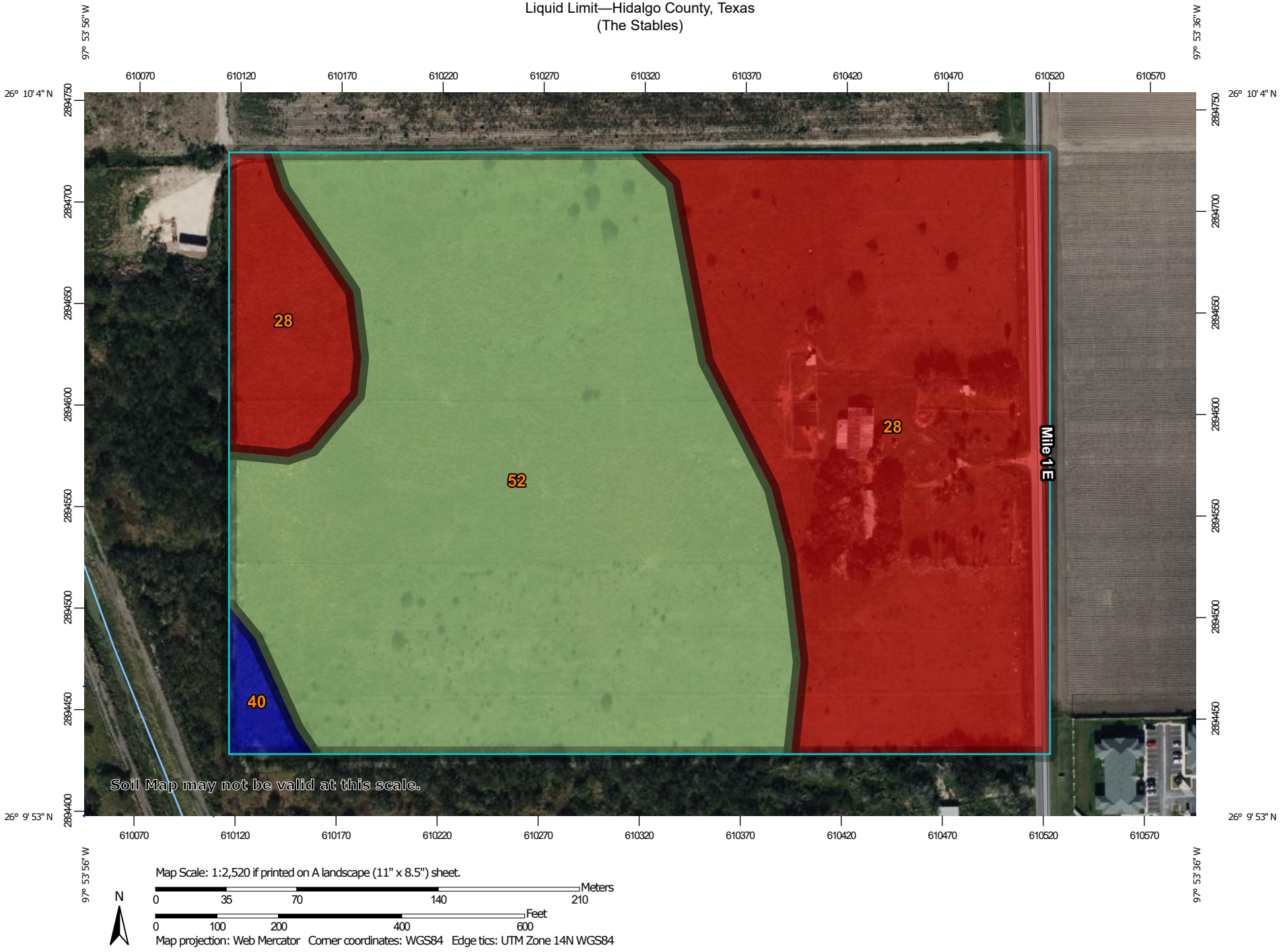
Date(s) aerial images were photographed: Dec 21, 2021—Mar 2, 2022

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Map Unit Legend

Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
28	Hidalgo sandy clay loam, 0 to 1 percent slopes	13.0	43.5%
40	Mercedes clay, saline, 0 to 1 percent slopes	0.4	1.3%
52	Raymondville clay loam, 0 to 1 percent slopes	16.5	55.1%
Totals for Area of Interest		**29.9**	**100.0%**

Liquid Limit—Hidalgo County, Texas
(The Stables)



Map Scale: 1:2,520 if printed on A landscape (11" x 8.5") sheet.

N

Meters
0 35 70 140 210

Feet
0 100 200 400 600

Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 14N WGS84

MAP LEGEND

Area of Interest (AOI)
- Area of Interest (AOI)

Soils

Soil Rating Polygons
- <= 35.9
- > 35.9 and <= 45.8
- > 45.8 and <= 63.6
- Not rated or not available

Soil Rating Lines
- <= 35.9
- > 35.9 and <= 45.8
- > 45.8 and <= 63.6
- Not rated or not available

Soil Rating Points
- <= 35.9
- > 35.9 and <= 45.8
- > 45.8 and <= 63.6
- Not rated or not available

Water Features
- Streams and Canals

Transportation
- Rails
- Interstate Highways
- US Routes
- Major Roads
- Local Roads

Background
- Aerial Photography

MAP INFORMATION

The soil surveys that comprise your AOI were mapped at 1:20,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

Maps from the Web Soil Survey are based on the Web Mercator projection, which preserves direction and shape but distorts distance and area. A projection that preserves area, such as the Albers equal-area conic projection, should be used if more accurate calculations of distance or area are required.

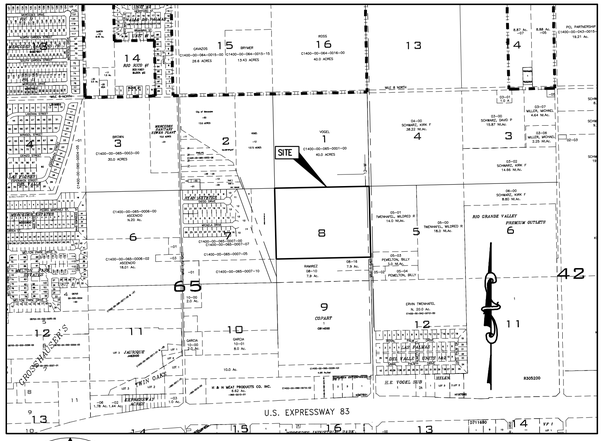
This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

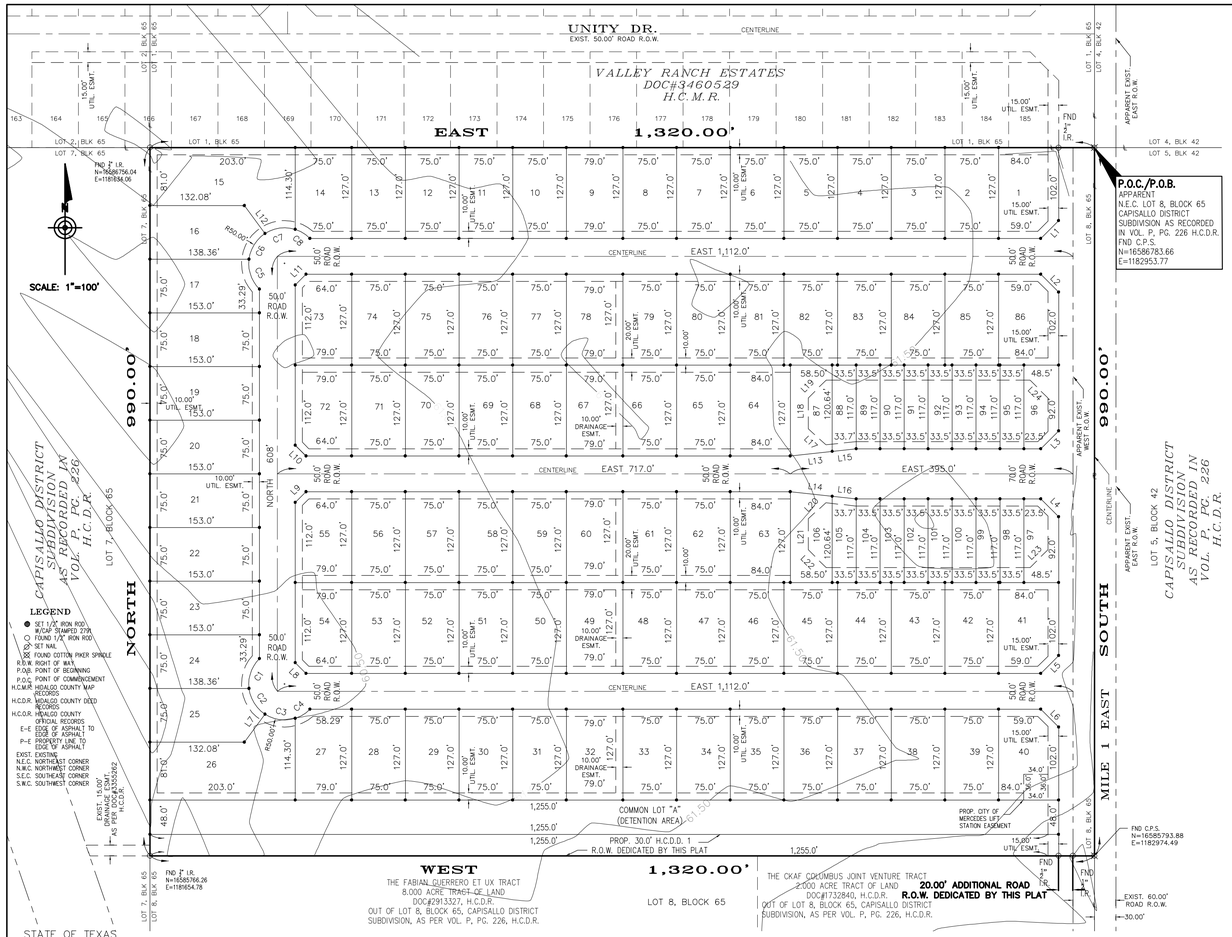
Soil Survey Area: Hidalgo County, Texas
Survey Area Data: Version 22, Sep 5, 2023

Soil map units are labeled (as space allows) for map scales 1:50,000 or larger.

Date(s) aerial images were photographed: Dec 21, 2021—Mar 2, 2022

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.


SITE
U.S. EXPRESSWAY 83
TOWN & RIVER DR
AUTO PARK
R.G.R. MEAT PRODUCTS CO. INC.
SUPER WORLD FOODS
E.E. VOGEL SEN
FIRE EAGLE ENTER
AIR DRAGE VALLEY
PREVIOUS OUTLETT
CEDART
FLEA MARKET
FLEA MARKET
FLEA MARKET



GENERAL SUBDIVISION PLAT NOTES

1. FLOOD ZONE STATEMENT: FLOOD ZONE "X" AREAS DETERMINED TO BE OUTSIDE 500-YEAR FLOODPLAIN AS PER COMMUNITY-PANEL NUMBER 480334 0450C MAP REVISED JUNE 6, 2000.

2. PROPOSED SETBACKS LOTS 1 THRU 86:
FRONT: 20.00 FEET
SIDE: 6.00 FEET
REAR: 10.00 FEET
SIDE CORNER: 10.00 FEET
OR EASEMENT WHICHEVER IS GREATER ON ALL CASES.

PROPOSED SETBACKS LOTS 87 THRU 106
FRONT: 20.00 FEET
SIDE: 0.00 FEET
REAR: 10.00 FEET
SIDE CORNER: 10.00 FEET
OR EASEMENT WHICHEVER IS GREATER ON ALL CASES.

3. BENCH MARK DESCRIPTION: IRON ROD FOUND ON THE APPARENT NORTHWEST CORNER OF LOT 8, BLOCK 65, WITH AN ELEVATION OF 61.58.

4. A FIVE (5.0) FOOT SIDEWALK IS REQUIRED ALONG MILE 1 EAST ROAD INCLUDING HANDICAP RAMPS IN COMPLIANCE WITH ADA STANDARDS DURING SUBDIVISION CONSTRUCTION.

5. A FOUR (4.0) FOOT SIDEWALK ALONG THE INTERNAL STREET AT THE BUILDING PERMIT STAGE.

6. IN ACCORDANCE WITH THE HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 AND HIDALGO COUNTY REQUIREMENTS, THIS DEVELOPMENT WILL BE REQUIRED TO DETAIN 233,550.27 CUBIC-FEET OR 5.362 ACRE-FEET OF STORM WATER RUNOFF FOR THIS SUBDIVISION.

7. NO PERMANENT STRUCTURES SHALL BE ALLOWED WITHIN UTILITY EASEMENTS, GAS EASEMENTS, IRRIGATION EASEMENTS AND LOT LINES.

8. ALL LOT CORNERS ARE SET 1/2 INCH IRON RODS, UNLESS OTHERWISE NOTED.

9. ALL CONSTRUCTION SHALL COMPLY WITH STORM WATER POLLUTION PREVENTION PLAN (SW3P) REQUIREMENTS.

10. MINIMUM FINISH FLOOR SHALL BE 18" ABOVE TOP OF CURB OR BASE FLOOD ELEVATION, WHICHEVER IS GREATER.

11. ADDITIONAL FIRE HYDRANTS MAY BE REQUIRED AT THE BUILDING PERMIT STAGE INCLUDING NECESSARY EASEMENTS.

12. BASIS OF BEARING AND DISTANCES IS GRID NORTH, TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH ZONE (4205), NAD 83.

13. ONLY VISIBLE AND APPARENT SURFACE EASEMENTS ON OR ACROSS THE PROPERTY ARE SHOWN HEREIN, EXISTING UTILITY SERVICE LINES ARE ANNOTATED ON THIS SURVEY. IMPROVEMENTS WHICH WERE VISIBLE AT THE TIME OF THE SURVEY AND THROUGH A NORMAL WALK THROUGH OF THE SITE ARE SHOWN ON THIS SURVEY.

14. MANHOLES, INLETS AND OTHER UTILITIES, RIMS, GRATES OR PIPE STUB-OUTS HEREON ARE FROM FIELD LOCATION OF SUCH AND ONLY REPRESENTED SUCH UTILITY IMPROVEMENTS WHICH ARE VISIBLE FROM ABOVE GROUND AT THE TIME OF FIELD SURVEY. NO UNDERGROUND OBSERVATIONS HAVE BEEN MADE TO VERIFY THE ACTUAL USER EXISTENCE OF UNDERGROUND UTILITIES.

15. NOTICE: SELLING A PORTION OF THIS ADDITION BY METES AND BOUNDS IS A VIOLATION OF THE CITY'S SUBDIVISION ORDINANCE AND STATE PLATTING STATUES AND IS SUBJECT TO FINES AND WITHHOLDING OF UTILITIES AND BUILDING PERMITS.

16. SITE PLAN MUST BE REVIEWED AND APPROVED BY THE CITY PRIOR TO ISSUANCE OF BUILDING PERMITS.

17. PROPER DETENTION REQUIREMENTS SHALL BE IN ACCORDANCE TO APPROVED DRAINAGE REPORT.

18. LOTS 1 THRU 85 SHALL BE FOR MULTI-FAMILY USE ONLY.

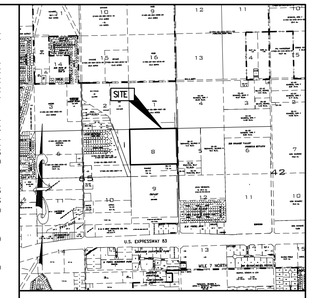
19. LOTS 86 THRU 105 SHALL BE FOR TOWNHOUSE/SINGLE FAMILY USE ONLY.

20. LOTS 1, 85, 95, 96 40 & 39 SHALL HAVE NO ACCESS FROM MILE 1 EAST ROAD.

21. 6.0' BUFFER FENCE REQUIRED OF THE DEVELOPER FOR ALL LOTS ADJACENT TO THE COMMON LOT "A". THE LOT OWNERS SHALL THEN MAINTAIN THE FENCE IN PERPETUITY.

22. COMMON LOT "A" SHALL BE FOR DETENTION PURPOSES ONLY.

23. COMMON LOT "A" SHALL BE MAINTAIN BY THE HOME OWNERS ASSOCIATION AND NOT THE CITY OF MERCEDES.



LOCATION MAP
SCALE: 1"= 2000'

PREPARED BY:
H.L.G. PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
BOX 548, McALLEN
TEXAS 78505

DATE PREPARED: 10/01/23
DATE SURVEYED: 10/02/23

FINAL PLAT OF THE STABLES ESTATES SUBDIVISION A 30.000 ACRE TRACT OF LAND OUT OF LOT 8, BLOCK 65 CAPISALLO DISTRICT SUBDIVISION AS RECORDED IN VOL. P, PG. 226 H.C.D.R. LOCATED IN THE CITY OF MERCEDES

METES AND BOUNDS
30.00± ACRE TRACT

A 30.00± ACRE TRACT, MORE OR LESS, BEING THE NORTH 30 ACRES OF LOT 8, BLOCK 65, CAPISALLO DISTRICT SUBDIVISION, HIDALGO COUNTY, TEXAS, AS PER MAP OR PLAT THEREOF RECORDED IN VOLUME "P", PAGE 226, DEED RECORDS, HIDALGO COUNTY, TEXAS, AND AS FURTHER DESCRIBED IN SPECIAL WARRANTY DEED VIA DOCUMENT NO. 3107817 (RECORDED APRIL 27, 2020, OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS), REFERNCES TO WHICH ARE HERE MADE FOR ALL PURPOSE, LOCATED NORTHEAST OF THE CITY OF MERCEDES ON THE WEST SIDE OF MILE 1 EAST NORTH ROAD, AND APPROXIMATELY 1,320 FEET SOUTH OF MILE 8 NORTH ROAD, IS BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

THE POINT OF COMMENCEMENT (P.O.C.) BEING AT A COTTON PICKER SPINDLE FOUND ON THE APPARENT ORIGINAL EXISTING 60.00-FOOT RIGHT-OF-WAY CENTERLINE OF SAID MILE 1 EAST NORTH ROAD FOR THE APPARENT NORTHEAST CORNER OF SAID LOT 8, BLOCK 65, AND OF SAID 30.00-ACRE TRACT, AND ALSO BEING THE POINT OF BEGINNING (P.O.B.) OF SAID 30.00-ACRE TRACT HEREIN DESCRIBED;

THENCE, S 00°01'25" W (MAP RECORD: SOUTH), WITH SAID MILE 1 EAST ROAD ORIGINAL EXISTING 60.00-FOOT RIGHT-OF-WAY CENTERLINE AND THE APPARENT EAST LOT LINE OF SAID LOT 8, A DISTANCE OF 990.26 FEET (DEED RECORD: 990.00 FEET) TO A COTTON PICKER SPINDLE FOUND FOR THE APPARENT ORIGINAL NORTHEAST CORNER OF THE CKAF COLUMBUS JOINT VENTURE TRACT (A 2.0 ACRE TRACT OF LAND OUT OF THE SOUTH 10.0 ACRES OF SAID LOT 8, BLOCK 65. CAPISALLO DISTRICT SUBDIVISION (GENERAL WARRANTY DEED COUNTY CLERK 'S DOCUMENT NUMBER 1732840, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) AND THE SOUTHEAST CORNER OF SAID 30.00-ACRE TRACT OF LAND HEREIN DESCRIBED;

THENCE, N 81°29'28" W, PARALLEL TO THE APPARENT NORTH LOT LINE OF SAID LOT 8, BLOCK 65, AND WITH THE APPARENT NORTH LOT LINE OF SAID CKAF COLUMBUS JOINT VENTURE TRACT AND THE NORTH LINE OF THE FABIAN GUERRERO ET UX TRACT (AN 8.0 ACRE TRACT OF LAND OUT OF THE SOUTH 10.0 ACRES OF LOT 8, BLOCK 65, CAPISALLO DISTRICT SUBDIVISION, WARRANTY DEED WITH VENDOR 'S LIEN, COUNTY CLERK 'S DOCUMENT NUMBER 2913327, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS) , AND WITH THE APPARENT SOUTH LOT LINE OF SAID 30.00-ACRE TRACT, A DISTANCE OF 30.00 FEET PAST A NO. 4 REBAR FOUND ON THE APPARENT EXISITNG WEST RIGHT-OF-WAY LINE OF SAID MILE 1 EAST NORTH ROAD, THENCE WITH SAID SOUTH LOT LINE OF 30.00-ACRE TRACT ANOTHER 20.00 FEET PAST A NO. 4 REBAR SET WITH PLASTIC CAP STAMPED 2791 ON THE PROPOPOSED DEDICATED WEST RIGHT-OF-WAY LINE OF SAID MILE 1 EAST NORTH ROAD VIA THIS PLAT, CONTINUING WITH THE SAID SOUTH LOT LINE OF 30.00-ACRE TRACT FOR A TOTAL DISTANCE OF 1,319.39 FEET (DEED RECORD: 1,320.00 FEET) TO A NO. 4 REBAR FOUND ON THE APPARENT WEST LOT LINE OF SAID LOT 8 FOR THE APPARENT NORTHWEST CORNER OF SAID FABIAN GUERRERO ET UX TRACT AND THE SOUTHWEST CORNER OF SAID 30.00-ACRE TRACT OF LAND HEREIN DESCRIBED;

THENCE, N 08°30'32" E, PARALLEL TO THE SAID EAST LOT LINE OF LOT 8, BLOCK 65, AND WITH THE APPARENT WEST LOT LINE OF SAID LOT 8 AND OF SAID 30.00-ACRE TRACT, A DISTANCE OF 990.26 FEET (DEED RECORD; 990.00 FEET) TO A NO. 4 REBAR FOUND (N: 16613952.92, E: 1183858.92) WITH CAP STAMPED RPLS 4856 (QUINTANILLA) FOR THE APPARENT NORTHWEST CORNER OF SAID LOT 8 AND OF SAID 30.00-ACRE TRACT OF LAND HEREIN DESCRIBED;

THENCE, N 09°33'40" W, WITH THE APPARENT NORTH LOT LINE OF SAID LOT 8 AND OF SAID 30.00-ACRE TRACT, A DISTANCE OF 1,279.79 FEET PAST A NO. 4 REBAR SET WITH PLASTIC CAP STAMPED 2791 ON THE SAID MILE 1 EAST NORTH ROAD PROPOPOSED DEDICATED WEST RIGHT-OF-WAY LINE, CONTINUING WITH THE SAID NORTH LOT LINE OF 30.00-ACRE TRACT ANOTHER 20.00 FEET PAST A NO. 4 REBAR FOUND WITH CAP STAMPED RPLS 4856 ON THE SAID MILE 1 EAST NORTH ROAD EXISTING WEST RIGHT-OF-WAY LINE –, CONTINUING FOR A TOTAL DISTANCE OF 1,319.39 FEET (DEED RECORD: 1,320.00 FEET) TO THE SAID COTTON PICKER SPINDLE FOUND FOR NORTHEAST CORNER OF SAID 30.00-ACRE TRACT OF LAND HEREIN DESCRIBED, ALSO BEING THE POINT OF BEGINNING, CONTAINING A GROSS OF 30.00 ACRE, OF WHICH 0.682 OF AN ACRE LIES IN EXISTING MILE 1 EAST ROAD RIGHT-OF-WAY EASEMENT, 0.455 OF AN ACRE LIES IN PROPOSED MILE 1 EAST ROAD DEDICATED ROAD RIGHT-OF-WAY VIA THIS PLAT, AND X.XX OF AN ACRE PROPOSED DEDICATED INTERNAL STREETS RIGHT-OF-WAY VIA THIS PLAT, FOR A NET OF X.XX ACRES, MORE OR LESS.

STATE OF TEXAS
COUNTY OF HIDALGO

I CORAM, LLC, OWNER OF THE LAND SHOWN ON THIS PLAT, AND DESIGNATED HEREIN AS THE STABLES ESTATES SUBDIVISION ADDITION OF THE CITY OF MERCEDES, AND WHOSE NAME IS SUBSCRIBED HERETO, HEREBY DEDICATE TO THE USE OF THE PUBLIC FOREVER ALL STREETS, ALLEYS, PARKS, WATERCOURSES, DRAINS, EASEMENTS AND PUBLIC PLACES THEREON SHOWN FOR THE PURPOSE OF CONSIDERATION THEREIN EXPRESSED.

_____
CORAM, LLC
P.O. BOX 789
McALLEN, TEXAS 78505
HIDALGO COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF HIDALGO

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED _____ KNOWN TO ME TO BE THE PERSON WHOSE NAME (S) IS (ARE) SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR PURPOSES AND CONSIDERATIONS THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF _____, 202__.

_____
NOTARY PUBLIC DATE
MY COMMISSION EXPIRES ON _____

STATE OF TEXAS
COUNTY OF HIDALGO

I, HOMERO LUIS GUTIERREZ, A LICENSED PROFESSIONAL ENGINEER IN THE STATE OF TEXAS, DO HEREBY CERTIFY THAT PROPER ENGINEERING CONSIDERATION HAS BEEN GIVEN TO THIS PLAT.

_____ _____
HOMERO LUIS GUTIERREZ, P.E. DATE
LICENSED PROFESSIONAL ENGINEER No. 36639

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
36639
LICENSED PROFESSIONAL ENGINEER

NAME		ADDRESS	PHONE NUMBER	FAX NUMBER
OWNER:	CORAM, LLC	P.O. BOX 789, McALLEN, TEXAS 78505		
ENGINEER:	HOMERO L. GUTIERREZ, P.E., R.P.L.S.	P.O. BOX 548, McALLEN, TEXAS 78505	(956) 369-0988	(956) 287-3697
SURVEYOR:	HOMERO L. GUTIERREZ, P.E., R.P.L.S.	P.O. BOX 548, McALLEN, TEXAS 78505	(956) 369-0988	(956) 287-3697

APPROVED BY DRAINAGE DISTRICT NO. 1

HIDALGO COUNTY DRAINAGE DISTRICT No. 1 HEREBY CERTIFIES THAT THE DRAINAGE PLANS FOR THIS SUBDIVISION COMPLY WITH THE MINIMUM STANDARDS OF THE DISTRICT ADOPTED UNDER TEXAS WATER CODE 49.211(C). THE DISTRICT HAS NOT REVIEWED AND DOES NOT CERTIFY THAT THE DRAINAGE STRUCTURES DESCRIBED ARE APPROPRIATE FOR THE SPECIFIC SUBDIVISION, BASED ON GENERALLY ACCEPTED ENGINEERING CRITERIA. IT IS THE RESPONSIBILITY OF DEVELOPER OF THE SUBDIVISION AND HIS ENGINEER TO MAKE THESE DETERMINATIONS.

HIDALGO COUNTY DRAINAGE DISTRICT No. 1

_____ _____
RAUL E. SESIN, P.E., C.F.M. DATE
GENERAL MANAGER

STATE OF TEXAS
COUNTY OF HIDALGO

I, HOMERO LUIS GUTIERREZ, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, HEREBY CERTIFY THAT THIS PLAT IS MADE AND IS PREPARED FROM AN ACTUAL SURVEY ON THE PROPERTY MADE UNDER MY SUPERVISION ON THE GROUND OF THE PROPERTY LEGALLY DESCRIBED HEREON, AND THAT THERE ARE NO APPARENT DISCREPANCIES, CONFLICTS, OVERLAPPING OF IMPROVEMENTS, VISIBLE UTILITY LINES OR ROADS IN PLACE, EXCEPT AS SHOWN ON THE ACCOMPANYING PLAT, AND THAT THE CORNER MONUMENTS SHOWN THEREON WERE PROPERLY PLACED UNDER MY SUPERVISION IN ACCORDANCE WITH THE SUBDIVISION REGULATIONS OF THE CITY OF EDINBURG, TEXAS.

_____ _____
HOMERO LUIS GUTIERREZ, R.P.L.S. DATE
REGISTERED PROFESSIONAL LAND SURVEYOR No. 2791

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
2791
REGISTERED PROFESSIONAL LAND SURVEYOR

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

FILED FOR RECORD IN
HIDALGO COUNTY
ARTURO GUAJARDO, JR,
HIDALGO COUNTY CLERKS

ON: _____ AM/PM
INSTRUMENT NUMBER _____
RECORDED IN VOL. _____ PAGE. _____
OF THE MAP RECORDS OF HIDALGO COUNTY, TEXAS

BY: _____ DEPUTY

STATE OF TEXAS
COUNTY OF HIDALGO

APPROVED BY THE CITY OF MERCEDES

_____
SIGNATURE:

_____
PRINTED NAME:

_____
TITLE OF CITY OFFICIAL:

_____
DATE:

THIS PLAT IS APPROVED BY HIDALGO AND CAMERON COUNTIES IRRIGATION DISTRICT No. 9

DATED THIS _____DAY OF _____20_____.

1. NO IMPROVEMENTS OF ANY KIND SHALL BE PLACED UPON HIDALGO AND CAMERON COUNTIES IRRIGATION DISTRICT NO. 9 RIGHT-OF-WAYS AND/OR EASEMENTS WITHOUT THE EXPRESSED WRITTEN PERMISSION OF HCCID #9.
2. IT IS UNDERSTOOD THAT THE RATE OF FLOW OF STORM WATER FOR THE DEVELOPMENT WILL BE NO GREATER THAN THE RATE OF FLOW OF STORM WATER WHEN THE LAND WAS IN AGRICULTURAL USE.
3. HCCID #9 WILL NOT BE RESPONSIBLE FOR THE STORM/DRAINAGE WATER SYSTEM TO ANY LOT WITHIN THIS SUBDIVISION. AS WELL, HCCID #9 WILL NOT BE RESPONSIBLE FOR THE DELIVERY OF WATER TO ANY LOT WITH IN THIS SUBDIVISION. IF DESIRED, THIS WILL NOT BE AT THE DISTRICTS EXPENSE.
4. HCCID #9 HAS NOT REVIEWED AND DOES NOT CERTIFY THAT THE STORM SEWER OR UTILITIES SYSTEMS DESCRIBED ARE APPROPRIATE FOR THE PARTICULAR SUBDIVISION, BASED ON GENERALLY ACCEPTED ENGINEERING CRITERIA. THE DEVELOPER AND HIS ENGINEER ARE RESPONSIBLE FOR THEIR DETERMINATIONS.
5. HCCID #9 EXCLUSIVE EASEMENTS SHALL BE KEPT CLEAR OF BUILDINGS, SHEDS, FENCES, SHRUBS, TREES, AND OTHER PLANTINGS AND OTHER OBSTRUCTIONS THAT WOULD INTERFERE WITH THE OPERATIONS AND MAINTENANCE OF THE EASEMENT.

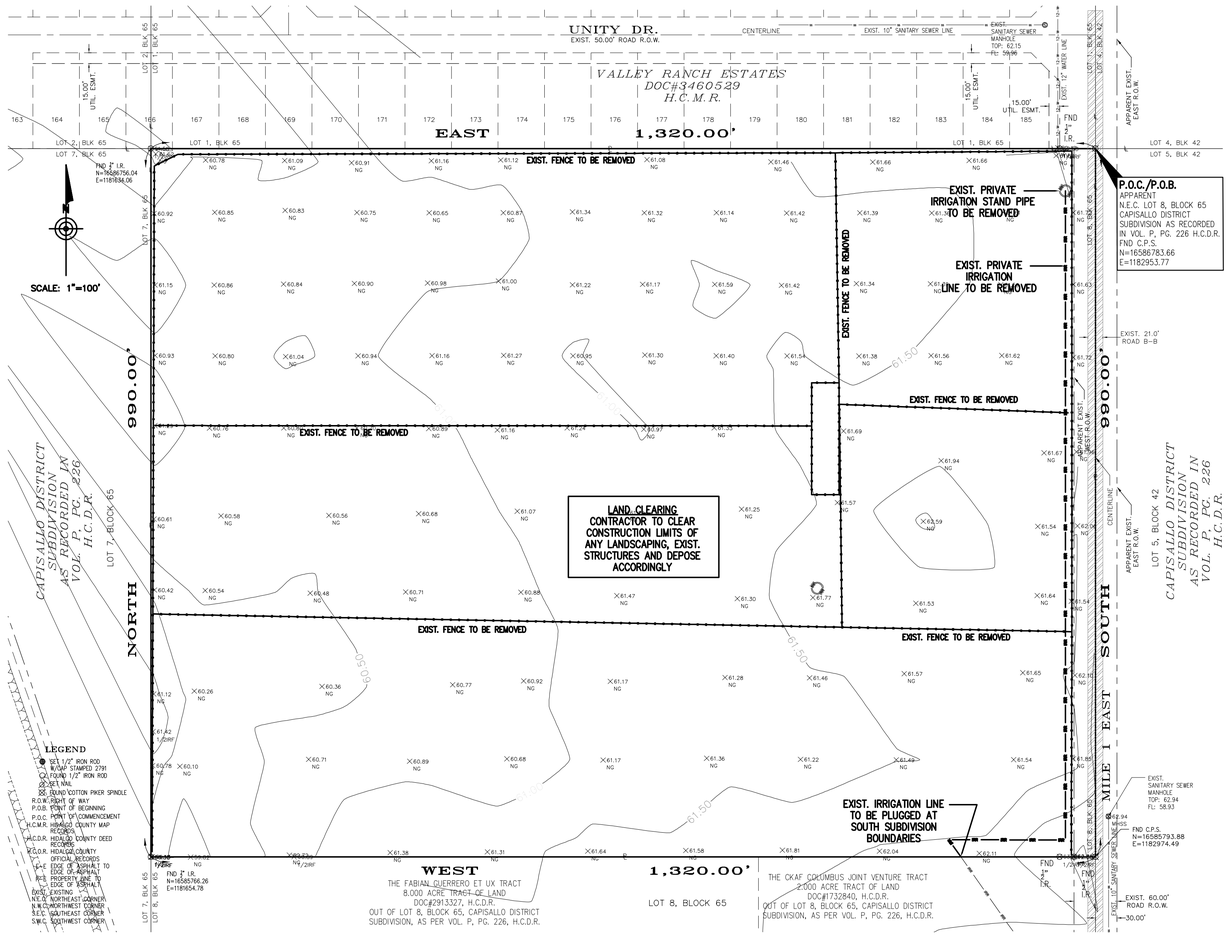
_____
GENERAL MANAGER
HIDALGO & CAMERON COUNTIES IRRIGATION DISTRICT No. 9

THE COUNTY OF HIDALGO TEXAS

LOT AREAS		
LOT	SQ. FT.	AC.
1&40	10,355.50	0.238
41&86	10,355.50	0.238
2–8 & 10–13	9,525.00	0.219
9,32,49,60,67&78	10,033.00	0.230
14&27	9,877.22	0.227
15&26	18,395.81	0.422
16&25	10,959.38	0.252
17&24	11,016.35	0.253
18–23	11,475.00	0.263
"A"	60,960.00	1.399
28–31	9,525.00	0.219
33–39	9,525.00	0.219
42–48	9,525.00	0.219
50–53	9,525.00	0.219
56–59	9,525.00	0.219
61&62	9,525.00	0.219
54,55,72&73	9,920.50	0.228
63&64	10,668.00	0.245
65&66	9,525.00	0.219
68–71	9,525.00	0.219
74–77	9,525.00	0.219
79–85	9,525.00	0.219
87&106	7,243.51	0.166
88&105	3,980.49	0.091
89–95	3919.50	0.090
96&97	5,362.00	0.123
98–104	3919.50	0.090

LINE DATA		
LINE	BEARING	DISTANCE
L1	S 45°00'00" W	35.36'
L2	S 45°00'00" E	35.36'
L3	S 45°00'00" W	35.36'
L4	S 45°00'00" E	35.36'
L5	S 45°00'00" W	35.36'
L6	S 45°00'00" E	35.36'
L7	N 36°14'08" E	48.47'
L8	N 45°00'00" W	21.21'
L9	N 45°00'00" E	21.21'
L10	N 45°00'00" W	21.21'
L11	N 45°00'00" E	21.21'
L12	S 36°14'08" E	48.47'
L13	S 83°47'48" W	58.84'
L14	S 83°47'48" E	58.84'
L15	S 83°47'48" W	33.70'
L16	S 83°47'48" E	33.70'
L17	N 48°06'06" W	33.39'
L18	NORTH	43.22'
L19	N 45°00'00" E	35.36'
L20	N 48°06'06" E	33.39'
L21	SOUTH	43.22'
L22	S 45°00'00" E	35.36'
L23	N 45°00'00" E	35.36'
L25	S 45°00'00" E	35.36'

CURVE DATA TABLE				
CURVE	RADIUS	ARCH LENGHT	CHORD BEARING	CHORD DISTANCE
C1	50.00'	45.78'	S 19°20'26" W	44.20'
C2	50.00'	43.68'	S 31°55'08" E	42.30'
C3	50.00'	44.08'	S 82°12'06" E	42.67'
C4	50.00'	24.54'	N 58°29'05" E	24.29'
C5	50.00'	45.78'	S 19°20'26" E	44.20'
C6	50.00'	43.68'	S 31°55'08" W	42.30'
C7	50.00'	44.08'	S 82°12'06" W	42.67'
C8	50.00'	24.54'	N 58°29'05" W	24.29'



NOTES:

1. IN ACCORDANCE WITH HIDALGO & CAMERON COUNTY IRRIGATION DISTRICT No. 9, THERE ARE NO DISTRICT LINES WITHIN SUBDIVISION BOUNDARIES.
2. ANY PRIVATE LINES THAT WOULD NEED TO BE QUOTED BY THE DISTRICT NEED TO BE SEALED BEFORE BEING REMOVED.
3. REMOVING PRIVATE IRRIGATION LINES PREMATURELY MAY RESULT IN LOSS OF WATER AND WILL INCUR A PENALTY CHARGE FOR LOSS WATER.

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
36639
LICENSED
PROFESSIONAL ENGINEER

HOMERO LUIS GUTIERREZ, P.E. DATE: 12/08/23
REGISTERED PROFESSIONAL ENGINEER No. 36639

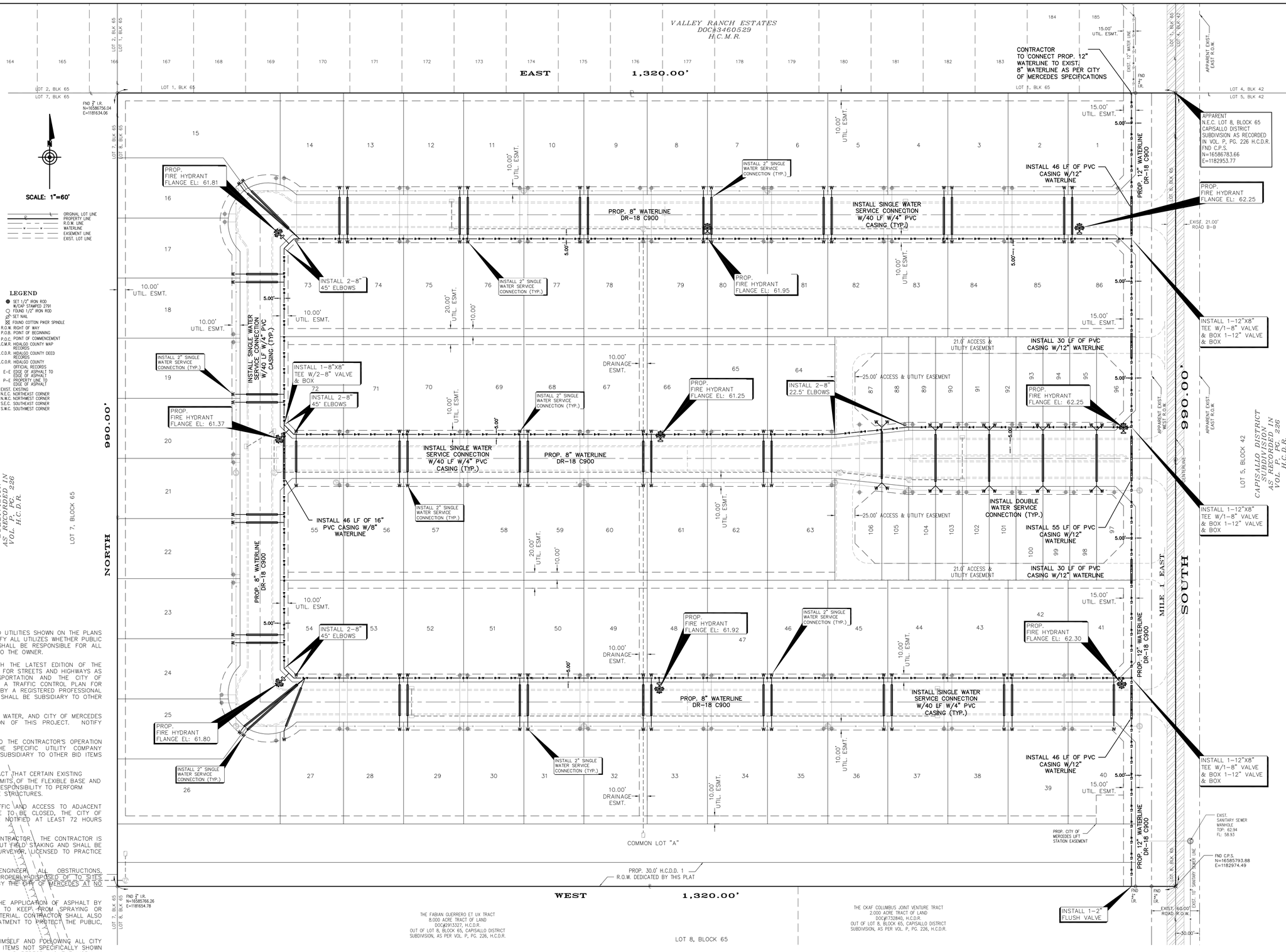
PROJECT NO: 23-053
PROJECT TITLE:
THE STABLES ESTATES
EXISTING TOPOGRAPHICAL MAP
PROJECT ADDRESS:
MERCEDES, TEXAS

SCALE: 1"=100'

REVISIONS

1.
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.
SHEET: 1
OF:



NOTES:

1. LOCATIONS AND GRADES OF EXISTING UNDERGROUND UTILITIES SHOWN ON THE PLANS ARE APPROXIMATE. THE CONTRACTOR SHALL FIELD VERIFY ALL UTILIZES WHETHER PUBLIC OR PRIVATE PRIOR TO CONSTRUCTION. CONTRACTOR SHALL BE RESPONSIBLE FOR ALL REPAIRS TO DAMAGED LINES AT NO ADDITIONAL COST TO THE OWNER.

2. TRAFFIC CONTROL SHALL BE IN ACCORDANCE WITH THE LATEST EDITION OF THE TEXAS MANUAL OF UNIFORM TRAFFIC CONTROL DEVICES FOR STREETS AND HIGHWAYS AS PUBLISHED BY THE TEXAS DEPARTMENT OF TRANSPORTATION AND THE CITY OF EDINBURG REQUIREMENTS. CONTRACTOR SHALL SUBMIT A TRAFFIC CONTROL PLAN FOR APPROVAL BY THE ENGINEER AND THE CITY, SEALED BY A REGISTERED PROFESSIONAL ENGINEER IN TEXAS, PRIOR TO CONSTRUCTION. COST SHALL BE SUBSIDIARY TO OTHER BID ITEMS.

3. CAUTION: GAS, FIBER OPTIC, TELEPHONE, ELECTRIC, WATER, AND CITY OF MERCEDES UTILITIES EXIST WITHIN THE LIMITS OF CONSTRUCTION OF THIS PROJECT. NOTIFY RESPECTIVE UTILITY COMPANIES.

4. REPAIRS PUBLIC OR PRIVATE UTILITY LINES DUE TO THE CONTRACTOR'S OPERATION ARE TO BE REPAIRED IN ACCORDANCE WITH THE SPECIFIC UTILITY COMPANY REQUIREMENTS. COST FOR SUCH REPAIRS SHALL BE SUBSIDIARY TO OTHER BID ITEMS OF THE PROJECT PROPOSAL.

5. THE CONTRACTOR'S ATTENTION IS CALLED TO THE FACT THAT CERTAIN EXISTING AND/OR PROPOSED STRUCTURES MAY BE WITHIN THE LIMITS OF THE FLEXIBLE BASE AND TREATED SUBGRADE. IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO PERFORM CONSTRUCTION OPERATIONS WITHOUT DAMAGE TO THESE STRUCTURES.

6. THERE SHALL BE MINIMUM INTERRUPTION OF TRAFFIC AND ACCESS TO ADJACENT RESIDENTS ALONG THE PROJECT SITE. IF ROADS ARE TO BE CLOSED, THE CITY OF MERCEDES FIRE AND POLICE DEPARTMENTS SHALL BE NOTIFIED AT LEAST 72 HOURS BEFORE SUCH CLOSING.

7. VERTICAL CONTROL HAS BEEN PROVIDED TO THE CONTRACTOR. THE CONTRACTOR IS RESPONSIBLE TO DO ALL HIS CONSTRUCTION AND LAYOUT FIELD STAKING AND SHALL BE PERFORMED BY A REGISTERED PROFESSIONAL LAND SURVEYOR, LICENSED TO PRACTICE IN THE STATE OF TEXAS.

8. UNLESS OTHERWISE AUTHORIZED BY THE ENGINEER, ALL OBSTRUCTIONS, OBJECTIONABLE MATERIAL AND CONCRETE SHALL BE PROPERLY DISPOSED OF TO SITES ARRANGED FOR BY THE CONTRACTOR AND APPROVED BY THE CITY OF MERCEDES AT NO ADDITIONAL COST TO THE OWNER.

9. THE CONTRACTOR SHALL EXERCISE DILIGENCE IN THE APPLICATION OF ASPHALT BY THE USE OF FLAGGING AND ROLLING PROCEDURES TO KEEP FROM SPRAYING OR SPLATTERING THE TRAVELING PUBLIC WITH ASPHALT MATERIAL. CONTRACTOR SHALL ALSO EXERCISE DILIGENCE IN THE APPLICATION OF LIME TREATMENT TO PROTECT THE PUBLIC, ADJACENT SUBDIVISION, AND PARKED VEHICLES.

10. CONTRACTOR IS RESPONSIBLE FOR FAMILIARIZING HIMSELF AND FOLLOWING ALL CITY OF MERCEDES STANDARDS SPECIFICATIONS FOR THOSE ITEMS NOT SPECIFICALLY SHOWN ON THE PROJECT PLANS, OR PROJECT SPECIFICATIONS, AND PERFORMING THE WORK IN SUCH A MANNER.

11. SEE ADDITIONAL SHEETS FOR WATER DETAILS.

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
103739
LICENSED
PROFESSIONAL ENGINEER
10/02/23

HOMERO LUIS GUTIERREZ, P.E. DATE: 10/02/23
REGISTERED PROFESSIONAL ENGINEER No. 103739

PROJECT NO: 23-053
PROJECT TITLE: THE STABLES ESTATES WATER IMPROVEMENTS
PROJECT ADDRESS: MERCEDES, TEXAS

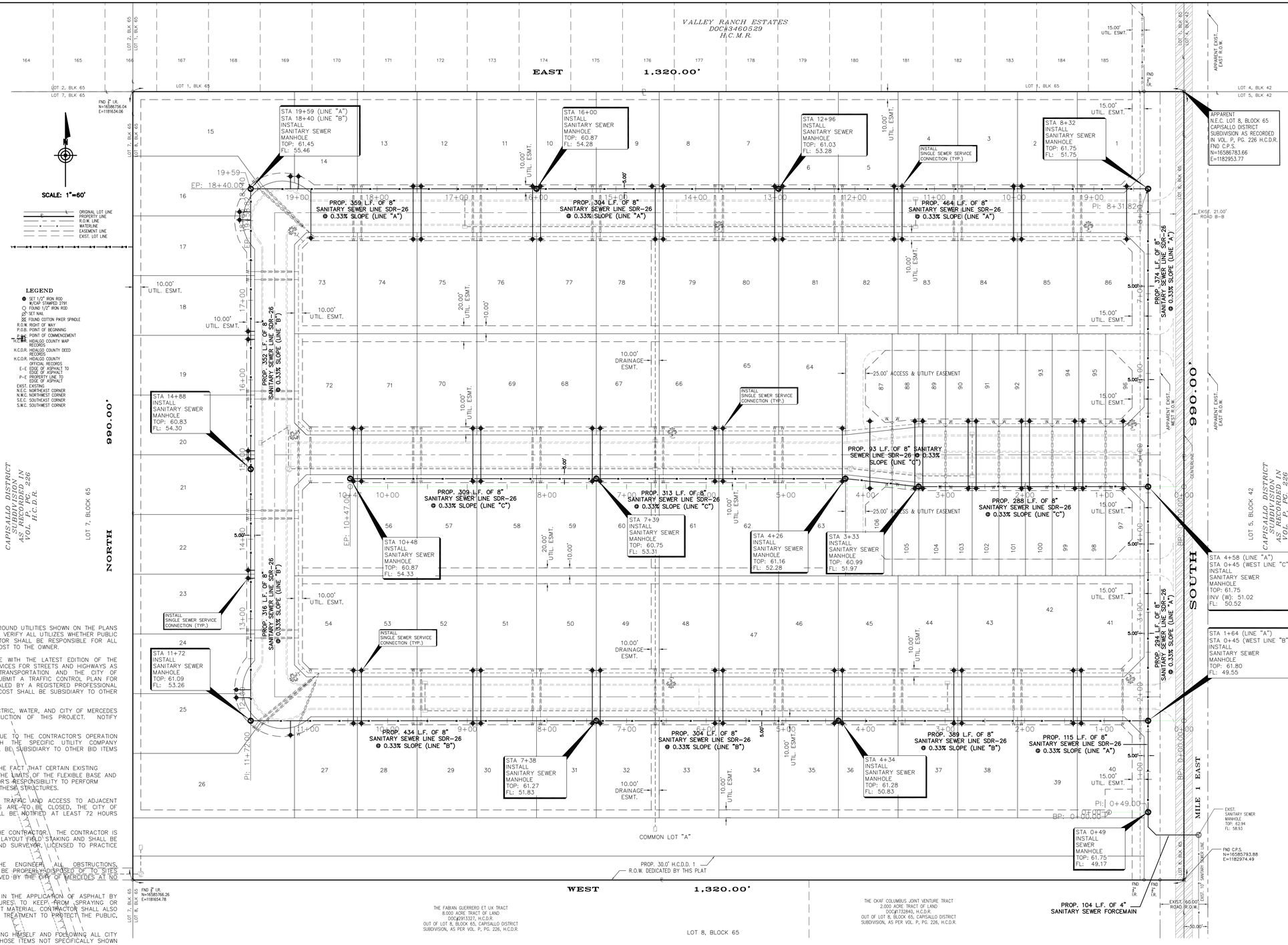
SCALE: 1"=60'

REVISIONS

1. 1/26/24
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.

SHEET: 2
OF:



LEGEND

- ● SET 1/2" IRON ROD W/CAP STAMPED 2791
- ○ FOUND 1/2" IRON ROD
- SS SET NAIL
- ⊠ FOUND COTTON PIKER SPINDLE
- R.O.W. RIGHT OF WAY
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCEMENT
- H.C.M.R. HIDALGO COUNTY MAP RECORDS
- H.C.D.R. HIDALGO COUNTY DEED RECORDS
- H.C.O.R. HIDALGO COUNTY OFFICIAL RECORDS
- E-E EDGE OF ASPHALT TO EDGE OF ASPHALT
- P-E PROPERTY LINE TO EDGE OF ASPHALT
- EXIST. EXISTING
- N.E.C. NORTHEAST CORNER
- N.W.C. NORTHWEST CORNER
- S.E.C. SOUTHEAST CORNER
- S.W.C. SOUTHWEST CORNER

ORIGINAL LOT LINE
PROPERTY LINE
R.O.W. LINE
WATERLINE
EASEMENT LINE
EXIST. LOT LINE

NOTES:

1. LOCATIONS AND GRADES OF EXISTING UNDERGROUND UTILITIES SHOWN ON THE PLANS ARE APPROXIMATE. THE CONTRACTOR SHALL FIELD VERIFY ALL UTILIZES WHETHER PUBLIC OR PRIVATE PRIOR TO CONSTRUCTION. CONTRACTOR SHALL BE RESPONSIBLE FOR ALL REPAIRS TO DAMAGED LINES AT NO ADDITIONAL COST TO THE OWNER.

2. TRAFFIC CONTROL SHALL BE IN ACCORDANCE WITH THE LATEST EDITION OF THE TEXAS MANUAL OF UNIFORM TRAFFIC CONTROL DEVICES FOR STREETS AND HIGHWAYS AS PUBLISHED BY THE TEXAS DEPARTMENT OF TRANSPORTATION AND THE CITY OF EDINBURG REQUIREMENTS. CONTRACTOR SHALL SUBMIT A TRAFFIC CONTROL PLAN FOR APPROVAL BY THE ENGINEER AND THE CITY, SEALED BY A REGISTERED PROFESSIONAL ENGINEER IN TEXAS, PRIOR TO CONSTRUCTION. COST SHALL BE SUBSIDIARY TO OTHER BID ITEMS.

3. CAUTION: GAS, FIBER OPTIC, TELEPHONE, ELECTRIC, WATER, AND CITY OF MERCEDES UTILITIES EXIST WITHIN THE LIMITS OF CONSTRUCTION OF THIS PROJECT. NOTIFY RESPECTIVE UTILITY COMPANIES.

4. REPAIRS PUBLIC OR PRIVATE UTILITY LINES DUE TO THE CONTRACTOR'S OPERATION ARE TO BE REPAIRED IN ACCORDANCE WITH THE SPECIFIC UTILITY COMPANY REQUIREMENTS. COST FOR SUCH REPAIRS SHALL BE SUBSIDIARY TO OTHER BID ITEMS OF THE PROJECT PROPOSAL.

5. THE CONTRACTOR'S ATTENTION IS CALLED TO THE FACT THAT CERTAIN EXISTING AND/OR PROPOSED STRUCTURES MAY BE WITHIN THE LIMITS OF THE FLEXIBLE BASE AND TREATED SUBGRADE. IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO PERFORM CONSTRUCTION OPERATIONS WITHOUT DAMAGE TO THESE STRUCTURES.

6. THERE SHALL BE MINIMUM INTERRUPTION OF TRAFFIC AND ACCESS TO ADJACENT RESIDENTS ALONG THE PROJECT SITE. IF ROADS ARE TO BE CLOSED, THE CITY OF MERCEDES FIRE AND POLICE DEPARTMENTS SHALL BE NOTIFIED AT LEAST 72 HOURS BEFORE SUCH CLOSING.

7. VERTICAL CONTROL HAS BEEN PROVIDED TO THE CONTRACTOR. THE CONTRACTOR IS RESPONSIBLE TO DO ALL HIS CONSTRUCTION AND LAYOUT FIELD STAKING AND SHALL BE PERFORMED BY A REGISTERED PROFESSIONAL LAND SURVEYOR, LICENSED TO PRACTICE IN THE STATE OF TEXAS.

8. UNLESS OTHERWISE AUTHORIZED BY THE ENGINEER, ALL OBSTRUCTIONS, OBJECTIONABLE MATERIAL AND CONCRETE SHALL BE PROPERLY DISPOSED OF TO SITES ARRANGED FOR BY THE CONTRACTOR AND APPROVED BY THE CITY OF MERCEDES AT NO ADDITIONAL COST TO THE OWNER.

9. THE CONTRACTOR SHALL EXERCISE DILIGENCE IN THE APPLICATION OF ASPHALT BY THE USE OF FLAGGING AND ROLLING PROCEDURES, TO KEEP FROM SPRAYING OR SPLATTERING THE TRAVELING PUBLIC WITH ASPHALT MATERIAL. CONTRACTOR SHALL ALSO EXERCISE DILIGENCE IN THE APPLICATION OF LIME TREATMENT TO PROTECT THE PUBLIC, ADJACENT SUBDIVISION, AND PARKED VEHICLES.

10. CONTRACTOR IS RESPONSIBLE FOR FAMILIARIZING HIMSELF AND FOLLOWING ALL CITY OF MERCEDES STANDARDS SPECIFICATIONS FOR THOSE ITEMS NOT SPECIFICALLY SHOWN ON THE PROJECT PLANS, OR PROJECT SPECIFICATIONS, AND PERFORMING THE WORK IN SUCH A MANNER.

11. SEE ADDITIONAL SHEETS FOR SANITARY SEWER DETAILS.

12. SEE ADDITIONAL SHEETS FOR SANITARY SEWER PROFILES.

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS — HOMERO LUIS GUTIERREZ — 85633 — LICENSED PROFESSIONAL ENGINEER

REGISTERED PROFESSIONAL ENGINEER No. 85633

PROJECT NO: 23-053
PROJECT TITLE: THE STABLES ESTATES SANITARY SEWER IMPROVEMENTS
PROJECT ADDRESS: MERCEDES, TEXAS

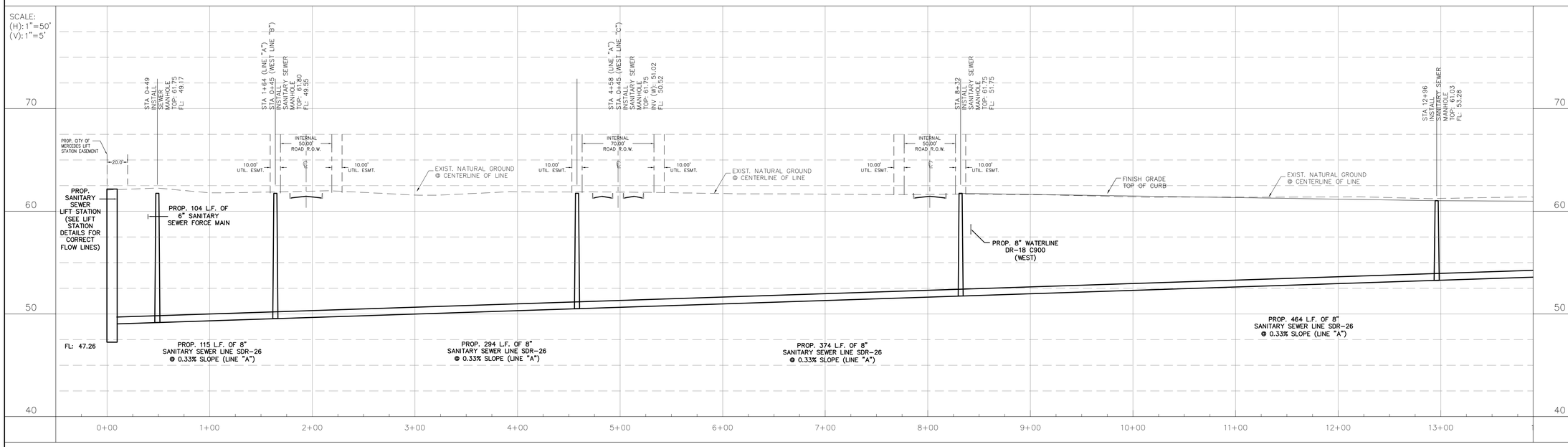
SCALE: 1"=60'

REVISIONS

1.
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.

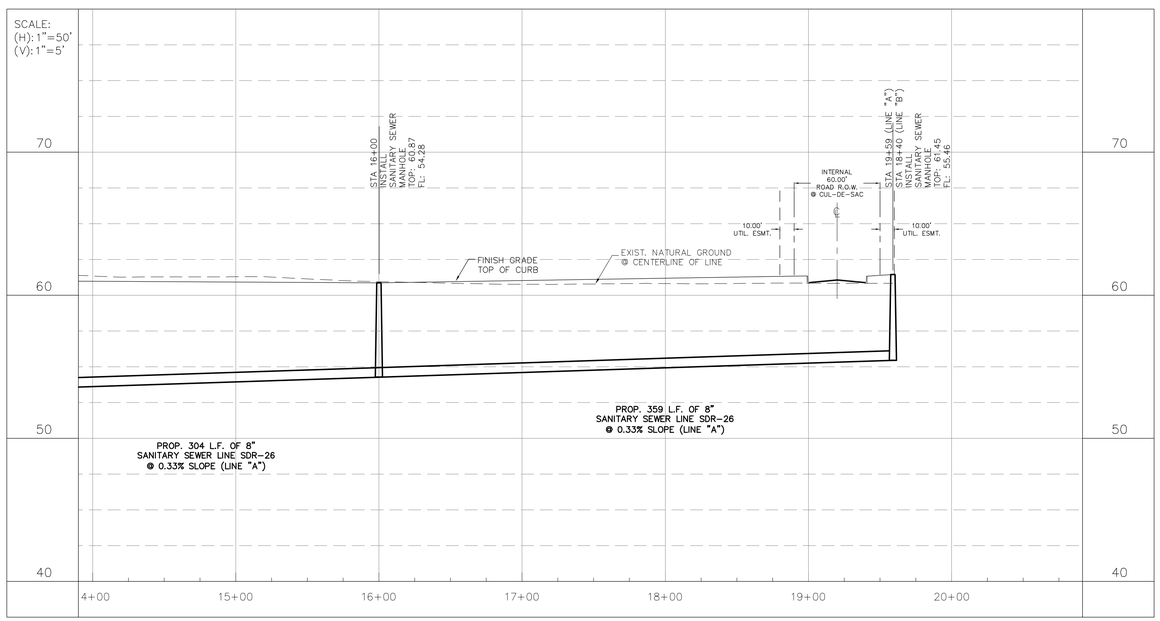
SHEET: 3 OF:



SEWER LINE "A"

NOTES:

1. SEE ADDITIONAL SHEETS FOR SANITARY SEWER IMPROVEMENTS.
2. SEE ADDITIONAL SHEETS FOR SANITARY SEWER DETAILS.



SEWER LINE "A"

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
36639
LICENSED
PROFESSIONAL ENGINEER

HOMERO LUIS GUTIERREZ, P.E. DATE: 12/09/23
REGISTERED PROFESSIONAL ENGINEER No. 36639

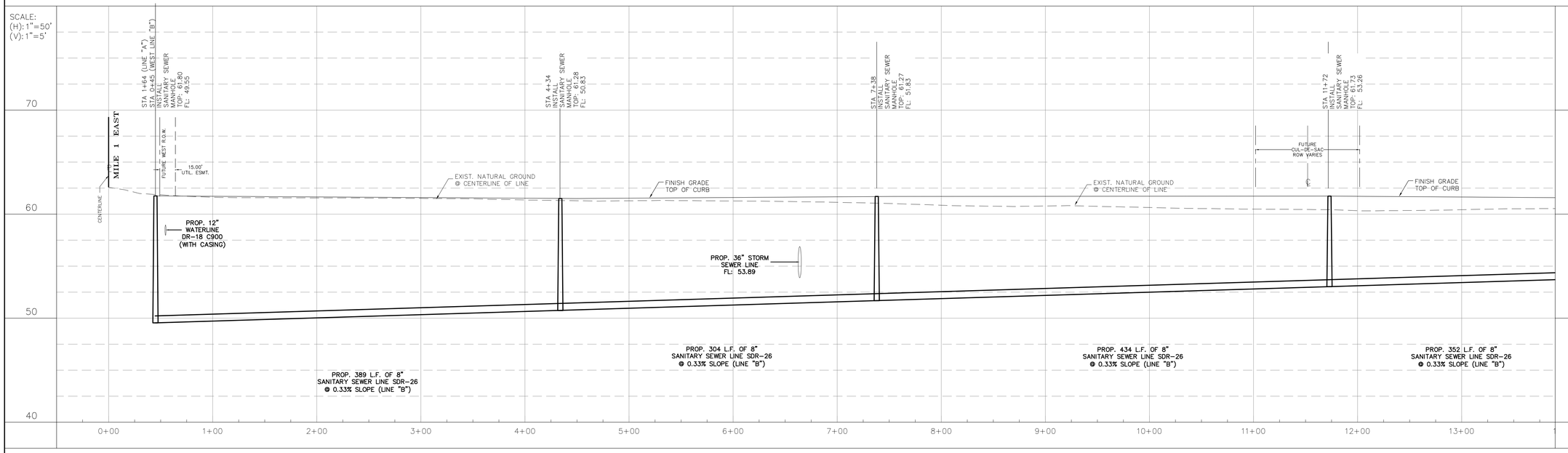
PROJECT NO: 23-053
PROJECT TITLE: THE STABLES ESTATES SANITARY SEWER PROFILES
PROJECT ADDRESS: MERCEDES, TEXAS

SCALE: –

REVISIONS

1.
2.
3.
4.
5.
6.

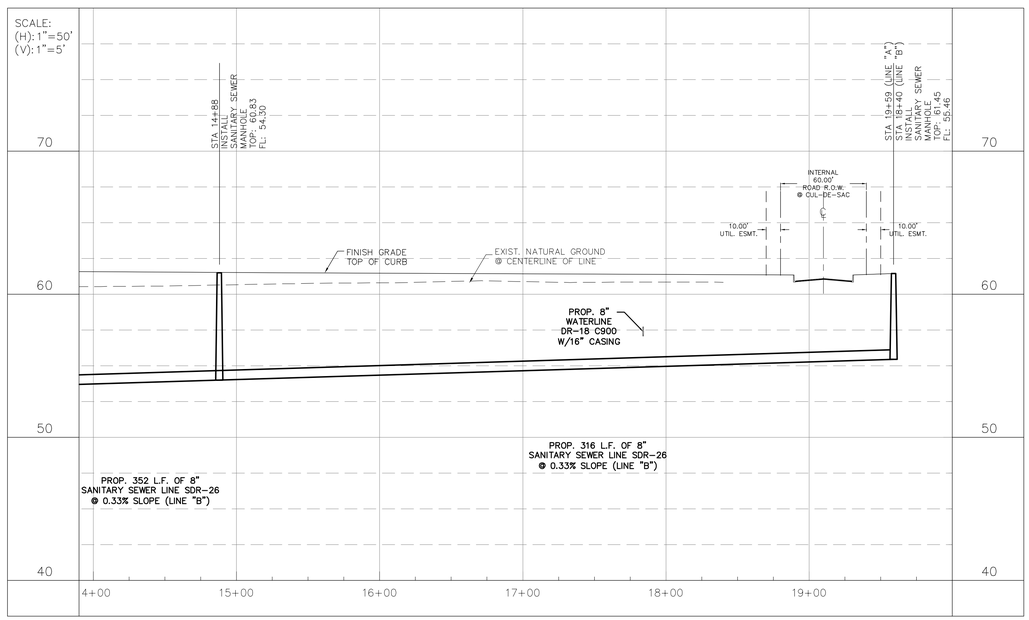
DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.
SHEET: 4
OF:



SEWER LINE "B"

NOTES:

1. SEE ADDITIONAL SHEETS FOR SANITARY SEWER IMPROVEMENTS.
2. SEE ADDITIONAL SHEETS FOR SANITARY SEWER DETAILS.



SEWER LINE "B"

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
36639
LICENSED
PROFESSIONAL ENGINEER

HOMERO LUIS GUTIERREZ, P.E. DATE: 12/09/23
REGISTERED PROFESSIONAL ENGINEER No. 36639

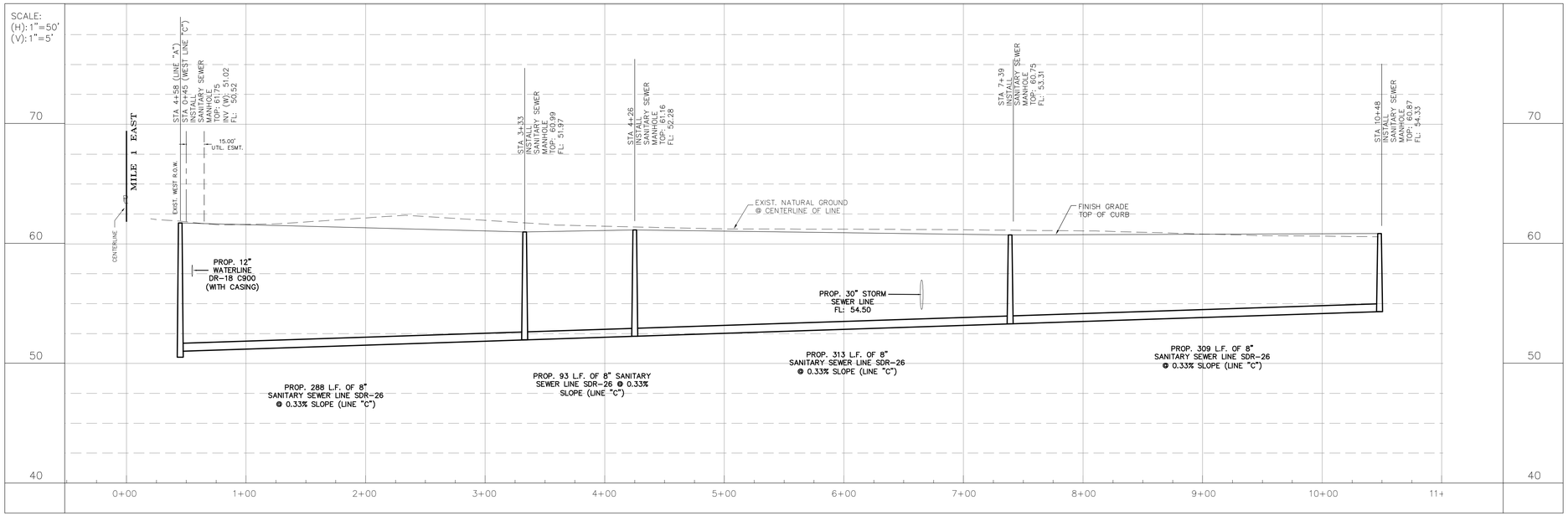
PROJECT NO: 23-053
PROJECT TITLE: THE STABLES ESTATES SANITARY SEWER PROFILES
PROJECT ADDRESS: MERCEDES, TEXAS

SCALE: –

REVISIONS

1.
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.
SHEET: 5
OF:



SEWER LINE "C"

NOTES:

1. SEE ADDITIONAL SHEETS FOR SANITARY SEWER IMPROVEMENTS.
2. SEE ADDITIONAL SHEETS FOR SANITARY SEWER DETAILS.

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
36639
LICENSED
PROFESSIONAL ENGINEER

HOMERO LUIS GUTIERREZ, P.E. DATE: 12/09/23
REGISTERED PROFESSIONAL ENGINEER No. 36639

PROJECT NO: 23-053
PROJECT TITLE:
THE STABLES ESTATES
SANITARY SEWER
PROFILES
PROJECT ADDRESS:
MERCEDES, TEXAS

SCALE: –

REVISIONS

1.
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.
SHEET:
6
OF:

LEGEND

- ● SET 1/2" IRON ROD W/CAP STAMPED 2791
- ○ FOUND 1/2" IRON ROD
- ⌀ SET NAIL
- ⊠ FOUND COTTON PIKER SPINDLE
- R.O.W. RIGHT OF WAY
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCEMENT
- H.C.M.R. HIDALGO COUNTY MAP RECORDS
- H.C.D.R. HIDALGO COUNTY DEED RECORDS
- H.C.O.R. HIDALGO COUNTY OFFICIAL RECORDS
- E-E EDGE OF ASPHALT TO EDGE OF ASPHALT
- P-E PROPERTY LINE TO EDGE OF ASPHALT
- EXIST. EXISTING
- N.E.C. NORTHEAST CORNER
- N.W.C. NORTHWEST CORNER
- S.E.C. SOUTHEAST CORNER
- S.W.C. SOUTHWEST CORNER

ORIGINAL LOT LINE
PROPERTY LINE
R.O.W. LINE
WATERLINE
EASEMENT LINE
EXIST. LOT LINE

SCALE: 1"=60'

NOTES:

1. LOCATIONS AND GRADES OF EXISTING UNDERGROUND UTILITIES SHOWN ON THE PLANS ARE APPROXIMATE. THE CONTRACTOR SHALL FIELD VERIFY ALL UTILIZES WHETHER PUBLIC OR PRIVATE PRIOR TO CONSTRUCTION. CONTRACTOR SHALL BE RESPONSIBLE FOR ALL REPAIRS TO DAMAGED LINES AT NO ADDITIONAL COST TO THE OWNER.

2. TRAFFIC CONTROL SHALL BE IN ACCORDANCE WITH THE LATEST EDITION OF THE TEXAS MANUAL OF UNIFORM TRAFFIC CONTROL DEVICES FOR STREETS AND HIGHWAYS AS PUBLISHED BY THE TEXAS DEPARTMENT OF TRANSPORTATION AND THE CITY OF EDINBURG REQUIREMENTS. CONTRACTOR SHALL SUBMIT A TRAFFIC CONTROL PLAN FOR APPROVAL BY THE ENGINEER AND THE CITY, SEALED BY A REGISTERED PROFESSIONAL ENGINEER IN TEXAS, PRIOR TO CONSTRUCTION. COST SHALL BE SUBSIDIARY TO OTHER BID ITEMS.

3. CAUTION: GAS, FIBER OPTIC, TELEPHONE, ELECTRIC, WATER, AND CITY OF MERCEDES UTILITIES EXIST WITHIN THE LIMITS OF CONSTRUCTION OF THIS PROJECT. NOTIFY RESPECTIVE UTILITY COMPANIES.

4. REPAIRS PUBLIC OR PRIVATE UTILITY LINES DUE TO THE CONTRACTOR'S OPERATION ARE TO BE REPAIRED IN ACCORDANCE WITH THE SPECIFIC UTILITY COMPANY REQUIREMENTS. COST FOR SUCH REPAIRS SHALL BE SUBSIDIARY TO OTHER BID ITEMS OF THE PROJECT PROPOSAL.

5. THE CONTRACTOR'S ATTENTION IS CALLED TO THE FACT THAT CERTAIN EXISTING AND/OR PROPOSED STRUCTURES MAY BE WITHIN THE LIMITS OF THE FLEXIBLE BASE AND TREATED SUBGRADE. IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO PERFORM CONSTRUCTION OPERATIONS WITHOUT DAMAGE TO THESE STRUCTURES.

6. THERE SHALL BE MINIMUM INTERRUPTION OF TRAFFIC AND ACCESS TO ADJACENT RESIDENTS ALONG THE PROJECT SITE. IF ROADS ARE TO BE CLOSED, THE CITY OF MERCEDES FIRE AND POLICE DEPARTMENTS SHALL BE NOTIFIED AT LEAST 72 HOURS BEFORE SUCH CLOSING.

7. VERTICAL CONTROL HAS BEEN PROVIDED TO THE CONTRACTOR. THE CONTRACTOR IS RESPONSIBLE TO DO ALL HIS CONSTRUCTION AND LAYOUT FIELD STAKING AND SHALL BE PERFORMED BY A REGISTERED PROFESSIONAL LAND SURVEYOR, LICENSED TO PRACTICE IN THE STATE OF TEXAS.

8. UNLESS OTHERWISE AUTHORIZED BY THE ENGINEER, ALL OBSTRUCTIONS, OBJECTIONABLE MATERIAL AND CONCRETE SHALL BE PROPERLY DISPOSED OF TO SITES ARRANGED FOR BY THE CONTRACTOR AND APPROVED BY THE CITY OF MERCEDES AT NO ADDITIONAL COST TO THE OWNER.

9. THE CONTRACTOR SHALL EXERCISE DILIGENCE IN THE APPLICATION OF ASPHALT BY THE USE OF FLAGGING AND ROLLING PROCEDURES TO KEEP FROM SPRAYING OR SPLATTERING THE TRAVELING PUBLIC WITH ASPHALT MATERIAL. CONTRACTOR SHALL ALSO EXERCISE DILIGENCE IN THE APPLICATION OF LIME TREATMENT TO PROTECT THE PUBLIC, ADJACENT SUBDIVISION, AND PARKED VEHICLES.

10. CONTRACTOR IS RESPONSIBLE FOR FAMILIARIZING HIMSELF AND FOLLOWING ALL CITY OF MERCEDES STANDARDS SPECIFICATIONS FOR THOSE ITEMS NOT SPECIFICALLY SHOWN ON THE PROJECT PLANS, OR PROJECT SPECIFICATIONS, AND PERFORMING THE WORK IN SUCH A MANNER.

11. SEE ADDITIONAL SHEETS FOR PAVING & DRAINAGE DETAILS.

12. SEE ADDITIONAL SHEETS FOR STORM SEWER PROFILES.

VALLEY RANCH ESTATES
DOC#3460529
H.C.M.R.

EAST 1,320.00'

WEST 1,320.00'

NORTH 990.00'

SOUTH 990.00'

MILE 1 EAST

FND 2" I.R.
N=16586756.04
E=1181634.06

FND C.P.S.
N=16585793.88
E=1182974.49

APPARENT
N.E.C. LOT 8, BLOCK 65
CAPISALLO DISTRICT
SUBDIVISION AS RECORDED
IN VOL. P, PG. 226 H.C.D.R.
FND C.P.S.
N=16586783.66
E=1182953.77

LOT 1, BLK 65 · LOT 2, BLK 65 · LOT 7, BLK 65 · LOT 8, BLK 65 · LOT 4, BLK 42 · LOT 5, BLK 42

LOT 5, BLOCK 42
CAPISALLO DISTRICT
SUBDIVISION
AS RECORDED IN
VOL. P, PG. 226
H.C.D.R.

APPARENT EXIST. EAST ROW

APPARENT EXIST. WEST R.O.W.

EXIST. 21.00' ROAD B-B

PROP. 32.00' ROAD B-B

PROP. 50.00' ROAD R.O.W.

10.00' UTIL. ESMT.

15.00' UTIL. ESMT.

20.00' UTIL. ESMT.

25.00' ACCESS & UTILITY EASEMENT

10.00' DRAINAGE ESMT.

EXIST. 15.00' DRAINAGE ESMT. PER DOC#3305262 H.C.O.R.

EXIST. 100.00' H.C.I.D. NO. 9 R.O.W.

EXIST. DITCH FL: 49.95

EXIST. DRAIN DITCH

EXIST. DRAIN DITCH

PROPOSED DETENTION POND "A-A"
N.T.S.
VOLUME : 259,376.00 FT³

DETENTION REQUIRED	233,550.27 C.F.
DETENTION PROVIDED	259,376.00 C.F.

3.0' · 16.0' · 10.00' · 16.0' · 3.0' · 8.0' · 2:1 SLOPE · 2:1 SLOPE

STA 0+00
INSTALL RIP RAP
(BOTH SIDES)
FL: 49.88

STA 0+10
INSTALL
CURB INLET
TOP: 60.83
FL: 55.62

STA 0+48
INSTALL
CURB INLET
TOP: 60.83
FL: 55.54

STA 0+07
INSTALL
CURB INLET
TOP: 60.92
FL: 55.68

STA 0+43
INSTALL
CURB INLET
TOP: 60.92
FL: 55.61

STA 0+07
INSTALL
CURB INLET
TOP: 60.84
FL: 55.47

STA 0+43
INSTALL
CURB INLET
TOP: 60.84
INV(N): 55.40
FL: 54.49

STA 1+01
INSTALL DRAINAGE
MANHOLE
TOP: 60.41
FL: 55.44

STA 1+40
INSTALL
DRAINAGE
JUNCTION BOX
TOP: 60.00
INV (N): 53.18
FL: 50.02

STA 12+95 (LINE "A")
STA 5+61 (LINE "C")
INSTALL
CURB INLET
TOP: 60.75
INV (N)(W)(E): 54.52
FL: 54.52

STA 16+01 (LINE "A")
STA 2+82 (LINE "B")
INSTALL
DRAINAGE
MANHOLE
TOP: 61.40
FL: 55.13

STA 13+31
INSTALL
CURB INLET
TOP: 60.75
FL: 54.59

STA 9+91 (LINE "A")
STA 2+88 (LINE "D")
INSTALL
DRAINAGE MANHOLE
TOP: 61.42
FL: 53.91

STA 8+06
INSTALL DRAINAGE
MANHOLE
TOP: 61.16
FL: 55.13

STA 8+93
INSTALL DRAINAGE
MANHOLE
TOP: 60.99
FL: 55.35

STA 6+45
INSTALL
CURB INLET
TOP: 60.85
FL: 55.85

STA 6+09
INSTALL
CURB INLET
TOP: 60.85
FL: 55.75

STA 6+91
INSTALL
CURB INLET
TOP: 61.01
FL: 55.88

STA 6+55
INSTALL
CURB INLET
TOP: 61.01
INV(N): 55.81
FL: 54.64

STA 9+60
INSTALL
CURB INLET
TOP: 60.86
FL: 55.52

STA 10+13
INSTALL
CURB INLET
TOP: 60.86
FL: 55.65

INSTALL
SET FL: 53.25

INSTALL
SET FL: 53.61
COMMON LOT "A"

PROP. 38 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "A")

PROP. 34 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "A")

PROP. 140 L.F. OF 60" RCP CLASS III STORM SEWER LINE (H.C.D.D. 1 MATERIAL/DEVELOPER LABOR)

PROP. 36 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "B")

PROP. 239 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "B")

PROP. 327 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "B")

PROP. 36 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.30% SLOPE (LINE "B")

PROP. 52 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "C")

PROP. 460 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "C")

PROP. 36 L.F. OF 30" RCP @ 0.20% SLOPE (LINE "A")

PROP. 87 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "C")

PROP. 53 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.40% SLOPE (LINE "A")

PROP. 245 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "C")

PROP. 67 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "C")

PROP. 270 L.F. OF 30" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "A")

PROP. 304 L.F. OF 30" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "A")

PROP. 148 L.F. OF 36" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "A")

PROP. 36 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "D")

PROP. 289 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "D")

PROP. 367 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.20% SLOPE (LINE "D")

PROP. 36 L.F. OF 24" RCP CLASS III STORM SEWER LINE @ 0.30% SLOPE (LINE "D")

PROP. 30.0' H.C.D.D. 1 R.O.W. DEDICATED BY THIS PLAT

36'X45' CITY OF MERCEDES EASEMENT (LIFT STATION)

THE FABIAN GUERRERO ET UX TRACT
8.000 ACRE TRACT OF LAND
DOC#2913337, H.C.D.R.
OUT OF LOT 8, BLOCK 65, CAPISALLO DISTRICT
SUBDIVISION, AS PER VOL. P, PG. 226, H.C.D.R.

LOT 8, BLOCK 65

THE CKAF COLUMBUS JOINT VENTURE TRACT
2.000 ACRE TRACT OF LAND
DOC#1732840, H.C.D.R.
OUT OF LOT 8, BLOCK 65, CAPISALLO DISTRICT
SUBDIVISION, AS PER VOL. P, PG. 226, H.C.D.R.

EXIST. 60.00' ROAD R.O.W.

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS · HOMERO LUIS GUTIERREZ · 136639 · LICENSED PROFESSIONAL ENGINEER

HOMERO LUIS GUTIERREZ, P.E. DATE: 10/02/23
REGISTERED PROFESSIONAL ENGINEER No. 136639

PROJECT NO: 23-053
PROJECT TITLE: THE STABLES ESTATES PAVING & DRAINAGE IMPROVEMENTS
PROJECT ADDRESS: MERCEDES, TEXAS

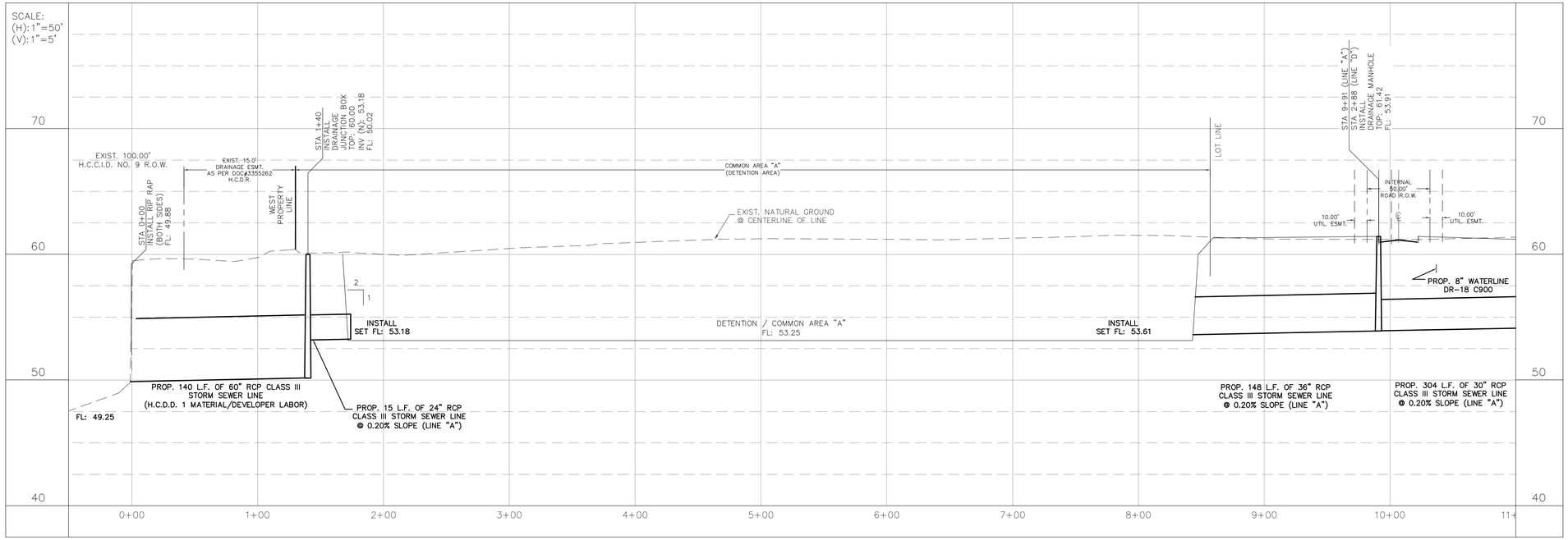
SCALE: 1"=60'

REVISIONS

1. 1/26/24 60" LABOR
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.

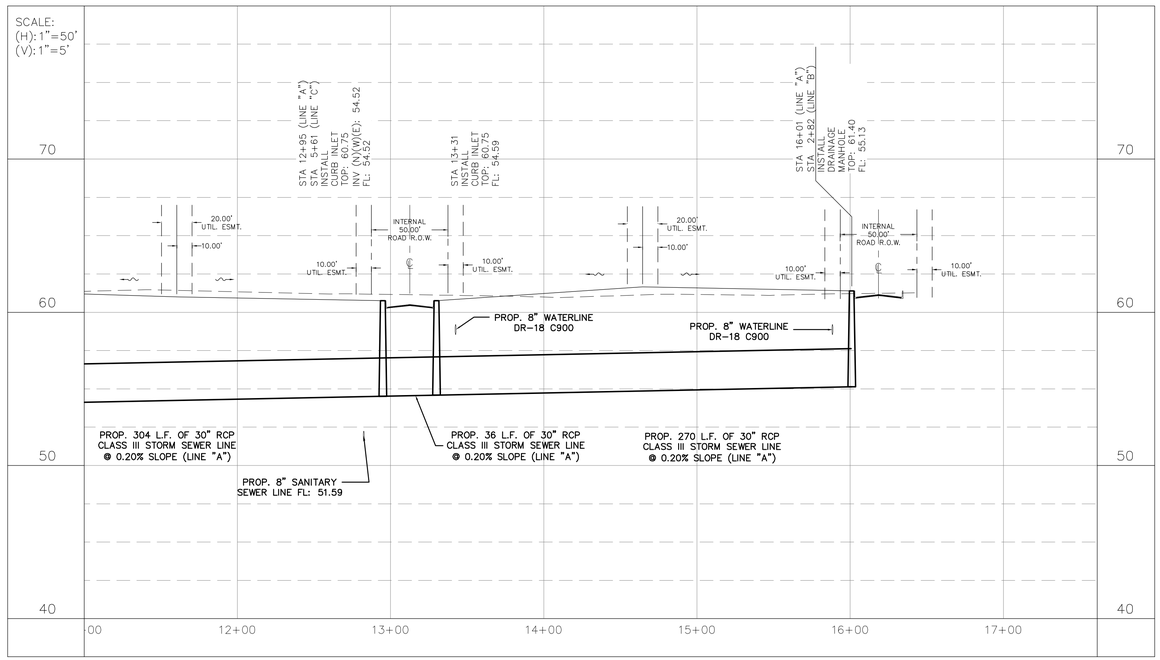
SHEET: 7
OF:



NOTES:

1. CONTRACTOR TO MATCH STORM SEWER SOFFITS.

STORM SEWER LINE "A"



NOTES:

1. CONTRACTOR TO MATCH STORM SEWER SOFFITS.

STORM SEWER LINE "A"

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ, P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
36639
LICENSED
PROFESSIONAL ENGINEER

HOMERO LUIS GUTIERREZ, P.E. DATE: 1/26/24
REGISTERED PROFESSIONAL ENGINEER No. 36639

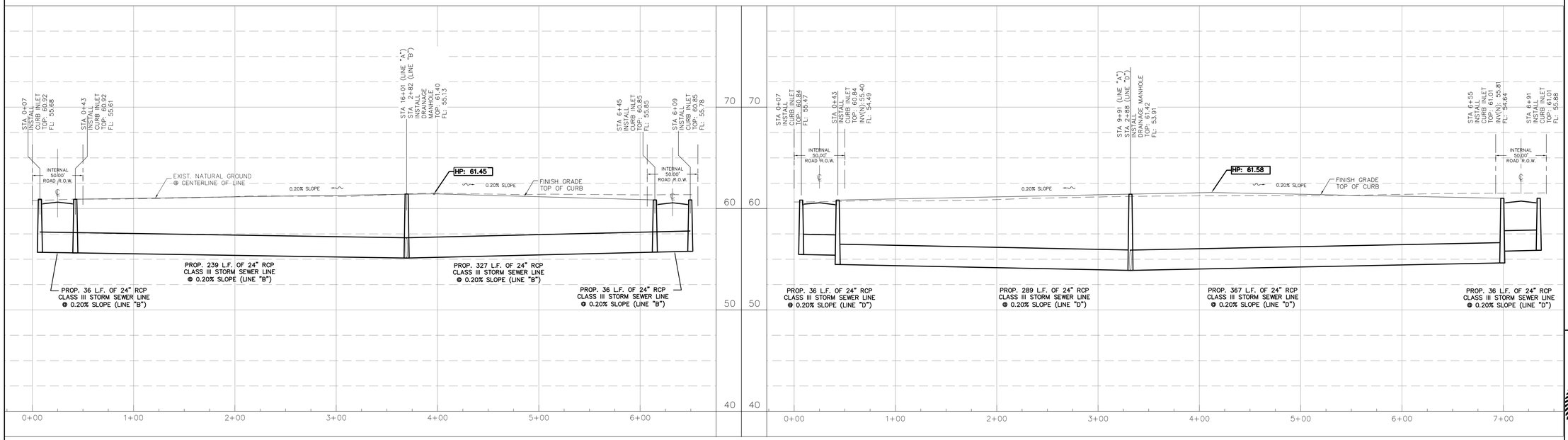
PROJECT NO: 23-053
PROJECT TITLE: THE STABLES ESTATES STORM SEWER PROFILES
PROJECT ADDRESS: MERCEDES, TEXAS

SCALE: 1"=50'

REVISIONS

1. 1/26/24 60" LABOR
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.
SHEET: 8
OF:

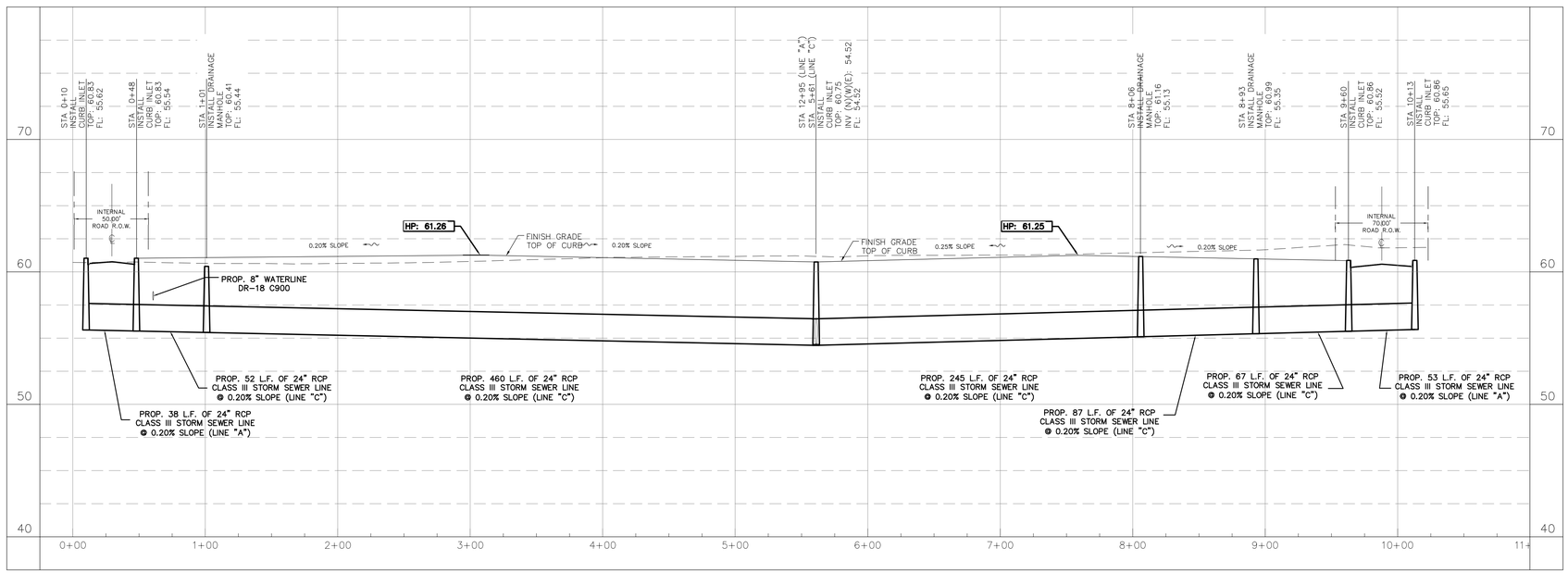


STORM SEWER LINE "B"

STORM SEWER LINE "D"

NOTES:

1. CONTRACTOR TO MATCH STORM SEWER SOFFITS.



STORM SEWER LINE "C"

NOTES:

1. CONTRACTOR TO MATCH STORM SEWER SOFFITS.

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
86649
LICENSED
PROFESSIONAL ENGINEER

HOMERO LUIS GUTIERREZ P.E. STATE No. 86649
REGISTERED PROFESSIONAL ENGINEER

PROJECT NO: 23-053
PROJECT TITLE: THE STABLES ESTATES
STORM SEWER
PROFILES
PROJECT ADDRESS:
MERCEDES, TEXAS

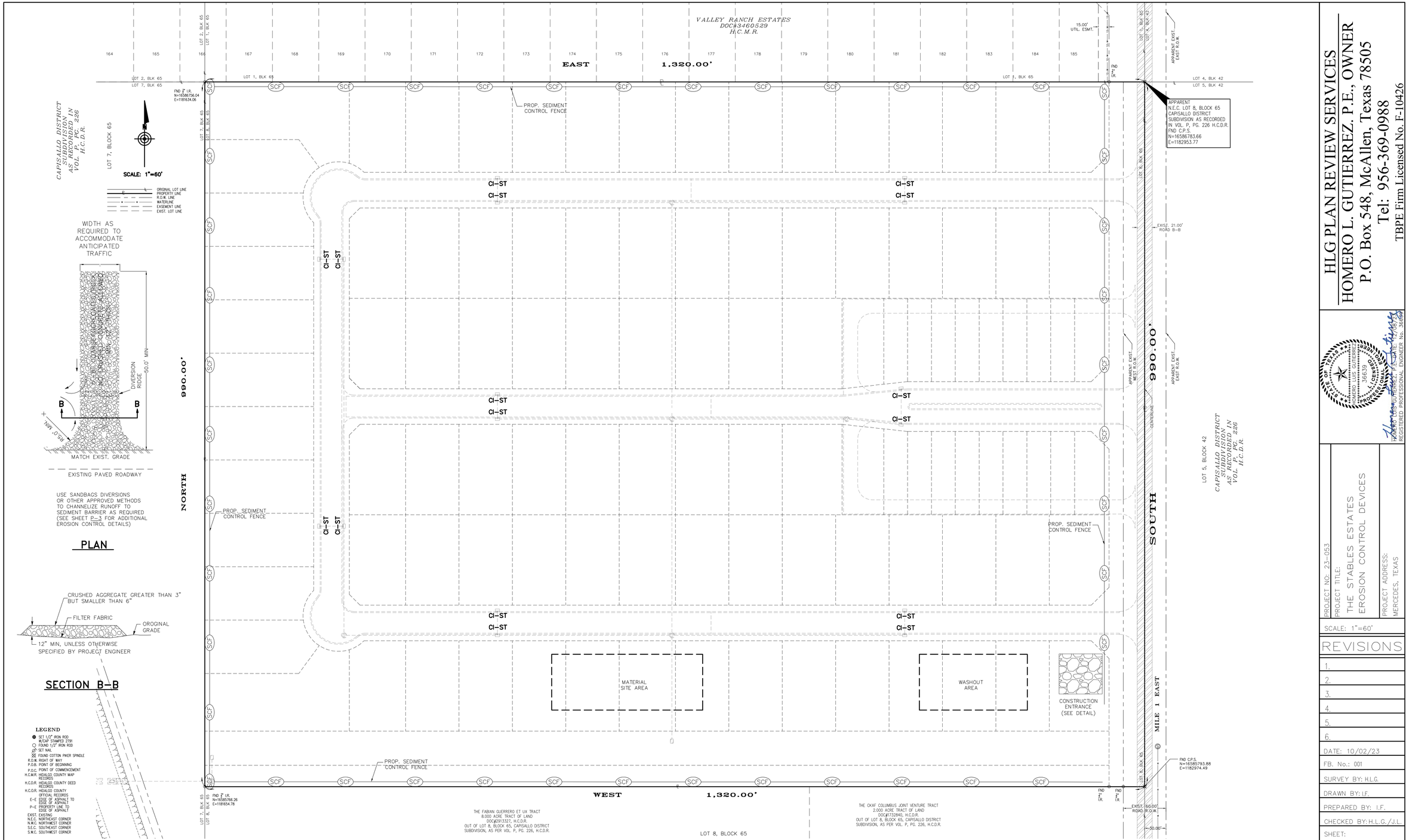
SCALE: 1"=50'

REVISIONS

1.
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.

SHEET: 9
OF:



WIDTH AS REQUIRED TO ACCOMMODATE ANTICIPATED TRAFFIC

EXISTING PAVED ROADWAY

USE SANDBAGS DIVERSIONS OR OTHER APPROVED METHODS TO CHANNELIZE RUNOFF TO SEDIMENT BARRIER AS REQUIRED (SEE SHEET P–3 FOR ADDITIONAL EROSION CONTROL DETAILS)

PLAN

SECTION B–B

LEGEND

- SET 1/2" IRON ROD W/CAP STAMPED 2791
- FOUND 1/2" IRON ROD
- SET NAIL
- FOUND COTTON PIKER SPINDLE

R.O.W. RIGHT OF WAY
P.O.B. POINT OF BEGINNING
P.O.C. POINT OF COMMENCEMENT
H.C.M.R. HIDALGO COUNTY MAP RECORDS
H.C.D.R. HIDALGO COUNTY DEED RECORDS
H.C.O.R. HIDALGO COUNTY OFFICIAL RECORDS
E–E EDGE OF ASPHALT TO EDGE OF ASPHALT
P–E PROPERTY LINE TO EDGE OF ASPHALT
EXIST. EXISTING
N.E.C. NORTHEAST CORNER
N.W.C. NORTHWEST CORNER
S.E.C. SOUTHEAST CORNER
S.W.C. SOUTHWEST CORNER

HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
86539
LICENSED
PROFESSIONAL ENGINEER

HOMERO LUIS GUTIERREZ P.E. STATE No. 86539
REGISTERED PROFESSIONAL ENGINEER No. 86539

PROJECT NO. 23-053
PROJECT TITLE:
THE STABLES ESTATES
EROSION CONTROL DEVICES
PROJECT ADDRESS:
MERCEDES, TEXAS

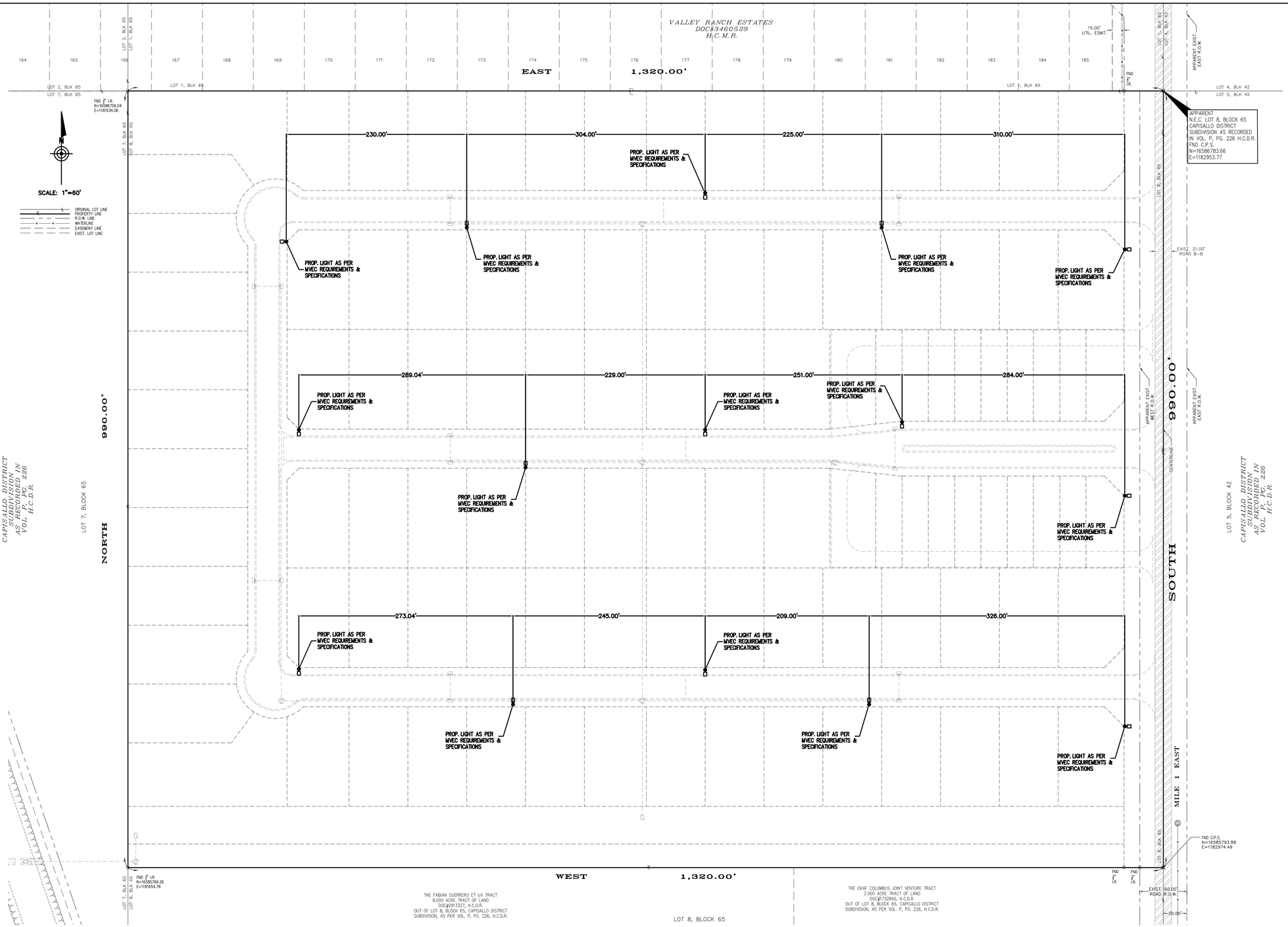
SCALE: 1"=60'

REVISIONS

1.
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.

SHEET: 10
OF:



HLG PLAN REVIEW SERVICES
HOMERO L. GUTIERREZ. P.E., OWNER
P.O. Box 548, McAllen, Texas 78505
Tel: 956-369-0988
TBPE Firm Licensed No. F-10426

STATE OF TEXAS
HOMERO LUIS GUTIERREZ
86539
LICENSED
PROFESSIONAL ENGINEER

HOMERO L. GUTIERREZ, P.E. STATE OF TEXAS No. 86539
REGISTERED PROFESSIONAL ENGINEER

PROJECT NO: 23-053
PROJECT TITLE: THE STABLES ESTATES LIGHTING PLAN
PROJECT ADDRESS: MERCEDES, TEXAS

SCALE: 1"=60'

REVISIONS
1.
2.
3.
4.
5.
6.

DATE: 10/02/23
FB. No.: 001
SURVEY BY: H.L.G.
DRAWN BY: I.F.
PREPARED BY: I.F.
CHECKED BY: H.L.G./J.L.

SHEET: 11
OF:

AGENDA ITEM NO. 9.B.

Management Items

DATE: January 6, 2026
FROM: Joselynn Castillo, City Secretary
ITEM: **Discussion and possible action to Consider and take action on the approval of the Interlocal Agreement between Hidalgo County Urban County Program and the City of Mercedes for FY 2025**

BACKGROUND INFORMATION: This is an interlocal agreement between Urban County and the City of Mercedes for FY 2025. The funds allocated to Mercedes is $251,932 for street improvement projects. The streets approved were Cedar Street from Garcia Ave. to Washington Ave. and Willacy Street from Vermont Ave. to Washington Ave.
These streets were submitted in 2024 by the previous Planning Director.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

ALTERNATIVES/OPTIONS: N/A

FISCAL IMPACT: (Total Costs)
Proposed Expenditure/(Revenue): **Account Number(s):**
$

Finance Review by: (Has finance reviewed it to make sure we have the funds Yes/No/Not Applicable)

LEGAL REVIEW: (Has the City Attorney reviewed it, if necessary Yes/No/ Not Applicable)

ATTACHMENTS:
1. 2025 City of Mercedes Interlocal Agreement

STAFF RECOMMENDATION: Approval of the Urban County Funds for FY 2025 in the amount of $251,932.00

INTERLOCAL AGREEMENT

STATE OF TEXAS §
§
COUNTY OF HIDALGO §

This Interlocal Agreement, made and entered into by and between the County of Hidalgo, a political subdivision of the State of Texas, hereafter referred to as the "County" and the **City of Mercedes**, a municipal corporation under the laws of the State of Texas, hereafter referred to as "City".

WITNESSETH

WHEREAS, the Department of Housing and Urban Development made a Determination of Essential Powers on November 16, 1987 which depicts Hidalgo County as having the "essential powers" to carry out community renewal and lower income housing assistance in the County, and

WHEREAS, the Department of Housing and Urban Development formally allocated **$7,417,209.00** of Fiscal Year **2025** Community Development Block Grant (CDBG) Funds under Grant No. **B-25-UC-48-0501** to County, and

WHEREAS, the City and County have entered into a Cooperation Agreement which allows the County to use the City's population as the basis for qualification as an Urban County, and

WHEREAS, both the County and the City need to set out basic administrative understandings for the proper expenditure of CDBG funds as set out in 24 CFR.570 and other related federal rules and regulations as they apply to Subrecipients.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That the County and the City do mutually agree as follows:

SECTION I
Rules and Regulations

The City agrees to cooperate with the County in respect to the implementation of CDBG activities to be carried out in the City's jurisdiction as per 24 CFR 570 and other rules, regulations and decisions as may be made by the Department of Housing and Urban Development or any other federal or state agency that may legally exercise its jurisdiction over expenditures of CDBG funds. Both City and County agree and understand that the County is the grantee for the CDBG funds and the City is subject to all rules and regulations governing Subrecipients under 24 CFR 570.

SECTION II
Applicability of Uniform
Administrative Requirements

The County understands that it is responsible for the maintenance, retention, accessibility and public disclosure of all records, expenditures and files as may be promulgated for the administration of CDBG funds and as may be required by 24 CFR 570 and the "Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments." (24 CFR Part 85) or any variation as may be approved by HUD The City agrees to work with the County to make available all data, information and records as may be necessary for the proper accounting of all CDBG expenditures and activities. A description of City

and County responsibilities can be found in Exhibit B Matrix. City agrees to make all records available to the County and shall not be the custodian of any official records or information.

City agrees to comply with 2 CFR Part 200 and with the following sections of 24 CFR Part 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Government":

(1) Section 85.3, "Definitions";
(2) Section 85.6, "Exceptions";
(3) Section 85.12, Special grant or subgrant conditions for "high-risk "grantees";
(4) Section 85.20, "Standards for financial management systems," except paragraph (a);
(5) Section 85.21, "Payment," except as modified by SS570.513;
(6) Section 85.22, "Allowable costs";
(7) Section 85.26, "Non-federal audits"
(8) Section 85.32, "Equipment," except in all cases in which the equipment is sold, the proceeds shall be program income;
(9) Section 85.33, "Supplies";
(10) Section 85.34, "Copyrights";
(11) Section 85.35, "Sub-awards to debarred and suspended parties";
(12) Section 85.36, "Procurement," except paragraph (a);
(13) Section 85.37, "Subgrants";
(14) Section 85.40, "Monitoring and reporting program performance," except paragraphs (b)-(d) and (f);
(15) Section 85.41, "Financial Reporting." except paragraphs (a), (b), and (e);
(16) Section 85.42, "Retention and access requirements for records";
(17) Section 85.43, "Enforcement";
(18) Section 85.44, "Termination for convenience";
(19) Section 85.51, "Later disallowances and adjustments"; and
(20) Section 85.52, "Collection of amounts due."

the City agrees to submit a yearly Certified City Financial Audit regardless of the dollar amount expended in that fiscal year in the time and manner prescribed by the County.

SECTION III
Other Program Requirements

The City agrees to comply with "Other Program Requirements" as listed in Exhibit D (24 CFR 570.600-611) except for the environmental responsibilities outlined at 24 CFR 570.604 and the review process under Executive Order 12372.

SECTION IV
Allocation

The City understands that the Urban County allocation has been set at **$7,417,209.00** for **Fiscal Year 2025** and that City's allotment has been set at **$251,932.00.** The City agrees to cooperate with the county in the expenditure of these funds for the activities so described in Exhibit A of this Agreement ant that Exhibit A is an integral part of this Agreement.

The City further agrees to inform the County on any changes in scope, funding or location of the activities listed on Exhibit A prior to executing any change. Any changes proposed by City must be approved by the County in reference to eligibility, program compliance and citizen participation requirements.

City and County mutually agree that the City shall have four (4) fiscal years to properly expend or cause to be expended, according to all applicable rules and regulations, all funds allocated to it in **Fiscal Year 2025.** In consideration for the same, the City agrees not to have more than 1.5 times its annual allocation in its line of credit by **April 30, 2026** ; Funds in excess of the 1.5 standards shall be subject to the Recapture by the Urban County Program, and/or any applicable Redistribution & Recapture Policy. The County shall recapture any and all unobligated funds that a City fails to expend or obligate, by **June 30, 2026** and shall expend such funds at the discretion of the Hidalgo County Commissioners' Court. The Hidalgo County Commissioners' Court may take any type of remedial action, including but not limited to Recapture, at any time to comply with any and all rules, regulations and decisions, and timeliness requirements as may be made by the Department of Housing and Urban Development or any other federal or state agency that may legally exercise its jurisdiction over expenditures of CDBG funds.

SECTION V
Access

The City and County both agree to give the Department of Housing and Urban Development, the Inspector General, the Comptroller General of the United States, or any of its authorized representatives, access to and the right to examine, excerpt and transcribe all books, accounts, records, reports, files and other papers, things, or property belonging to or in use by the City or County for a period as such records are legally required to be maintained by the City or County.

SECTION VI
Monitoring

The County reserves the right to carry out regular and periodic field inspections to ensure compliance with the requirements of this Agreement. City shall attend a compliance seminar after the award of funds and prior to the first draw. After each monitoring visit, County shall provide City with a written report of the monitor's inspection. If the monitoring report finds deficiencies in City's performance under the terms of this Agreement, the monitoring report shall include requirements for the timely correction of such deficiencies by City. Failure by City to take action as specified in the monitoring report may be cause for suspension or termination of this Agreement, as provided in Section XIV of this Agreement.

SECTION VII
Conflict of Interest

In compliance with 24 CFR 611, the City and County both covenant that no member of their respective governing bodies nor any staff member who exercises influence on the decision making process, presently has or will have any interest, direct or indirect, with any person, corporation**,** company or association that is hired to carry out any of the activities so listed on Exhibit A or will receive federal assistance from any activity.

The City and County both agree that no person who is an elected official, employee, consultant, or agent of the City or County shall gain any interest in any corporation, company, or association that is hired to carry out any of the activities so listed in Exhibit A during their tenure or for a period of one year thereafter.

No City or County employee, elected official, consultant and/or agent shall solicit nor accept gratuities, favors, or anything of monetary value from any person, corporation, company, or association that has been hired or expects to be hired to perform any of the activities so described on Exhibit A.

Code of Conduct Certification attached to this agreement must be signed by elected officials, employees, consultants, or agents to the City. (See attachment A-1)

SECTION VIII
Religious Activities

The City and County both agree that none of the funds expended or activities undertaken shall be used in support of any sectarian or religious activity, nor shall any building or structure funded under this program be used for sectarian or religious activities.

SECTION IX
Real and Property Assets

The City and County agree that any property, real or personal, duly acquired with CDBG funds allocated to City shall become property of the City and shall be afforded the same maintenance and protection as other City property. City and County further agree that any real or personal property acquired shall be done in accordance with 24 CFR 570.606, 24 CFR 85 and/or any other federal rules or regulations as may apply.

City agrees not to purchase any real or personal assets unless so permitted by the County and such procurement shall be done in accordance with 24 CFR 570.606, 24 CFR 85 and/or any other federal rules or regulations as may apply.

The City agrees to maintain any real or personal asset in a prudent manner so as to ensure its useful life and to protect the federal government's interest in such real or personal asset from the perils of fire, storm, flood or theft through insurance coverage in the amount as may be deemed prudent by County. Failure to secure such protection shall be cause for termination of this agreement.

Any asset acquired or improved in part or in whole with CDBG funds must be used in an activity that is eligible and meets one of the national objectives listed in 24 CFR 570.208. Any asset acquired or improved in part or in whole with CDBG funds in excess of $ 25,000 must be used for the CDBG activity so planned including the beneficiaries of such use. Any change in use or beneficiaries must be subject to the citizen participation requirements and approved by the County.

Should any use of an asset not qualify as meeting one of the national objectives or is not an eligible use under 24 CFR 570.200, the City shall reimburse the County the amount of the current fair market value of the asset less any portion thereof attributable to expenditures of non-CDBG funds in the acquisition or improvement of the asset.

The above requirements attributed to assets over $25,000 shall remain in force for a period of five years after the final closeout of the County's participation in the Urban County Program. The disposition of any asset improved or acquired in part or in whole with CDBG funds by the City must be done with prior approval of the County and the County shall be reimbursed for the asset, if sold, in the full amount of the disposed value of the asset. The County may, at its option, request that such asset be transferred to the County if the asset is no longer being used to meet one of the national objectives or in any case where the City no longer uses the asset for its intended use.

SECTION X

Jurisdiction

The City and County agree to accept the jurisdiction of the Department of Housing and Urban Development in matters relating to the proper administration of programs and the proper expenditure of CDBG funds.

The City and County agree that the County is responsible for the proper administration of programs and the proper expenditure of CDBG funds and recognize that the County will be responsible for audit or programmatic findings or exceptions made by the HUD or any other agency that may exercise jurisdiction over HUD or any other agency that may exercise jurisdiction over HUD funds or programs.

In cases of an audit finding or exception based on action or inaction, representation or misrepresentation of the City, the City agrees to resolve such audit finding or exception for and on behalf of the County. Remedial actions that may be taken for the resolution of an audit finding or exception are defined in 24 CFR 570.910 and include the withholding of funds to the City for any outstanding finding(s) or exception(s). (See Exhibit-E)

The City understands and agrees this Interlocal Agreement shall remain in full force and effect until the Department of Housing and Urban Development has closed this Program Year **(B-25-UC-48-0501)** and accepted any resolutions to any and all audit or programmatic finding(s) or concern(s).

SECTION XI
Payment Requests and Program Income

The City agrees to follow administrative directions from the County in the areas of documenting and processing payment requests. The City further agrees to allow the County to make all payments and to account for all program income from any of its CDBG activities that may generate program income as outlined in this Section.

The City and County agree that program income generated from any approved CDBG project shall be retained by the City as long as such City provides the County by the 15th of each month, an accounting as may be required by the County of program income earned, retained, and expended by the City. The City shall be allowed to use the program income for the same or similar activities as generated the program income. Failure of the City to report program income as required shall cause the County to require all program income to be recovered by the County.

SECTION XII
Section 108 Loan Guarantee

County and City both agree that they may implement certain eligible activities as outlined in 24 CFR 570.703 with loan funds from the Section 108 Loan Guarantee Program as described in 24 CFR 570.700-709 approved and adopted November 6, 1991 (Vol. 56, No. 215 Federal Register).

The County and City will be allowed to submit an application for such funds per funding year in an amount less than three times its current allocation. Should the City or County submit more than one application during any combination of years, the cumulative amount of loan funds requested shall not exceed the total amount of five years of the current allocation. The City agrees that it will bear the full expense of obtaining Section 108 financing for the period of the repayment of Section 108 funds.

The County and City agree that they will maintain a legal binding relationship with each other under the terms of this Agreement and all previously signed Cooperation Agreement if the City wishes to participate in the Section 108 Loan Guarantee Program for the full term of the Section 108 Loan Agreement. The City agrees to pledge its current and future CDBG allocation and other security consideration as may be required, depending on the project risk, as security for the Section 108 Loan and such security pledge shall not bind or affect other cities' allocation in the Urban County Program.

Such legal binding relationship and security pledge shall remain in full force and effect for the full term of the Section 108 Loan Guarantee agreement and this agreement shall survive for the term of the Section 108 Loan. Details of any current Section 108 loan are included herein as Exhibit C, if applicable.

SECTION XIII
Legal Action

The City agrees to notify the County when a problem arises that may lead to any legal action or claim against the City and/or County. The City agrees to furnish to the County any information with respect to such action or claim. The City agrees not to take any action with respect to any legal matter or claim sought against the City and/or County without advice and consent of the County.

SECTION XIV
Suspension and Termination

City understands that this agreement may be suspended or terminated in accordance with 24 CFR 85.43 if the City materially fails to comply with the provisions of this agreement or the provisions so listed on Exhibits A through E. Termination for convenience may be implemented in accordance to the provisions listed in 24 CFR 85.44.

SECTION XV
Changes or Amendments

The City agrees to notify the County on any changes or amendments that it may desire or need to carry out the CDBG program in its area. All changes or amendments must first obtain approval from the County prior to implementation. All changes or amendments must conform to all federal rules and regulations applicable to the CDBG program.

SECTION XVI
Essential Powers

The City agrees that the County has the essential powers to implement any aspect of those activities identified in the 2023-2027 Five-Year Consolidated Plan & Strategy inclusive of specific projects identified in the annual One-Year Action Plan and subsequent amendments. The City further agrees to allow the County the authority to initiate, undertake and implement said projects within its jurisdictional boundaries without further notice to City by County for all projects identified in the 2023-2027 Five-Year Consolidated Plan & Strategy, Annual Action Plan and subsequent amendments to the Plans herein incorporated by reference.

Approved and signed this _____ Day of _____, 2025.

ATTEST:

Arturo Guajardo, Jr.	**Richard F. Cortez,**
County Clerk	**Hidalgo County Judge**

ATTEST:

City Secretary	**Mayor**

APPROVED AS TO FORM
Hidalgo County Criminal District Attorney's Office
Toribio "Terry" Palacios

By: _____
Victor M. Garza, Asst. District Attorney

Date:_____

The following Exhibits are incorporated into the 2025 Interlocal Agreement:

Exhibit A	2025 Proposed Activities
Exhibit A-1	Code of Conduct Enforcement
Exhibit B	Urban County Program Matrix
Exhibit C	Section 108 Loan Guarantee Program
Exhibit D	CDBG Regulations and other Program Requirements
Exhibit E	Audit Finding or Exceptions

Exhibit A
2025 Proposed Activities

2025	MERCEDES	$251,932.00
03K **Cat. Subj. to 58.5 (a) (1)** **Converts to Exempt**	**STREET IMPROVEMENTS** Project consists of street paving (overlay) of streets, curb and gutter repair where needed to include but not limited adjacent/abutting streets within the same general vicinity. Other expenditure include professional engineering services, surveying, geotechnical and construction material testing fees, and advertisement as needed. Locations: 1. Cedar St. (From Garcia Ave. to Washington Ave.) 2. Willacy St. (Vermont Ave to Washington Ave.) Mercedes, TX 78570 Census Data: 231.04 (1), 231.04 (2) National Objective: 68.80%/77.10% LMA Goal Outcome Indicator: 2,635 Beneficiary Type: People	**$251,932.00**

Exhibit A-1
Code of Conduct Certifications

CODE OF CONDUCT

No employee, officer or agent of the ***County of Hidalgo-Urban County Program, sub-grantee or subrecipient*** shall participate in selection or in the award or administration of a contract or conduct business with a vendor if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

A. ***the employee, officer or any agent***
B. ***any member of his immediate family***
C. ***his or her partner***
D. ***an organization which employs or is about to employ, any of the above, has a financial or other interest in the firm selected for award.***

The *Urban County Program's* ***, sub-grantee or subrecipient,*** *officers, employees or agents* shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements, or vendors or potential vendors. Depending on gravity, violation of this Code of Conduct could result in dismissal, probation or suspension of officers, employees or agents involved or termination of contractual agreements with subrecipients.

Non-disclosure Policy

No disclosure of verbal or written price quotations shall be made by any *Urban County Program* employee, sub-grantee or subrecipient. Violation of the nondisclosure policy shall be subject to disciplinary action as provided by the *County of Hidalgo* or termination of contractual agreements when a subrecipient/sub-grantee employee is involved.

Personal Interest

No member of the *Hidalgo County Commissioners or any officer or employee of the Urban County Program****, sub-grantee or subrecipient*** shall have a financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any contract or in the sale to the *Urban County Program****, sub-grantee or subrecipient*** or to a contractor supplying the *Urban County Program****, sub-grantee or subrecipient*** of any land or rights or interest in any land, material, supplies, or services, or in any matter in which he acts for the *Urban County Program*. Any willful violation of this section shall constitute malfeasance in office, and any officer or employee of the *Urban County Program****, sub-grantee or subrecipient*** found guilty shall thereby forfeit his or her office. Any violation of this section with the knowledge, express or implied, of the person or corporation contracting with the *Urban County Program****, sub-grantee or subrecipient*** shall render the contract voidable by the *Urban County Director or the board of Commissioners.*

Employee, Officer, or Agent Acknowledgment	***Print or Type Name and Position/Title***
Entity/Organization Name	***Date***

CODE OF CONDUCT

No employee, officer or agent of the ***County of Hidalgo-Urban County Program, sub-grantee or subrecipient*** shall participate in selection or in the award or administration of a contract or conduct business with a vendor if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

A. ***the employee, officer or any agent***
B. ***any member of his immediate family***
C. ***his or her partner***
D. ***an organization which employs or is about to employ, any of the above, has a financial or other interest in the firm selected for award.***

The *Urban County Program's* ***, sub-grantee or subrecipient,*** *officers, employees or agents* shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements, or vendors or potential vendors. Depending on gravity, violation of this Code of Conduct could result in dismissal, probation or suspension of officers, employees or agents involved or termination of contractual agreements with subrecipients.

Non-disclosure Policy No disclosure of verbal or written price quotations shall be made by any *Urban County Program* employee, sub-grantee or subrecipient. Violation of the nondisclosure policy shall be subject to disciplinary action as provided by the *County of Hidalgo* or termination of contractual agreements when a subrecipient/sub-grantee employee is involved.

Personal Interest No member of the *Hidalgo County Commissioners or any officer or employee of the Urban County Program****, sub-grantee or subrecipient*** shall have a financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any contract or in the sale to the *Urban County Program****, sub-grantee or subrecipient*** or to a contractor supplying the *Urban County Program****, sub-grantee or subrecipient*** of any land or rights or interest in any land, material, supplies, or services, or in any matter in which he acts for the *Urban County Program*. Any willful violation of this section shall constitute malfeasance in office, and any officer or employee of the *Urban County Program****, sub-grantee or subrecipient*** found guilty shall thereby forfeit his or her office. Any violation of this section with the knowledge, express or implied, of the person or corporation contracting with the *Urban County Program****, sub-grantee or subrecipient*** shall render the contract voidable by the *Urban County Director or the board of Commissioners.*

Employee, Officer, or Agent Acknowledgment	***Print or Type Name and Position/Title***
Entity/Organization Name	***Date***

CODE OF CONDUCT

No employee, officer or agent of the ***County of Hidalgo-Urban County Program, sub-grantee or subrecipient*** shall participate in selection or in the award or administration of a contract or conduct business with a vendor if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

A. ***the employee, officer or any agent***
B. ***any member of his immediate family***
C. ***his or her partner***
D. ***an organization which employs or is about to employ, any of the above, has a financial or other interest in the firm selected for award.***

The *Urban County Program's* ***, sub-grantee or subrecipient,*** *officers, employees or agents* shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements, or vendors or potential vendors. Depending on gravity, violation of this Code of Conduct could result in dismissal, probation or suspension of officers, employees or agents involved or termination of contractual agreements with subrecipients.

Non-disclosure Policy No disclosure of verbal or written price quotations shall be made by any *Urban County Program* employee, sub-grantee or subrecipient. Violation of the nondisclosure policy shall be subject to disciplinary action as provided by the *County of Hidalgo* or termination of contractual agreements when a subrecipient/sub-grantee employee is involved.

Personal Interest No member of the *Hidalgo County Commissioners or any officer or employee of the Urban County Program****, sub-grantee or subrecipient*** shall have a financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any contract or in the sale to the *Urban County Program****, sub-grantee or subrecipient*** or to a contractor supplying the *Urban County Program****, sub-grantee or subrecipient*** of any land or rights or interest in any land, material, supplies, or services, or in any matter in which he acts for the *Urban County Program*. Any willful violation of this section shall constitute malfeasance in office, and any officer or employee of the *Urban County Program****, sub-grantee or subrecipient*** found guilty shall thereby forfeit his or her office. Any violation of this section with the knowledge, express or implied, of the person or corporation contracting with the *Urban County Program****, sub-grantee or subrecipient*** shall render the contract voidable by the *Urban County Director or the board of Commissioners.*

Employee, Officer, or Agent Acknowledgment	***Print or Type Name and Position/Title***
Entity/Organization Name	***Date***

CODE OF CONDUCT

No employee, officer or agent of the ***County of Hidalgo-Urban County Program, sub-grantee or subrecipient*** shall participate in selection or in the award or administration of a contract or conduct business with a vendor if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

A. the employee, officer or any agent
B. any member of his immediate family
C. his or her partner
D. an organization which employs or is about to employ, any of the above, has a financial or other interest in the firm selected for award.

The *Urban County Program's* ***, sub-grantee or subrecipient,*** *officers, employees or agents* shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements, or vendors or potential vendors. Depending on gravity, violation of this Code of Conduct could result in dismissal, probation or suspension of officers, employees or agents involved or termination of contractual agreements with subrecipients.

Non-disclosure Policy

No disclosure of verbal or written price quotations shall be made by any *Urban County Program* employee, sub-grantee or subrecipient. Violation of the nondisclosure policy shall be subject to disciplinary action as provided by the *County of Hidalgo* or termination of contractual agreements when a subrecipient/sub-grantee employee is involved.

Personal Interest

No member of the *Hidalgo County Commissioners or any officer or employee of the Urban County Program****, sub-grantee or subrecipient*** shall have a financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any contract or in the sale to the *Urban County Program****, sub-grantee or subrecipient*** or to a contractor supplying the *Urban County Program****, sub-grantee or subrecipient*** of any land or rights or interest in any land, material, supplies, or services, or in any matter in which he acts for the *Urban County Program*. Any willful violation of this section shall constitute malfeasance in office, and any officer or employee of the *Urban County Program****, sub-grantee or subrecipient*** found guilty shall thereby forfeit his or her office. Any violation of this section with the knowledge, express or implied, of the person or corporation contracting with the *Urban County Program****, sub-grantee or subrecipient*** shall render the contract voidable by the *Urban County Director or the board of Commissioners.*

Employee, Officer, or Agent Acknowledgment	***Print or Type Name and Position/Title***
Entity/Organization Name	***Date***

CODE OF CONDUCT

No employee, officer or agent of the ***County of Hidalgo-Urban County Program, sub-grantee or subrecipient*** shall participate in selection or in the award or administration of a contract or conduct business with a vendor if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

A. ***the employee, officer or any agent***
B. ***any member of his immediate family***
C. ***his or her partner***
D. ***an organization which employs or is about to employ, any of the above, has a financial or other interest in the firm selected for award.***

The *Urban County Program's* ***, sub-grantee or subrecipient,*** *officers, employees or agents* shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements, or vendors or potential vendors. Depending on gravity, violation of this Code of Conduct could result in dismissal, probation or suspension of officers, employees or agents involved or termination of contractual agreements with subrecipients.

Non-disclosure Policy No disclosure of verbal or written price quotations shall be made by any *Urban County Program* employee, sub-grantee or subrecipient. Violation of the nondisclosure policy shall be subject to disciplinary action as provided by the *County of Hidalgo* or termination of contractual agreements when a subrecipient/sub-grantee employee is involved.

Personal Interest No member of the *Hidalgo County Commissioners or any officer or employee of the Urban County Program****, sub-grantee or subrecipient*** shall have a financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any contract or in the sale to the *Urban County Program****, sub-grantee or subrecipient*** or to a contractor supplying the *Urban County Program****, sub-grantee or subrecipient*** of any land or rights or interest in any land, material, supplies, or services, or in any matter in which he acts for the *Urban County Program*. Any willful violation of this section shall constitute malfeasance in office, and any officer or employee of the *Urban County Program****, sub-grantee or subrecipient*** found guilty shall thereby forfeit his or her office. Any violation of this section with the knowledge, express or implied, of the person or corporation contracting with the *Urban County Program****, sub-grantee or subrecipient*** shall render the contract voidable by the *Urban County Director or the board of Commissioners.*

Employee, Officer, or Agent Acknowledgment	***Print or Type Name and Position/Title***
Entity/Organization Name	***Date***

Exhibit B
Urban County Matrix

Pre-Bid Activities

Development of Annual Workplan

This activity is a city responsibility with the county involvement only as is necessary to assure that the individual activities meet one of the three national objectives.

Revisions or Amendments to Annual Workplan

Same as above (only two amendments allowed per fiscal year)

Eligibility Test on Activities

This is a county responsibility working with the cities to assure all activities meet one of the three national objectives. The County will assure that the 51 percent benefit to low and moderate income persons can be verified and that the activities are eligible for funding. The county may request an eligibility determination from HUD should a difference of opinion arise between the City and the County.

Public Hearings

This responsibility will be a shared responsibility between the Cities and the County. In accordance with the adopted Citizen Participation Plan, the Cities will conduct a public hearing in their respective Cities after public notice. The County will then have a second public hearing at the County level on the county-wide workplan, after public notice.

Environmental Assessment

This is a County responsibility with concurrence and assistance by the Cities. The County will determine what level of clearance is needed and will do noise, hazard, historical, floodplain, etc. assessments as may be needed with as much city input as possible. The County Judge will consider the “do nothing” alternative after consultation with the respective Mayors. The County Judge and or UCP Staff will direct all mitigation efforts if necessary. The County Judge will sign all environmental assessment reviews and findings. (A County Signatory may be appointed: UCP Director)

Advertise for Professional Services

This is a County responsibility whereby the County will advertise once a year for all professional services through a statement of qualifications process. The County will provide all data concerning proposed activities and type of services needed. This list will be sent to all Cities so that the Cities may decide on the professional services as they see the need for the services. Should a city need services not available from the list (UC-1 List) of Professional Services, the City shall advertise for the service after consulting with the Urban County Program staff.

Selection of Professional Services Provider

This is a City and County shared responsibility, based on the Texas Local Government code and other applicable laws and regulations. County will make sure that the provider is not a contractor's debarred list by consulting with the System for Award Management (SAM) website (www.sam.gov), prior to recommendation for awarding a contractor to Hidalgo County Commissioner's Court.

Execute Professional Contracts

The City will negotiate the Professional Service Contract, and submit a Best and Final Offer (BAFO) along with Scope of Services, Project Cost Estimate, Certificate of Debarment, CIQ Form and IRS W-9 Form. The County will prepare the Professional Contract Agreement documents and submit to Hidalgo County Commissioner's Court for approval of contract. Any modifications to the County contracts require prior approval of the County Legal Department. Once approved, the County will forward the contracts to the Professional Service Provider for proper signatures, they will return to the County for the County's execution and County will issue Notice to Proceed.

Review of Preliminary Drawings

This is a city responsibility.

Solicit Davis-Bacon Wage Rates

This is a County responsibility. The County will obtain wage rates from HUD for specific projects and will forward wage rates to the respective Cities and the Professional Service Provider to include in the bid specification packages.

Review and Approval of Final Plans and Specifications

This is a City responsibility where by the Mayor's signature will be required on all plans and specifications prior to bidding. Final plans should be forwarded to Urban County Program office prior to bid advertisement for compliance check.

Advertise for Construction Bid

This is a County responsibility. The County will advertise for all construction projects and will instruct bidders as to the availability of plans and specs, (to be picked up at Professional Service Provider's choice of location), and will advise bidders as to who will accept bids. (Hidalgo County Purchasing Department – any given Wednesday at 9:30am)

Pre-Bid Conference

This is a County responsibility. County will conduct a pre-bid conference if necessary at the Urban County program Conference Room, accompanied by the Professional Service Provider and the project's respective City.

Bid Activities

Ten Day Wage Rate Check

This is a County responsibility. Ten days prior to any bid opening, the County will ascertain as to the applicability of the wage rate in the bid documents. Should the wage rate change all appropriate engineers will be notified and instructed to change wage rates.

Accept Construction Bids

This is a County Purchasing Department responsibility. The Hidalgo County Purchasing Department will accept bids as per the conditions set forth in the specification handbook.

Accept and Tabulate Bids

This is a County Purchasing Department responsibility with an Urban County, City, and Professional Service Provider representative at bid opening. The respective Professional Service Provider will review the bids received and make their recommendation to the Urban County Program.

Research Apparent Low Bidder

This is a shared responsibility. The respective Professional Service Provider will research and review apartment low bidder's past performances and their bids. The Urban County program will research the list of Debarred Contractor's and make a finding in the regard.

Bid Recommendation

This is a City responsibility. The respective Professional Service Provider will recommend the lowest and most responsible bid to the City. The city will send a recommendation to the County. County will request approval by Hidalgo County Commissioner's Court for approval of contract.

Contract Award

The County upon approval by Hidalgo County Commissioner's Court will prepare the contract documents and forward them to the approved Contractor for execution.

Pre-Construction Activities

Construction Contract and Bonds

This is a shared responsibility. The Professional Service Provider will coordinate the execution of construction contracts to include Insurance, Payment and Performance Bonds. Once they receive four (4) original set of construction contracts they will submit to the County for execution. Any modifications to the construction contracts require prior review by Legal Department and approval by Hidalgo County Commissioner's Court.

Pre-Construction Conference

The Urban County Program will conduct a Pre-construction conference to inform the contractor of the various federal regulations such as Affirmative Action, Section 3 Compliance, and Davis-Bacon Wage Compliance. The Pre-construction conference will be held at the Urban County Program

Conference Room, with the city and professional service provider representatives present. Once contracts are signed, County will prepare and issue a Notice to Proceed.

Document Posting and Construction Signs

This is a shared responsibility. The city and Professional Service Provider will ensure itself that the appropriate documents are posted at the site and that the construction sign is erected.

Construction Activities

Davis-Bacon Compliance
This is a shared responsibility. The City may be asked to conduct wage rate employee interviews. The County will conduct wage rate interviews and review wage rates on payroll reports submitted with request for payments.

Periodic Project Inspections

This is a shared responsibility. The City, County, and Professional Service Providers will conduct periodic site inspections of the project site.

Payment Request Approval

This is a shared responsibility. The Professional Service Provider will review and sign off on request for payments and forward RFP to the City for signature and approval, and forward the final RFP to the County for review and approval of payment.

Change Orders

This is a shared responsibility. Professional Service Provider will recommend any change orders after negotiating said change order with the contractor. All change orders must have City's approval prior to submission to County for review and approval.

Contract Amendment

This is a shared responsibility. The City will recommend any contract amendments to the County. County will consider and take appropriate action to approve or deny the contract amendment if necessary.

Final Payment Approval

This is a shared responsibility. The City and Professional Service Provider will conduct final project site inspections to ensure that construction has been completed as per plans and specifications prior to submitting final request for payment recommendation to the County. County will ensure that all applicable laws and regulations have been complied with. County will review wage rate compliance, release of liens, certification of construction completion, warranty certification and other pertinent documents.

Exhibit C
Section 108 Loan Guarantee Program

Introduction

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. Section 108 loans are not risk-free, however; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan.

Regulations governing the Section 108 program may be found at 24 CFR 570, Subpart M, Loan Guarantees.

Eligible Applicants

Eligible applicants include the following public entities:

- metropolitan cities and urban counties (i.e. CDBG entitlement recipients);
- nonentitlement communities that are assisted in the submission of applications by States that administer the CDBG program; and
- nonentitlement communities eligible to receive CDBG funds under the HUD-Administered Small Cities CDBG program (Hawaii). The public entity may be the borrower or it may designate a public agency as the borrower.

Eligible Activities

Activities eligible for Section 108 financing include:

- economic development activities eligible under CDBG;
- acquisition of real property;
- rehabilitation of publicly owned real property;
- housing rehabilitation eligible under CDBG;
- construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements);
- related relocation, clearance, and site improvements;
- payment of interest on the guaranteed loan and issuance costs of public offerings;
- debt service reserves;
- public works and site improvements in colonias; and
- in limited circumstances, housing construction as part of community economic development, Housing Development Grant, or Nehemiah Housing Opportunity Grant programs.

For purposes of determining eligibility, the CDBG rules and requirements apply. As with the CDBG program, all projects and activities must either principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community.

Maximum Commitment Amount

Commitments are limited as follows:

1. Entitlement public entities. An entitlement public entity may apply for up to five times the public entity's latest approved CDBG entitlement amount, minus any outstanding Section 108 commitments and/or principal balances of Section 108 loans.

2. State assisted public entities. A nonentitlement public entity may apply for up to five times the latest approved CDBG amount received by its State, minus any outstanding Section 108 commitments and/or principal balances on Section 108 loans for which the State has pledged its CDBG funds as security.

3. Nonentitlement public entities eligible under the HUD administered Small Cities Program. For a public entity in Hawaii, the maximum commitment amount is five times the public entity's latest grant under 24 CFR 570, Subpart F, minus any outstanding Section 108 commitments and/or principal balances on Section 108 loans.

Loan Details

Security: The principal security for the loan guarantee is a pledge by the applicant public entity or the State (in the case of a nonentitlement public entity) of its current and future CDBG funds. Additional security will also be required to assure repayment of guaranteed obligations. The additional security requirements will be determined on a case-by-case basis, but could include assets financed by the guaranteed loan.

Repayment: The maximum repayment period for a Section 108 loan is twenty years. HUD has the ability to structure the principal amortization to match the needs of the project and borrower. Each annual principal amount will have a separate interest rate associated with it.

Financing Source: Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD.

Interest Rates: Interest rates on interim borrowing are priced at the 3 month London Interbank Offered (LIBO) rate plus 20 basis points (0.2%). Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate.

Default: To date, there has been no default under Section 108 resulting in a repayment by HUD. In the event of default requiring a payment, HUD would continue to make payments on the loan in accordance with its terms. The source of payments by HUD pursuant to its guarantee would almost always be pledged CDBG funds. However, HUD does have borrowing authority with the U.S. Treasury if the pledged funds are insufficient.

For More Information visit www.hud.gov

Source: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/108

Exhibit D
CDBG Regulations and Other Program Requirements

Subpart A—General Provisions

SOURCE: 53 FR 34437, Sept. 6, 1988, unless otherwise noted.

§ 570.1 Purpose and primary objective.

(a) This part describes policies and procedures applicable to the following programs authorized under title I of the Housing and Community Development Act of 1974, as amended:

(1) Entitlement grants program (subpart D);

(2) Nonentitlement Funds: HUD-administered Small Cities and Insular Area programs (subpart F);

(3) State program: State-administered CDBG nonentitlement funds (subpart I);

(4) Special Purpose Grants (subpart E);

(5) Urban Development Action Grant program (subpart G); and

(6) Loan Guarantees (subpart M).

(b) Subparts A, C, J, K, and O apply to all programs in paragraph (a) except as modified or limited under the provisions of these subparts or the applicable program regulations. In the application of the subparts to Special Purpose Grants or the Urban Development Action Grant program, the reference to funds in the form of grants in the term *"CDBG funds",* as defined in § 570.3, shall mean the grant funds under those programs. The subparts do not apply to the State program (subpart I) except to the extent expressly referred to.

(c) The primary objective of the programs authorized under title I of the Housing and Community Development Act of 1974, as amended, is described in section 101(c) of the Act (42 U.S.C. 5301(c)).

[53 FR 34437, Sept. 6, 1988, as amended at 56 FR 56126, Oct. 31, 1991; 61 FR 11475, Mar. 20, 1996; 69 FR 32778, June 10, 2004]

§ 570.3 Definitions.

The terms *HUD* and *Secretary* are defined in 24 CFR part 5. All of the following definitions in this section that rely on data from the United States Bureau of the Census shall rely upon the data available from the latest decennial census.

Act means title I of the Housing and Community Development Act of 1974 as amended (42 U.S.C. 5301 *et seq.*).

Age of housing means the number of year-round housing units, as further defined in section 102(a)(11) of the Act.

Applicant means a State or unit of general local government that makes application pursuant to the provisions of subpart E, F, G or M.

Buildings for the general conduct of government shall have the meaning provided in section 102(a)(21) of the Act.

CDBG funds means Community Development Block Grant funds, including funds received in the form of grants under subpart D, F, or § 570.405 of this part, funds awarded under section 108(q) of the Housing and Community Development Act of 1974, loans guaranteed under subpart M of this part, urban renewal surplus grant funds, and program income as defined in § 570.500(a).

Chief executive officer of a State or unit of general local government means the elected official or the legally designated official, who has the primary responsibility for the conduct of that entity's governmental affairs. Examples of the "chief executive officer" of a unit of general local government are: the elected mayor of a municipality; the elected county executive of a county; the chairperson of a county commission or board in a county that has no elected county executive; and the official designated pursuant to law by the governing body of a unit of general local government.

City means the following:

(1) For purposes of Entitlement Community Development Block Grant and Urban Development Action Grant eligibility:

(i) Any unit of general local government that is classified as a municipality by the United States Bureau of the Census, or

(ii) Any other unit of general local government that is a town or township and that, in the determination of the Secretary:

(A) Possesses powers and performs functions comparable to those associated with municipalities;

(B) Is closely settled (except that the Secretary may reduce or waive this requirement on a case by case basis for the purposes of the Action Grant program); and

(C) Contains within its boundaries no incorporated places as defined by the United States Bureau of the Census that have not entered into cooperation agreements with the town or township for a period covering at least 3 years to undertake or assist in the undertaking of essential community development and housing assistance activities. The determination of eligibility of a town or township to qualify as a city will be based on information available from the United States Bureau of the Census and information provided by the town or township and its included units of general local government.

(2) For purposes of Urban Development Action Grant eligibility only, Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, the counties of Kauai, Maui, and Hawaii in the State of Hawaii, and Indian tribes that are eligible recipients under the State and Local Government Fiscal Assistance Act of 1972 and located on reservations in Oklahoma as determined by the Secretary of the Interior or in Alaskan Native Villages.

Community Development Financial Institution has the same meaning as used in the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 note).

Consolidated plan. The plan prepared in accordance with 24 CFR part 91, which describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD programs, including the CDBG program. An approved consolidated plan means a consolidated plan that has been approved by HUD in accordance with 24 CFR part 91.

Discretionary grant means a grant made from the various Special Purpose Grants in accordance with subpart E of this part.

Entitlement amount means the amount of funds which a metropolitan city is entitled to receive under the Entitlement grant program, as determined by formula set forth in section 106 of the Act.

Extent of growth lag shall have the meaning provided in section 102(a)(12) of the Act.

Extent of housing overcrowding shall have the meaning provided in section 102(a)(10) of the Act.

Extent of poverty means the number of persons whose incomes are below the poverty level based on data compiled and published by the United States Bureau of the Census available from the latest census referable to the same point or period in time and the latest reports from the Office of Management and Budget. For purposes of this part, the Secretary has determined that it is neither feasible nor appropriate to make adjustments at this time in the computations of "extent of poverty" for regional or area variations in income and cost of living.

Family refers to the definition of "family" in 24 CFR 5.403.

Household means all persons occupying a housing unit. The occupants may be a family, as defined in 24 CFR 5.403; two or more families living together; or any other group of related or unrelated persons who share living arrangements, regardless of actual or perceived, sexual orientation, gender identity, or marital status.

Income. For the purpose of determining whether a family or household is low- and moderate-income under subpart C of this part, grantees may select any of the three definitions listed below for each activity, except that integrally related activities of the same type and qualifying under the same paragraph of § 570.208(a) shall use the same definition of income. The option to choose a definition does not apply to activities that qualify under § 570.208(a)(1) (Area benefit activities), except when the recipient carries out a survey under § 570.208(a)(1)(vi). Activities qualifying under § 570.208(a)(1) generally must use the area income data supplied to recipients by HUD. The three definitions are as follows:

(1)(i) "Annual income" as defined under the Section 8 Housing Assistance Payments program at 24 CFR 813.106 (except that if the CDBG assistance being provided is homeowner rehabilitation under § 570.202, the value of the homeowner's primary residence may be excluded from any calculation of Net Family Assets); or

(ii) Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:

(A) Wages, salaries, tips, commissions, etc.;

(B) Self-employment income from own nonfarm business, including proprietorships and partnerships;

(C) Farm self-employment income;

(D) Interest, dividends, net rental income, or income from estates or trusts;

(E) Social Security or railroad retirement;

(F) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;

(G) Retirement, survivor, or disability pensions; and

(H) Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony; or

(iii) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

(2) Estimate the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is provided for the individual, family, or household (as applicable). Estimated annual income shall include income from all family or household members, as applicable. Income or asset enhancement derived from the CDBG-assisted activity shall not be considered in calculating estimated annual income.

Insular area shall have the meaning provided in section 102(a)(24) of the Act.

Low- and moderate-income household means a household having an income equal to or less than the Section 8 low-income limit established by HUD.

Low- and moderate-income person means a member of a family having an income equal to or less than the Section 8 low-income limit established by HUD. Unrelated individuals will be considered as one-person families for this purpose.

Low-income household means a household having an income equal to or less than the Section 8 very low-income limit established by HUD.

Low-income person means a member of a family that has an income equal to or less than the Section 8 very low-income limit established by HUD. Unrelated individuals shall be considered as one-person families for this purpose.

Metropolitan area shall have the meaning provided in section 102(a)(3) of the Act.

Metropolitan city shall have the meaning provided in section 102(a)(4) of the Act except that the term “central city” is replaced by “principal city.”

Microenterprise shall have the meaning provided in section 102(a)(22) of the Act.

Moderate-income household means a household having an income equal to or less than the Section 8 low-income limit and greater than the Section 8 very low-income limit, established by HUD.

Moderate-income person means a member of a family that has an income equal to or less than the Section 8 low-income limit and greater than the Section 8 very low-income limit, established by HUD. Unrelated individuals shall be considered as one-person families for this purpose.

Nonentitlement amount means the amount of funds which is allocated for use in a State's nonentitlement areas as determined by formula set forth in section 106 of the Act.

Nonentitlement area shall have the meaning provided in section 102(a)(7) of the Act.

Population means the total resident population based on data compiled and published by the United States Bureau of the Census available from the latest census or which has been upgraded by the Bureau to reflect the changes resulting from the Boundary and Annexation Survey, new incorporations and consolidations of governments pursuant to § 570.4, and which reflects, where applicable, changes resulting from the Bureau's latest population determination through its estimating technique using natural changes (birth and death) and net migration, and is referable to the same point or period in time.

Small business means a business that meets the criteria set forth in section 3(a) of the Small Business Act (15 U.S.C. 631, 636, 637).

State shall have the meaning provided in section 102(a)(2) of the Act.

Unit of general local government shall have the meaning provided in section 102(a)(1) of the Act.

Urban county shall have the meaning provided in section 102(a)(6) of the Act. For the purposes of this definition, HUD will determine whether the county's combined population contains the required percentage of low- and moderate-income persons by identifying the number of persons that resided in applicable areas and units of general local government based on data from the most recent decennial census, and using income limits that would have applied for the year in which that census was taken.

Urban Development Action Grant (UDAG) means a grant made by the Secretary pursuant to section 119 of the Act and subpart G of this part.

[53 FR 34437, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 56 FR 56126, Oct. 31, 1991; 60 FR 1915, 1943, Jan. 5, 1995; 60 FR 56909, Nov. 9, 1995; 61 FR 5209, Feb. 9, 1996; 61 FR 11475, Mar. 20, 1996; 61 FR 18674, Apr. 29, 1996; 68 FR 69582, Dec. 12, 2003; 69 FR 32778, June 10, 2004; 77 FR 5675, Feb. 3, 2012]

§ 570.4 Allocation of funds.

(a) The determination of eligibility of units of general local government to receive entitlement grants, the entitlement amounts, the allocation of appropriated funds to States for use in nonentitlement areas, the reallocation of funds, the allocation of appropriated funds to insular areas, and the allocation of appropriated funds for discretionary grants under the Secretary's Fund shall be governed by the policies and procedures described in sections 106 and 107 of the Act, as appropriate.

(b) The definitions in § 570.3 shall govern in applying the policies and procedures described in sections 106 and 107 of the Act.

(c) In determining eligibility for entitlement and in allocating funds under section 106 of the Act for any federal fiscal year, HUD will recognize corporate status and geographical boundaries and the status of metropolitan areas and principal cities effective as of July 1 preceding such federal fiscal year, subject to the following limitations:

(1) With respect to corporate status as certified by the applicable State and available for processing by the Census Bureau as of such date;

(2) With respect to boundary changes or annexations, as are used by the Census Bureau in preparing population estimates for all general purpose governmental units and are available for processing by the Census Bureau as of such date, except that any such boundary changes or annexations which result in the population of a unit of general local government reaching or exceeding 50,000 shall be recognized for this purpose whether or not such changes are used by the Census Bureau in preparing such population estimates; and

(3) With respect to the status of Metropolitan Statistical Areas and principal cities, as officially designated by the Office of Management and Budget as of such date.

(d) In determining whether a county qualifies as an urban county, and in computing entitlement amounts for urban counties, the demographic values of population, poverty, housing overcrowding, and age of housing of any Indian tribes located within the county shall be excluded. In allocating amounts to States for use in nonentitlement areas, the demographic values of population, poverty, housing overcrowding and age of housing of all Indian tribes located in all non-entitled areas shall be excluded. It is recognized that all such

data on Indian tribes are not generally available from the United States Bureau of the Census and that missing portions of data will have to be estimated. In accomplishing any such estimates the Secretary may use such other related information available from reputable sources as may seem appropriate, regardless of the data's point or period of time and shall use the best judgement possible in adjusting such data to reflect the same point or period of time as the overall data from which the Indian tribes are being deducted, so that such deduction shall not create an imbalance with those overall data.

(e) Amounts remaining after closeout of a grant which are required to be returned to HUD under the provisions of § 570.509, Grant closeout procedures, shall be considered as funds available for reallocation unless the appropriation under which the funds were provided to the Department has lapsed.

[53 FR 34437, Sept. 6, 1988, as amended at 68 FR 69582, Dec. 12, 2003; 69 FR 32778, June 10, 2004]

§ 570.5 Waivers.

HUD's authority for the waiver of regulations and for the suspension of requirements to address damage in a Presidentially declared disaster area is described in 24 CFR part 5 and in section 122 of the Act, respectively.

[61 FR 11476, Mar. 20, 1996]

Subpart B [Reserved]

Subpart C—Eligible Activities

SOURCE: 53 FR 34439, Sept. 6, 1988, unless otherwise noted.

§ 570.200 General policies.

(a) *Determination of eligibility.* An activity may be assisted in whole or in part with CDBG funds only if all of the following requirements are met:

(1) *Compliance with section 105 of the Act.* Each activity must meet the eligibility requirements of section 105 of the Act as further defined in this subpart.

(2) *Compliance with national objectives.* Grant recipients under the Entitlement and HUD-administered Small Cities programs and recipients of insular area funds under section 106 of the Act must certify that their projected use of funds has been developed so as to give maximum feasible priority to activities which will carry out one of the national objectives of benefit to low- and moderate-income families or aid in the prevention or elimination of slums or blight. The projected use of funds may also include activities that the recipient certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs. Consistent with the foregoing, each recipient under the Entitlement or HUD-administered Small Cities programs, and each recipient of insular area funds under section 106 of the Act must ensure and maintain evidence that each of its activities assisted with CDBG funds meets one of the three national objectives as contained in its certification. Criteria for determining whether an activity addresses one or more of these objectives are found in § 570.208.

(3) *Compliance with the primary objective.* The primary objective of the Act is described in section 101(c) of the Act. Consistent with this objective, entitlement recipients, non-entitlement CDBG grantees in Hawaii, and recipients of insular area funds under section 106 of the Act must ensure that, over a period of time specified in their certification not to exceed three years, not less than 70 percent of the aggregate of CDBG fund expenditures shall be for activities meeting the criteria under § 570.208(a) or under § 570.208(d)(5) or (6) for benefiting low- and moderate-income persons. For grants under section 107 of the Act, insular area recipients must meet this requirement for each separate grant. See § 570.420(d)(3) for additional discussion

of the primary objective requirement for insular areas funded under section 106 of the Act. The requirements for the HUD-administered Small Cities program in New York are at § 570.420(d)(2). In determining the percentage of funds expended for such activities:

(i) Cost of administration and planning eligible under § 570.205 and § 570.206 will be assumed to benefit low and moderate income persons in the same proportion as the remainder of the CDBG funds and, accordingly shall be excluded from the calculation;

(ii) Funds deducted by HUD for repayment of urban renewal temporary loans pursuant to § 570.802(b) shall be excluded;

(iii) Funds expended for the repayment of loans guaranteed under the provisions of subpart M shall also be excluded;

(iv) Funds expended for the acquisition, new construction or rehabilitation of property for housing that qualifies under § 570.208(a)(3) shall be counted for this purpose but shall be limited to an amount determined by multiplying the total cost (including CDBG and non-CDBG costs) of the acquisition, construction or rehabilitation by the percent of units in such housing to be occupied by low and moderate income persons.

(v) Funds expended for any other activities qualifying under § 570.208(a) shall be counted for this purpose in their entirety.

(4) *Compliance with environmental review procedures.* The environmental review procedures set forth at 24 CFR part 58 must be completed for each activity (or project as defined in 24 CFR part 58), as applicable.

(5) *Cost principles.* Costs incurred, whether charged on a direct or an indirect basis, must be in conformance with 2 CFR PART 200 [1] All items of cost listed in Attachment B of these Circulars that require prior Federal agency approval are allowable without prior approval of HUD to the extent they comply with the general policies and principles stated in Attachment A of such circulars and are otherwise eligible under this subpart C, except for the following:

[1] These circulars are available from the American Communities Center by calling the following toll-free numbers: (800) 998-9999 or (800) 483-2209 (TDD).

(i) Depreciation methods for fixed assets shall not be changed without HUD's specific approval or, if charged through a cost allocation plan, the Federal cognizant agency.

(ii) Fines and penalties (including punitive damages) are unallowable costs to the CDBG program.

(iii) Pre-award costs are limited to those authorized under paragraph (h) of this section.

(b) *Special policies governing facilities.* The following special policies apply to:

(1) *Facilities containing both eligible and ineligible uses.* A public facility otherwise eligible for assistance under the CDBG program may be provided with CDBG funds even if it is part of a multiple use building containing ineligible uses, if:

(i) The facility which is otherwise eligible and proposed for assistance will occupy a designated and discrete area within the larger facility; and

(ii) The recipient can determine the costs attributable to the facility proposed for assistance as separate and distinct from the overall costs of the multiple-use building and/or facility.

Allowable costs are limited to those attributable to the eligible portion of the building or facility.

(2) *Fees for use of facilities.* Reasonable fees may be charged for the use of the facilities assisted with CDBG funds, but charges such as excessive membership fees, which will have the effect of precluding low and moderate income persons from using the facilities, are not permitted.

(c) *Special assessments under the CDBG program.* The following policies relate to special assessments under the CDBG program:

(1) *Definition of special assessment.* The term "special assessment" means the recovery of the capital costs of a public improvement, such as streets, water or sewer lines, curbs, and gutters, through a fee or charge levied or filed as a lien against a parcel of real estate as a direct result of benefit derived from the installation of a public improvement, or a one-time charge made as a condition of access to a public improvement. This term does not relate to taxes, or the establishment of the value of real estate for the purpose of levying real estate, property, or ad valorem taxes, and does not include periodic charges based on the use of a public improvement, such as water or sewer user charges, even if such charges include the recovery of all or some portion of the capital costs of the public improvement.

(2) *Special assessments to recover capital costs.* Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments may be imposed as follows:

(i) Special assessments to recover the CDBG funds may be made only against properties owned and occupied by persons not of low and moderate income. Such assessments constitute program income.

(ii) Special assessments to recover the non-CDBG portion may be made provided that CDBG funds are used to pay the special assessment in behalf of all properties owned and occupied by low and moderate income persons; except that CDBG funds need not be used to pay the special assessments in behalf of properties owned and occupied by moderate income persons if the grant recipient certifies that it does not have sufficient CDBG funds to pay the assessments in behalf of all of the low and moderate income owner-occupant persons. Funds collected through such special assessments are not program income.

(3) *Public improvements not initially assisted with CDBG funds.* The payment of special assessments with CDBG funds constitutes CDBG assistance to the public improvement. Therefore, CDBG funds may be used to pay special assessments provided:

(i) The installation of the public improvements was carried out in compliance with requirements applicable to activities assisted under this part including environmental, citizen participation and Davis-Bacon requirements;

(ii) The installation of the public improvement meets a criterion for national objectives in § 570.208(a)(1), (b), or (c); and

(iii) The requirements of § 570.200(c)(2)(ii) are met.

(d) *Consultant activities.* Consulting services are eligible for assistance under this part for professional assistance in program planning, development of community development objectives, and other general professional guidance relating to program execution. The use of consultants is governed by the following:

(1) *Employer-employee type of relationship.* No person providing consultant services in an employer-employee type of relationship shall receive more than a reasonable rate of compensation for personal services paid with CDBG funds. In no event, however, shall such compensation exceed the equivalent of the daily rate paid for Level IV of the Executive Schedule. Such services shall be evidenced by written agreements between the parties which detail the responsibilities, standards, and compensation.

(2) *Independent contractor relationship.* Consultant services provided under an independent contractor relationship are governed by the procurement requirements in 24 CFR 85.36, and are not subject to the compensation limitation of Level IV of the Executive Schedule.

(e) *Recipient determinations required as a condition of eligibility.* In several instances under this subpart, the eligibility of an activity depends on a special local determination. Recipients shall maintain documentation of all such determinations. A written determination is required for any activity carried out under the authority of §§ 570.201(f), 570.201(i)(2), 570.201(p), 570.201(q), 570.202(b)(3), 570.206(f), 570.209, 570.210, and 570.309.

(f) *Means of carrying out eligible activities.* (1) Activities eligible under this subpart, other than those authorized under § 570.204(a), may be undertaken, subject to local law:

(i) By the recipient through:

(A) Its employees, or

(B) Procurement contracts governed by the requirements of 24 CFR 85.36; or

(ii) Through loans or grants under agreements with subrecipients, as defined at § 570.500(c); or

(iii) By one or more public agencies, including existing local public agencies, that are designated by the chief executive officer of the recipient.

(2) Activities made eligible under § 570.204(a) may only be undertaken by entities specified in that section.

(g) *Limitation on planning and administrative costs.* No more than 20 percent of the sum of any grant, plus program income, shall be expended for planning and program administrative costs, as defined in §§ 570.205 and 507.206, respectively. Recipients of entitlement grants under subpart D of this part shall conform with this requirement by limiting the amount of CDBG funds obligated for planning plus administration during each program year to an amount no greater than 20 percent of the sum of its entitlement grant made for that program year (if any) plus the program income received by the recipient and its subrecipients (if any) during that program year.

(h) *Reimbursement for pre-award costs.* The effective date of the grant agreement is the program year start date or the date that the consolidated plan is received by HUD, whichever is later. For a Section 108 loan guarantee, the effective date of the grant agreement is the date of HUD execution of the grant agreement amendment for the particular loan guarantee commitment.

(1) Prior to the effective date of the grant agreement, a recipient may incur costs or may authorize a subrecipient to incur costs, and then after the effective date of the grant agreement pay for those costs using its CDBG funds, provided that:

(i) The activity for which the costs are being incurred is included, prior to the costs being incurred, in a consolidated plan action plan, an amended consolidated plan action plan, or an application under subpart M of this part, except that a new entitlement grantee preparing to receive its first allocation of CDBG funds may incur costs necessary to develop its consolidated plan and undertake other administrative actions necessary to receive its first grant, prior to the costs being included in its consolidated plan;

(ii) Citizens are advised of the extent to which these pre-award costs will affect future grants;

(iii) The costs and activities funded are in compliance with the requirements of this part and with the Environmental Review Procedures stated in 24 CFR part 58;

(iv) The activity for which payment is being made complies with the statutory and regulatory provisions in effect at the time the costs are paid for with CDBG funds;

(v) CDBG payment will be made during a time no longer than the next two program years following the effective date of the grant agreement or amendment in which the activity is first included; and

(vi) The total amount of pre-award costs to be paid during any program year pursuant to this provision is no more than the greater of 25 percent of the amount of the grant made for that year or $300,000.

(2) Upon the written request of the recipient, HUD may authorize payment of pre-award costs for activities that do not meet the criteria at paragraph (h)(1)(v) or (h)(1)(vi) of this section, if HUD determines, in writing, that there is good cause for granting an exception upon consideration of the following factors, as applicable:

(i) Whether granting the authority would result in a significant contribution to the goals and purposes of the CDBG program;

(ii) Whether failure to grant the authority would result in undue hardship to the recipient or beneficiaries of the activity;

(iii) Whether granting the authority would not result in a violation of a statutory provision or any other regulatory provision;

(iv) Whether circumstances are clearly beyond the recipient's control; or

(v) Any other relevant considerations.

(i) *Urban Development Action Grant.* Grant assistance may be provided with Urban Development Action Grant funds, subject to the provisions of subpart G, for:

(1) Activities eligible for assistance under this subpart; and

(2) Notwithstanding the provisions of § 570.207, such other activities as the Secretary may determine to be consistent with the purposes of the Urban Development Action Grant program.

(j) *Faith-based activities.* (1) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the CDBG program. Neither the Federal government nor a State or local government receiving funds under CDBG programs shall discriminate against an organization on the basis of the organization's religious character or affiliation.

(2) Organizations that are directly funded under the CDBG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

(3) A religious organization that participates in the CDBG program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct CDBG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide CDBG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, a CDBG-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

(4) An organization that participates in the CDBG program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

(5) CDBG funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. CDBG funds may be used for the acquisition,

construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. Where a structure is used for both eligible and inherently religious activities, CDBG funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to CDBG funds in this part. Sanctuaries, chapels, or other rooms that a CDBG-funded religious congregation uses as its principal place of worship, however, are ineligible for CDBG-funded improvements. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (*see* 24 CFR parts 84 and 85).

(6) If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

[53 FR 34439, Sept. 6, 1988, as amended at 54 FR 47031, Nov. 8, 1989; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56910, Nov. 9, 1995; 61 FR 11476, Mar. 20, 1996; 61 FR 18674, Apr. 29, 1996; 65 FR 70215, Nov. 21, 2000; 68 FR 56404, Sept. 30, 2003; 69 FR 32778, June 10, 2004; 70 FR 76369, Dec. 23, 2005; 72 FR 46370, Aug. 17, 2007]

§ 570.201 Basic eligible activities.

CDBG funds may be used for the following activities:

(a) *Acquisition.* Acquisition in whole or in part by the recipient, or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) for any public purpose, subject to the limitations of § 570.207.

(b) *Disposition.* Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or property acquired under urban renewal, provided that the proceeds from any such disposition shall be program income subject to the requirements set forth in § 570.504.

(c) *Public facilities and improvements.* Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, except as provided in § 570.207(a), carried out by the recipient or other public or private nonprofit entities. (However, activities under this paragraph may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements, including those provided for in § 570.207(a)(1).) In undertaking such activities, design features and improvements which promote energy efficiency may be included. Such activities may also include the execution of architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railings, sculptures, pools of water and fountains, and other works of art. Facilities designed for use in providing shelter for persons having special needs are considered public facilities and not subject to the prohibition of new housing construction described in § 570.207(b)(3). Such facilities include shelters for the homeless; convalescent homes; hospitals, nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders or parolees; group homes for mentally retarded persons and temporary housing for disaster victims. In certain cases, nonprofit entities and subrecipients including those specified in § 570.204 may acquire title to public facilities. When such facilities are owned by nonprofit entities or subrecipients, they shall be operated so as to be open for use by the general public during all normal hours of operation. Public facilities and improvements eligible for assistance under this paragraph are subject to the policies in § 570.200(b).

(d) *Clearance and remediation activities.* Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites and remediation of known or suspected environmental contamination. Demolition of HUD-assisted or HUD-owned housing units may be undertaken only with the prior approval of HUD. Remediation may include project-specific environmental assessment costs not otherwise eligible under § 570.205.

(e) *Public services.* Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments identified under § 570.207(b)(4)), homebuyer down payment assistance, or recreational needs. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit or received by the unit from the State in which it is located) in the 12 calendar months before the submission of the action plan. (An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the unit of general local government.) The amount of CDBG funds used for public services shall not exceed paragraphs (e) (1) or (2) of this section, as applicable:

(1) The amount of CDBG funds used for public services shall not exceed 15 percent of each grant, except that for entitlement grants made under subpart D of this part, the amount shall not exceed 15 percent of the grant plus 15 percent of program income, as defined in § 570.500(a). For entitlement grants under subpart D of this part, compliance is based on limiting the amount of CDBG funds obligated for public service activities in each program year to an amount no greater than 15 percent of the entitlement grant made for that program year plus 15 percent of the program income received during the grantee's immediately preceding program year.

(2) A recipient which obligated more CDBG funds for public services than 15 percent of its grant funded from Federal fiscal year 1982 or 1983 appropriations (excluding program income and any assistance received under Public Law 98-8), may obligate more CDBG funds than allowable under paragraph (e)(1) of this section, so long as the total amount obligated in any program year does not exceed:

(i) For an entitlement grantee, 15% of the program income it received during the preceding program year; plus

(ii) A portion of the grant received for the program year which is the highest of the following amounts:

(A) The amount determined by applying the percentage of the grant it obligated for public services in the 1982 program year against the grant for its current program year;

(B) The amount determined by applying the percentage of the grant it obligated for public services in the 1983 program year against the grant for its current program year;

(C) The amount of funds it obligated for public services in the 1982 program year; or,

(D) The amount of funds it obligated for public services in the 1983 program year.

(f) *Interim assistance.* (1) The following activities may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable:

(i) The repairing of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings; and

(ii) The execution of special garbage, trash, and debris removal, including neighborhood cleanup campaigns, but not the regular curbside collection of garbage or trash in an area.

(2) In order to alleviate emergency conditions threatening the public health and safety in areas where the chief executive officer of the recipient determines that such an emergency condition exists and requires immediate resolution, CDBG funds may be used for:

(i) The activities specified in paragraph (f)(1) of this section, except for the repair of parks and playgrounds;

(ii) The clearance of streets, including snow removal and similar activities, and

(iii) The improvement of private properties.

(3) All activities authorized under paragraph (f)(2) of this section are limited to the extent necessary to alleviate emergency conditions.

(g) *Payment of non-Federal share.* Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided, that such payment shall be limited to activities otherwise eligible and in compliance with applicable requirements under this subpart.

(h) *Urban renewal completion.* Payment of the cost of completing an urban renewal project funded under title I of the Housing Act of 1949 as amended. Further information regarding the eligibility of such costs is set forth in § 570.801.

(i) *Relocation.* Relocation payments and other assistance for permanently and temporarily relocated individuals families, businesses, nonprofit organizations, and farm operations where the assistance is (1) required under the provisions of § 570.606 (b) or (c); or (2) determined by the grantee to be appropriate under the provisions of § 570.606(d).

(j) *Loss of rental income.* Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted under this part.

(k) *Housing services.* Housing services, as provided in section 105(a)(21) of the Act (42 U.S.C. 5305(a)(21)).

(l) *Privately owned utilities.* CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.

(m) *Construction of housing*. CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.

(n) *Homeownership assistance.* CDBG funds may be used to provide direct homeownership assistance to low- or moderate-income households in accordance with section 105(a) of the Act.

(o)(1) The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients) to facilitate economic development by:

(i) Providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises;

(ii) Providing technical assistance, advice, and business support services to owners of microenterprises and persons developing microenterprises; and

(iii) Providing general support, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of microenterprises and persons developing microenterprises.

(2) Services provided this paragraph (o) shall not be subject to the restrictions on public services contained in paragraph (e) of this section.

(3) For purposes of this paragraph (o), "persons developing microenterprises" means such persons who have expressed interest and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.

(4) Assistance under this paragraph (o) may also include training, technical assistance, or other support services to increase the capacity of the recipient or subrecipient to carry out the activities under this paragraph (o).

(p) *Technical assistance.* Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for assistance under this subpart C, and that the national objective claimed by the grantee for this assistance can reasonably be expected to be met once the entity has received the technical assistance and undertakes the activity.) Capacity building for private or public entities (including grantees) for other purposes may be eligible under § 570.205.

(q) *Assistance to institutions of higher education.* Provision of assistance by the recipient to institutions of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out eligible activities under this subpart C.

[53 FR 34439, Sept. 6, 1988, as amended at 53 FR 31239, Aug. 17, 1988; 55 FR 29308, July 18, 1990; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 56911, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 65 FR 70215, Nov. 21, 2000; 67 FR 47213, July 17, 2002; 71 FR 30034, May 24, 2006]

§ 570.202 Eligible rehabilitation and preservation activities.

(a) *Types of buildings and improvements eligible for rehabilitation assistance.* CDBG funds may be used to finance the rehabilitation of:

(1) Privately owned buildings and improvements for residential purposes; improvements to a single-family residential property which is also used as a place of business, which are required in order to operate the business, need not be considered to be rehabilitation of a commercial or industrial building, if the improvements also provide general benefit to the residential occupants of the building;

(2) Low-income public housing and other publicly owned residential buildings and improvements;

(3) Publicly or privately owned commercial or industrial buildings, except that the rehabilitation of such buildings owned by a private for-profit business is limited to improvement to the exterior of the building, abatement of asbestos hazards, lead-based paint hazard evaluation and reduction, and the correction of code violations;

(4) Nonprofit-owned nonresidential buildings and improvements not eligible under § 570.201(c); and

(5) Manufactured housing when such housing constitutes part of the community's permanent housing stock.

(b) *Types of assistance.* CDBG funds may be used to finance the following types of rehabilitation activities, and related costs, either singly, or in combination, through the use of grants, loans, loan guarantees, interest supplements, or other means for buildings and improvements described in paragraph (a) of this section, except that rehabilitation of commercial or industrial buildings is limited as described in paragraph (a)(3) of this section.

(1) Assistance to private individuals and entities, including profit making and nonprofit organizations, to acquire for the purpose of rehabilitation, and to rehabilitate properties, for use or resale for residential purposes;

(2) Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures and improvements, abatement of asbestos hazards (and other contaminants) in buildings and improvements that may be undertaken singly, or in combination;

(3) Loans for refinancing existing indebtedness secured by a property being rehabilitated with CDBG funds if such financing is determined by the recipient to be necessary or appropriate to achieve the locality's community development objectives;

(4) Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment;

(5) Improvements to increase the efficient use of water through such means as water savings faucets and shower heads and repair of water leaks;

(6) Connection of residential structures to water distribution lines or local sewer collection lines;

(7) For rehabilitation carried out with CDBG funds, costs of:

(i) Initial homeowner warranty premiums;

(ii) Hazard insurance premiums, except where assistance is provided in the form of a grant; and

(iii) Flood insurance premiums for properties covered by the Flood Disaster Protection Act of 1973, pursuant to § 570.605.

(8) Costs of acquiring tools to be lent to owners, tenants, and others who will use such tools to carry out rehabilitation;

(9) Rehabilitation services, such as rehabilitation counseling, energy auditing, preparation of work specifications, loan processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in rehabilitation activities authorized under this section, under section 312 of the Housing Act of 1964, as amended, under section 810 of the Act, or under section 17 of the United States Housing Act of 1937;

(10) Assistance for the rehabilitation of housing under section 17 of the United States Housing Act of 1937; and

(11) Improvements designed to remove material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to buildings and improvements eligible for assistance under paragraph (a) of this section.

(c) *Code enforcement.* Costs incurred for inspection for code violations and enforcement of codes (e.g., salaries and related expenses of code enforcement inspectors and legal proceedings, but not including the cost of correcting the violations) in deteriorating or deteriorated areas when such enforcement together with public or private improvements, rehabilitation, or services to be provided may be expected to arrest the decline of the area.

(d) *Historic preservation.* CDBG funds may be used for the rehabilitation, preservation or restoration of historic properties, whether publicly or privately owned. Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law

or ordinance. Historic preservation, however, is not authorized for buildings for the general conduct of government.

(e) *Renovation of closed buildings.* CDBG funds may be used to renovate closed buildings, such as closed school buildings, for use as an eligible public facility or to rehabilitate such buildings for housing.

(f) *Lead-based paint activities.* Lead-based paint activities pursuant to § 570.608.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1944, Jan. 5, 1995; 60 FR 56911, Nov. 9, 1995; 64 FR 50225, Sept. 15, 1999; 71 FR 30035, May 24, 2006]

§ 570.203 Special economic development activities.

A recipient may use CDBG funds for special economic development activities in addition to other activities authorized in this subpart that may be carried out as part of an economic development project. Guidelines for selecting activities to assist under this paragraph are provided at § 570.209. The recipient must ensure that the appropriate level of public benefit will be derived pursuant to those guidelines before obligating funds under this authority. Special activities authorized under this section do not include assistance for the construction of new housing. Activities eligible under this section may include costs associated with project-specific assessment or remediation of known or suspected environmental contamination. Special economic development activities include:

(a) The acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, including railroad spurs or similar extensions. Such activities may be carried out by the recipient or public or private nonprofit subrecipients.

(b) The provision of assistance to a private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of support, for any activity where the assistance is appropriate to carry out an economic development project, excluding those described as ineligible in § 570.207(a). In selecting businesses to assist under this authority, the recipient shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods.

(c) Economic development services in connection with activities eligible under this section, including, but not limited to, outreach efforts to market available forms of assistance; screening of applicants; reviewing and underwriting applications for assistance; preparation of all necessary agreements; management of assisted activities; and the screening, referral, and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities, including the costs of providing necessary training for persons filling those positions.

[53 FR 34439, Sept. 6, 1988, as amended at 60 FR 1944, Jan. 5, 1995; 71 FR 30035, May 24, 2006]

§ 570.204 Special activities by Community-Based Development Organizations (CBDOs).

(a) *Eligible activities.* The recipient may provide CDBG funds as grants or loans to any CBDO qualified under this section to carry out a neighborhood revitalization, community economic development, or energy conservation project. The funded project activities may include those listed as eligible under this subpart, and, except as described in paragraph (b) of this section, activities not otherwise listed as eligible under this subpart. For purposes of qualifying as a project under paragraphs (a)(1), (a)(2), and (a)(3) of this section, the funded activity or activities may be considered either alone or in concert with other project activities either being carried out or for which funding has been committed. For purposes of this section:

(1) Neighborhood revitalization project includes activities of sufficient size and scope to have an impact on the decline of a geographic location within the jurisdiction of a unit of general local government (but not the

entire jurisdiction) designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation; or the entire jurisdiction of a unit of general local government which is under 25,000 population;

(2) Community economic development project includes activities that increase economic opportunity, principally for persons of low- and moderate-income, or that stimulate or retain businesses or permanent jobs, including projects that include one or more such activities that are clearly needed to address a lack of affordable housing accessible to existing or planned jobs and those activities specified at 24 CFR 91.1(a)(1)(iii); activities under this paragraph may include costs associated with project-specific assessment or remediation of known or suspected environmental contamination;

(3) Energy conservation project includes activities that address energy conservation, principally for the benefit of the residents of the recipient's jurisdiction; and

(4) To carry out a project means that the CBDO undertakes the funded activities directly or through contract with an entity other than the grantee, or through the provision of financial assistance for activities in which it retains a direct and controlling involvement and responsibilities.

(b) *Ineligible activities.* Notwithstanding that CBDOs may carry out activities that are not otherwise eligible under this subpart, this section does not authorize:

(1) Carrying out an activity described as ineligible in § 570.207(a);

(2) Carrying out public services that do not meet the requirements of § 570.201(e), except that:

(i) Services carried out under this section that are specifically designed to increase economic opportunities through job training and placement and other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services; and

(ii) Services of any type carried out under this section pursuant to a strategy approved by HUD under the provisions of 24 CFR 91.215(e) shall not be subject to the limitations in § 570.201(e)(1) or (2), as applicable;

(3) Providing assistance to activities that would otherwise be eligible under § 570.203 that do not meet the requirements of § 570.209; or

(4) Carrying out an activity that would otherwise be eligible under § 570.205 or § 570.206, but that would result in the recipient's exceeding the spending limitation in § 570.200(g).

(c) *Eligible CBDOs.* (1) A CBDO qualifying under this section is an organization which has the following characteristics:

(i) Is an association or corporation organized under State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation within the jurisdiction of the recipient, or in the case of an urban county, the jurisdiction of the county; and

(ii) Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low and moderate income; and

(iii) May be either non-profit or for-profit, provided any monetary profits to its shareholders or members must be only incidental to its operations; and

(iv) Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation, owners or senior officers of private establishments and other institutions

located in and serving its geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; and

(v) Is not an agency or instrumentality of the recipient and does not permit more than one-third of the membership of its governing body to be appointed by, or to consist of, elected or other public officials or employees or officials of an ineligible entity (even though such persons may be otherwise qualified under paragraph (c)(1)(iv) of this section); and

(vi) Except as otherwise authorized in paragraph (c)(1)(v) of this section, requires the members of its governing body to be nominated and approved by the general membership of the organization, or by its permanent governing body; and

(vii) Is not subject to requirements under which its assets revert to the recipient upon dissolution; and

(viii) Is free to contract for goods and services from vendors of its own choosing.

(2) A CBDO that does not meet the criteria in paragraph (c)(1) of this section may also qualify as an eligible entity under this section if it meets one of the following requirements:

(i) Is an entity organized pursuant to section 301(d) of the Small Business Investment Act of 1958 (15 U.S.C. 681(d)), including those which are profit making; or

(ii) Is an SBA approved Section 501 State Development Company or Section 502 Local Development Company, or an SBA Certified Section 503 Company under the Small Business Investment Act of 1958, as amended; or

(iii) Is a Community Housing Development Organization (CHDO) under 24 CFR 92.2, designated as a CHDO by the HOME Investment Partnerships program participating jurisdiction, with a geographic area of operation of no more than one neighborhood, and has received HOME funds under 24 CFR 92.300 or is expected to receive HOME funds as described in and documented in accordance with 24 CFR 92.300(e).

(3) A CBDO that does not qualify under paragraph (c)(1) or (2) of this section may also be determined to qualify as an eligible entity under this section if the recipient demonstrates to the satisfaction of HUD, through the provision of information regarding the organization's charter and by-laws, that the organization is sufficiently similar in purpose, function, and scope to those entities qualifying under paragraph (c)(1) or (2) of this section.

[60 FR 1944, Jan. 5, 1995, as amended at 71 FR 30035, May 24, 2006]

§ 570.205 Eligible planning, urban environmental design and policy-planning-management-capacity building activities.

(a) Planning activities which consist of all costs of data gathering, studies, analysis, and preparation of plans and the identification of actions that will implement such plans, including, but not limited to:

(1) Comprehensive plans;

(2) Community development plans;

(3) Functional plans, in areas such as:

(i) Housing, including the development of a consolidated plan;

(ii) Land use and urban environmental design;

(iii) Economic development;

(iv) Open space and recreation;

(v) Energy use and conservation;

(vi) Floodplain and wetlands management in accordance with the requirements of Executive Orders 11988 and 11990;

(vii) Transportation;

(viii) Utilities; and

(ix) Historic preservation.

(4) Other plans and studies such as:

(i) Small area and neighborhood plans;

(ii) Capital improvements programs;

(iii) Individual project plans (but excluding engineering and design costs related to a specific activity which are eligible as part of the cost of such activity under §§ 570.201-570.204);

(iv) The reasonable costs of general environmental, urban environmental design and historic preservation studies; and general environmental assessment- and remediation-oriented planning related to properties with known or suspected environmental contamination. However, costs necessary to comply with 24 CFR part 58, including project specific environmental assessments and clearances for activities eligible for assistance under this part, are eligible as part of the cost of such activities under §§ 570.201-570.204. Costs for such specific assessments and clearances may also be incurred under this paragraph but would then be considered planning costs for the purposes of § 570.200(g);

(v) Strategies and action programs to implement plans, including the development of codes, ordinances and regulations;

(vi) Support of clearinghouse functions, such as those specified in Executive Order 12372; and

(vii) Analysis of impediments to fair housing choice.

(viii) Developing an inventory of properties with known or suspected environmental contamination.

(5) [Reserved]

(6) Policy—planning—management—capacity building activities which will enable the recipient to:

(1) Determine its needs;

(2) Set long-term goals and short-term objectives, including those related to urban environmental design;

(3) Devise programs and activities to meet these goals and objectives;

(4) Evaluate the progress of such programs and activities in accomplishing these goals and objectives; and

(5) Carry out management, coordination and monitoring of activities necessary for effective planning implementation, but excluding the costs necessary to implement such plans.

[53 FR 34439, Sept. 6, 1988, as amended at 56 FR 56127, Oct. 31, 1991; 60 FR 1915, Jan. 5, 1995; 71 FR 30035, May 24, 2006]

§ 570.206 Program administrative costs.

Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development activities assisted in whole or in part with funds provided under this part and, where applicable, housing activities (described in paragraph (g) of this section) covered in the recipient's housing assistance plan. This does not include staff and overhead costs directly related to carrying out activities eligible under § 570.201 through § 570.204, since those costs are eligible as part of such activities.

(a) *General management, oversight and coordination.* Reasonable costs of overall program management, coordination, monitoring, and evaluation. Such costs include, but are not necessarily limited to, necessary expenditures for the following:

(1) Salaries, wages, and related costs of the recipient's staff, the staff of local public agencies, or other staff engaged in program administration. In charging costs to this category the recipient may either include the entire salary, wages, and related costs allocable to the program of each person whose *primary* responsibilities with regard to the program involve program administration assignments, or the pro rata share of the salary, wages, and related costs of each person whose job includes *any* program administration assignments. The recipient may use only one of these methods during the program year (or the grant period for grants under subpart F). Program administration includes the following types of assignments:

(i) Providing local officials and citizens with information about the program;

(ii) Preparing program budgets and schedules, and amendments thereto;

(iii) Developing systems for assuring compliance with program requirements;

(iv) Developing interagency agreements and agreements with subrecipients and contractors to carry out program activities;

(v) Monitoring program activities for progress and compliance with program requirements;

(vi) Preparing reports and other documents related to the program for submission to HUD;

(vii) Coordinating the resolution of audit and monitoring findings;

(viii) Evaluating program results against stated objectives; and

(ix) Managing or supervising persons whose primary responsibilities with regard to the program include such assignments as those described in paragraph (a)(1)(i) through (viii) of this section.

(2) Travel costs incurred for official business in carrying out the program;

(3) Administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services; and

(4) Other costs for goods and services required for administration of the program, including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space.

(b) *Public information.* The provisions of information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of activities being assisted with CDBG funds.

(c) *Fair housing activities.* Provision of fair housing services designed to further the fair housing objectives of the Fair Housing Act (42 U.S.C. 3601-20) by making all persons, without regard to race, color, religion, sex, national origin, familial status or handicap, aware of the range of housing opportunities available to them; other fair housing enforcement, education, and outreach activities; and other activities designed to further the housing objective of avoiding undue concentrations of assisted persons in areas containing a high proportion of low and moderate income persons.

(d) [Reserved]

(e) *Indirect costs.* Indirect costs may be charged to the CDBG program under a cost allocation plan prepared in accordance with 2 CFR PART 200 as applicable.

(f) *Submission of applications for federal programs.* Preparation of documents required for submission to HUD to receive funds under the CDBG and UDAG programs. In addition, CDBG funds may be used to prepare applications for other Federal programs where the recipient determines that such activities are necessary or appropriate to achieve its community development objectives.

(g) *Administrative expenses to facilitate housing.* CDBG funds may be used for necessary administrative expenses in planning or obtaining financing for housing as follows: for entitlement recipients, assistance authorized by this paragraph is limited to units which are identified in the recipient's HUD approved housing assistance plan; for HUD-administered small cities recipients, assistance authorized by the paragraph is limited to facilitating the purchase or occupancy of existing units which are to be occupied by low and moderate income households, or the construction of rental or owner units where at least 20 percent of the units in each project will be occupied at affordable rents/costs by low and moderate income persons. Examples of eligible actions are as follows:

(1) The cost of conducting preliminary surveys and analysis of market needs;

(2) Site and utility plans, narrative descriptions of the proposed construction, preliminary cost estimates, urban design documentation, and “sketch drawings,” but excluding architectural, engineering, and other details ordinarily required for construction purposes, such as structural, electrical, plumbing, and mechanical details;

(3) Reasonable costs associated with development of applications for mortgage and insured loan commitments, including commitment fees, and of applications and proposals under the Section 8 Housing Assistance Payments Program pursuant to 24 CFR parts 880-883;

(4) Fees associated with processing of applications for mortgage or insured loan commitments under programs including those administered by HUD, Farmers Home Administration (FmHA), Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA);

(5) The cost of issuance and administration of mortgage revenue bonds used to finance the acquisition, rehabilitation or construction of housing, but excluding costs associated with the payment or guarantee of the principal or interest on such bonds; and

(6) Special outreach activities which result in greater landlord participation in Section 8 Housing Assistance Payments Program-Existing Housing or similar programs for low and moderate income persons.

(h) *Section 17 of the United States Housing Act of 1937.* Reasonable costs equivalent to those described in paragraphs (a), (b), (e) and (f) of this section for overall program management of the Rental Rehabilitation and Housing Development programs authorized under section 17 of the United States Housing Act of 1937, whether or not such activities are otherwise assisted with funds provided under this part.

(i) Whether or not such activities are otherwise assisted by funds provided under this part, reasonable costs equivalent to those described in paragraphs (a), (b), (e), and (f) of this section for overall program management of:

(1) A Federally designated Empowerment Zone or Enterprise Community; and

(2) The HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 note).

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 54 FR 37411, Sept. 8, 1989; 60 FR 56912, Nov. 9, 1995; 69 FR 32778, June 10, 2004]

§ 570.207 Ineligible activities.

The general rule is that any activity that is not authorized under the provisions of §§ 570.201-570.206 is ineligible to be assisted with CDBG funds. This section identifies specific activities that are ineligible and provides guidance in determining the eligibility of other activities frequently associated with housing and community development.

(a) The following activities may not be assisted with CDBG funds:

(1) *Buildings or portions thereof, used for the general conduct of government* as defined at § 570.3(d) cannot be assisted with CDBG funds. This does not include, however, the removal of architectural barriers under § 570.201(c) involving any such building. Also, where acquisition of real property includes an existing improvement which is to be used in the provision of a building for the general conduct of government, the portion of the acquisition cost attributable to the land is eligible, provided such acquisition meets a national objective described in § 570.208.

(2) *General government expenses.* Except as otherwise specifically authorized in this subpart or under 2 CFR PART 200 expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part.

(3) *Political activities.* CDBG funds shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.

(b) The following activities may not be assisted with CDBG funds unless authorized under provisions of § 570.203 or as otherwise specifically noted herein or when carried out by an entity under the provisions of § 570.204.

(1) *Purchase of equipment.* The purchase of equipment with CDBG funds is generally ineligible.

(i) *Construction equipment.* The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing, depreciation, or use allowances pursuant to 2 CFR PART 200 as applicable for an otherwise eligible activity is an eligible use of CDBG funds. However, the purchase of construction equipment for use as part of a solid waste disposal facility is eligible under § 570.201(c).

(ii) *Fire protection equipment.* Fire protection equipment is considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under § 570.201(c).

(iii) *Furnishings and personal property.* The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation or use allowances (in accordance with 2 CFR PART 200 as applicable) for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as firefighting equipment, or when such items constitute all or part of a public service pursuant to § 570.201(e).

(2) *Operating and maintenance expenses.* The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. For example, the use of CDBG funds to pay the allocable costs of operating and maintaining a facility used in providing a public service would be eligible under § 570.201(e), even if no other costs of providing such a service are assisted with such funds. Examples of ineligible operating and maintenance expenses are:

(i) Maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with a disabilities, parking and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs; and

(ii) Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities.

(3) *New housing construction.* For the purpose of this paragraph, activities in support of the development of low or moderate income housing including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in § 570.206(g), are not considered as activities to subsidize or assist new residential construction. CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction, except:

(i) As provided under the last resort housing provisions set forth in 24 CFR part 42;

(ii) As authorized under § 570.201(m) or (n);

(iii) When carried out by an entity pursuant to § 570.204(a);

(4) *Income payments.* The general rule is that CDBG funds may not be used for income payments. For purposes of the CDBG program, "income payments" means a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, but excludes emergency grant payments made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1945, Jan. 5, 1995; 60 FR 56912, Nov. 9, 1995; 65 FR 70215, Nov. 21, 2000]

§ 570.208 Criteria for national objectives.

The following criteria shall be used to determine whether a CDBG-assisted activity complies with one or more of the national objectives as required under § 570.200(a)(2):

(a) *Activities benefiting low- and moderate-income persons.* Activities meeting the criteria in paragraph (a)(1), (2), (3), or (4) of this section as applicable, will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. (The recipient shall appropriately ensure that activities that meet these criteria do not benefit moderate income persons to the exclusion of low income persons.)

(1) *Area benefit activities.* (i) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

(ii) For metropolitan cities and urban counties, an activity that would otherwise qualify under § 570.208(a)(1)(i), except that the area served contains less than 51 percent low- and moderate-income residents, will also be considered to meet the objective of benefiting low- and moderate-income persons where the proportion of such persons in the area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. This exception is inapplicable to non-entitlement CDBG grants in Hawaii. In applying this exception, HUD will determine the lowest proportion a recipient may use to qualify an area for this purpose, as follows:

(A) All census block groups in the recipient's jurisdiction shall be rank ordered from the block group of highest proportion of low and moderate income persons to the block group with the lowest. For urban counties, the rank ordering shall cover the entire area constituting the urban county and shall not be done separately for each participating unit of general local government.

(B) In any case where the total number of a recipient's block groups does not divide evenly by four, the block group which would be fractionally divided between the highest and second quartiles shall be considered to be part of the highest quartile.

(C) The proportion of low and moderate income persons in the last census block group in the highest quartile shall be identified. Any service area located within the recipient's jurisdiction and having a proportion of low and moderate income persons at or above this level shall be considered to be within the highest quartile.

(D) If block group data are not available for the entire jurisdiction, other data acceptable to the Secretary may be used in the above calculations.

(iii) An activity to develop, establish, and operate for up to two years after the establishment of, a uniform emergency telephone number system serving an area having less than the percentage of low- and moderate-income residents required under paragraph (a)(1)(i) of this section or (as applicable) paragraph (a)(1)(ii) of this section, provided the recipient obtains prior HUD approval. To obtain such approval, the recipient must:

(A) Demonstrate that the system will contribute significantly to the safety of the residents of the area. The request for approval must include a list of the emergency services that will participate in the emergency telephone number system;

(B) Submit information that serves as a basis for HUD to determine whether at least 51 percent of the use of the system will be by low- and moderate-income persons. As available, the recipient must provide information that identifies the total number of calls actually received over the preceding 12-month period for each of the emergency services to be covered by the emergency telephone number system and relates those calls to the geographic segment (expressed as nearly as possible in terms of census tracts, block numbering areas, block groups, or combinations thereof that are contained within the segment) of the service area from which the calls were generated. In analyzing this data to meet the requirements of this section, HUD will assume that the distribution of income among the callers generally reflects the income characteristics of the general population residing in the same geographic area where the callers reside. If HUD can conclude that the users have primarily consisted of low- and moderate-income persons, no further submission is needed by

the recipient. If a recipient plans to make other submissions for this purpose, it may request that HUD review its planned methodology before expending the effort to acquire the information it expects to use to make its case;

(C) Demonstrate that other Federal funds received by the recipient are insufficient or unavailable for a uniform emergency telephone number system. For this purpose, the recipient must submit a statement explaining whether the lack of funds is due to the insufficiency of the amount of the available funds, restrictions on the use of such funds, or the prior commitment of funds by the recipient for other purposes; and

(D) Demonstrate that the percentage of the total costs of the system paid for by CDBG funds does not exceed the percentage of low- and moderate-income persons in the service area of the system. For this purpose, the recipient must include a description of the boundaries of the service area of the emergency telephone number system, the census divisions that fall within the boundaries of the service area (census tracts or block numbering areas), the total number of persons and the total number of low- and moderate-income persons within each census division, the percentage of low- and moderate-income persons within the service area, and the total cost of the system.

(iv) An activity for which the assistance to a public improvement that provides benefits to all the residents of an area is limited to paying special assessments (as defined in § 570.200(c)) levied against residential properties owned and occupied by persons of low and moderate income.

(v) For purposes of determining qualification under this criterion, activities of the same type that serve different areas will be considered separately on the basis of their individual service area.

(vi) In determining whether there is a sufficiently large percentage of low- and moderate-income persons residing in the area served by an activity to qualify under paragraph (a)(1) (i), (ii), or (vii) of this section, the most recently available decennial census information must be used to the fullest extent feasible, together with the section 8 income limits that would have applied at the time the income information was collected by the Census Bureau. Recipients that believe that the census data does not reflect current relative income levels in an area, or where census boundaries do not coincide sufficiently well with the service area of an activity, may conduct (or have conducted) a current survey of the residents of the area to determine the percent of such persons that are low and moderate income. HUD will accept information obtained through such surveys, to be used in lieu of the decennial census data, where it determines that the survey was conducted in such a manner that the results meet standards of statistical reliability that are comparable to that of the decennial census data for areas of similar size. Where there is substantial evidence that provides a clear basis to believe that the use of the decennial census data would substantially overstate the proportion of persons residing there that are low and moderate income, HUD may require that the recipient rebut such evidence in order to demonstrate compliance with section 105(c)(2) of the Act.

(vii) Activities meeting the requirements of paragraph (d)(5)(i) of this section may be considered to qualify under this paragraph, provided that the area covered by the strategy is either a Federally-designated Empowerment Zone or Enterprise Community or primarily residential and contains a percentage of low- and moderate-income residents that is no less than the percentage computed by HUD pursuant to paragraph (a)(1)(ii) of this section or 70 percent, whichever is less, but in no event less than 51 percent. Activities meeting the requirements of paragraph (d)(6)(i) of this section may also be considered to qualify under paragraph (a)(1) of this section.

(2) *Limited clientele activities.* (i) An activity which benefits a limited clientele, at least 51 percent of whom are low- or moderate-income persons. (The following kinds of activities may not qualify under paragraph (a)(2) of this section: activities, the benefits of which are available to all the residents of an area; activities involving the acquisition, construction or rehabilitation of property for housing; or activities where the benefit to low- and moderate-income persons to be considered is the creation or retention of jobs, except as provided in paragraph (a)(2)(iv) of this section.) To qualify under paragraph (a)(2) of this section, the activity must meet one of the following tests:

(A) Benefit a clientele who are generally presumed to be principally low and moderate income persons. Activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low- and moderate-income: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or

(B) Require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low and moderate income limit; or

(C) Have income eligibility requirements which limit the activity exclusively to low and moderate income persons; or

(D) Be of such nature and be in such location that it may be concluded that the activity's clientele will primarily be low and moderate income persons.

(ii) An activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled" will be presumed to qualify under this criterion if it is restricted, to the extent practicable, to the removal of such barriers by assisting:

(A) The reconstruction of a public facility or improvement, or portion thereof, that does not qualify under paragraph (a)(1) of this section;

(B) The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under paragraph (a)(1) or (4) of this section; or

(C) The rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under paragraph (a)(3) of this section.

(iii) A microenterprise assistance activity carried out in accordance with the provisions of § 570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons. For purposes of this paragraph, persons determined to be low and moderate income may be presumed to continue to qualify as such for up to a three-year period.

(iv) An activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent may qualify under this paragraph in the following limited circumstance:

(A) In such cases where such training or provision of supportive services assists business(es), the only use of CDBG assistance for the project is to provide the job training and/or supportive services; and

(B) The proportion of the total cost of the project borne by CDBG funds is no greater than the proportion of the total number of persons assisted who are low or moderate income.

(3) *Housing activities.* An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households. This would include, but not necessarily be limited to, the acquisition or rehabilitation of property by the recipient, a subrecipient, a developer, an individual homebuyer, or an individual homeowner; conversion of nonresidential structures; and new housing construction. If the structure contains two dwelling units, at least one must be so occupied, and if the structure contains more than two dwelling units, at least 51 percent of the units must be so occupied. Where two or more rental buildings being assisted are or will be located on the same or contiguous properties, and the buildings will be under common ownership and management, the

grouped buildings may be considered for this purpose as a single structure. Where housing activities being assisted meet the requirements of paragraph § 570.208 (d)(5)(ii) or (d)(6)(ii) of this section, all such housing may also be considered for this purpose as a single structure. For rental housing, occupancy by low and moderate income households must be at affordable rents to qualify under this criterion. The recipient shall adopt and make public its standards for determining "affordable rents" for this purpose. The following shall also qualify under this criterion:

(i) When less than 51 percent of the units in a structure will be occupied by low and moderate income households, CDBG assistance may be provided in the following limited circumstances:

(A) The assistance is for an eligible activity to reduce the development cost of the new construction of a multifamily, non-elderly rental housing project;

(B) Not less than 20 percent of the units will be occupied by low and moderate income households at affordable rents; and

(C) The proportion of the total cost of developing the project to be borne by CDBG funds is no greater than the proportion of units in the project that will be occupied by low and moderate income households.

(ii) When CDBG funds are used to assist rehabilitation eligible under § 570.202(b)(9) or (10) in direct support of the recipient's Rental Rehabilitation program authorized under 24 CFR part 511, such funds shall be considered to benefit low and moderate income persons where not less than 51 percent of the units assisted, or to be assisted, by the recipient's Rental Rehabilitation program overall are for low and moderate income persons.

(iii) When CDBG funds are used for housing services eligible under § 570.201(k), such funds shall be considered to benefit low- and moderate-income persons if the housing units for which the services are provided are HOME-assisted and the requirements at 24 CFR 92.252 or 92.254 are met.

(4) *Job creation or retention activities.* An activity designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons. To qualify under this paragraph, the activity must meet the following criteria:

(i) For an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons.

(ii) For an activity that retains jobs, the recipient must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided:

(A) The job is known to be held by a low- or moderate-income person; or

(B) The job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low- or moderate-income person upon turnover.

(iii) Jobs that are not held or filled by a low- or moderate-income person may be considered to be available to low- and moderate-income persons for these purposes only if:

(A) Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

(B) The recipient and the assisted business take actions to ensure that low- and moderate-income persons receive first consideration for filling such jobs.

(iv) For purposes of determining whether a job is held by or made available to a low- or moderate-income person, the person may be presumed to be a low- or moderate-income person if:

(A) He/she resides within a census tract (or block numbering area) that either:

(*1*) Meets the requirements of paragraph (a)(4)(v) of this section; or

(*2*) Has at least 70 percent of its residents who are low- and moderate-income persons; or

(B) The assisted business is located within a census tract (or block numbering area) that meets the requirements of paragraph (a)(4)(v) of this section and the job under consideration is to be located within that census tract.

(v) A census tract (or block numbering area) qualifies for the presumptions permitted under paragraphs (a)(4)(iv)(A)(*1*) and (B) of this section if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

(A) It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information;

(B) It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30 percent as determined by the most recently available decennial census information; and

(C) It evidences pervasive poverty and general distress by meeting at least one of the following standards:

(*1*) All block groups in the census tract have poverty rates of at least 20 percent;

(*2*) The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or

(*3*) Upon the written request of the recipient, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

(vi) As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under this paragraph, except:

(A) In certain cases such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park) the requirement may be met by measuring jobs in the aggregate for all the businesses which locate on the property, provided such businesses are not otherwise assisted by CDBG funds.

(B) Where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses exclusively from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during each program year.

(C) Where CDBG funds are used by a recipient or subrecipient to provide technical assistance to businesses, this requirement may be met by aggregating the jobs created or retained by all of the businesses receiving technical assistance during each program year.

(D) Where CDBG funds are used for activities meeting the criteria listed at § 570.209(b)(2)(v), this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG

assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.

(E) Where CDBG funds are used by a Community Development Financial Institution to carry out activities for the purpose of creating or retaining jobs, this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.

(F) Where CDBG funds are used for public facilities or improvements which will result in the creation or retention of jobs by more than one business, this requirement may be met by aggregating the jobs created or retained by all such businesses as a result of the public facility or improvement.

(*1*) Where the public facility or improvement is undertaken principally for the benefit of one or more particular businesses, but where other businesses might also benefit from the assisted activity, the requirement may be met by aggregating only the jobs created or retained by those businesses for which the facility/improvement is principally undertaken, provided that the cost (in CDBG funds) for the facility/improvement is less than $10,000 per permanent full-time equivalent job to be created or retained by those businesses.

(*2*) In any case where the cost per job to be created or retained (as determined under paragraph (a)(4)(vi)(F)(*1*) of this section) is $10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/improvement. This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the facility/improvement between the date the recipient identifies the activity in its action plan under part 91 of this title and the date one year after the physical completion of the facility/improvement. In addition, the assisted activity must comply with the public benefit standards at § 570.209(b).

(b) *Activities which aid in the prevention or elimination of slums or blight.* Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

(1) *Activities to address slums or blight on an area basis.* An activity will be considered to address prevention or elimination of slums or blight in an area if:

(i) The area, delineated by the recipient, meets a definition of a slum, blighted, deteriorated or deteriorating area under State or local law;

(ii) The area also meets the conditions in either paragraph (A) or (B):

(A) At least 25 percent of properties throughout the area experience one or more of the following conditions:

(*1*) Physical deterioration of buildings or improvements;

(*2*) Abandonment of properties;

(*3*) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;

(*4*) Significant declines in property values or abnormally low property values relative to other areas in the community; or

(*5*) Known or suspected environmental contamination.

(B) The public improvements throughout the area are in a general state of deterioration.

(iii) Documentation is to be maintained by the recipient on the boundaries of the area and the conditions and standards used that qualified the area at the time of its designation. The recipient shall establish definitions of the conditions listed at § 570.208(b)(1)(ii)(A), and maintain records to substantiate how the area met the slums or blighted criteria. The designation of an area as slum or blighted under this section is required to be re-determined every 10 years for continued qualification. Documentation must be retained pursuant to the recordkeeping requirements contained at § 570.506 (b)(8)(ii).

(iv) The assisted activity addresses one or more of the conditions which contributed to the deterioration of the area. Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard under local definition before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is undertaken. At a minimum, the local definition for this purpose must be such that buildings that it would render substandard would also fail to meet the housing quality standards for the Section 8 Housing Assistance Payments Program-Existing Housing (24 CFR 882.109).

(2) *Activities to address slums or blight on a spot basis.* The following activities may be undertaken on a spot basis to eliminate specific conditions of blight, physical decay, or environmental contamination that are not located in a slum or blighted area: acquisition; clearance; relocation; historic preservation; remediation of environmentally contaminated properties; or rehabilitation of buildings or improvements. However, rehabilitation must be limited to eliminating those conditions that are detrimental to public health and safety. If acquisition or relocation is undertaken, it must be a precursor to another eligible activity (funded with CDBG or other resources) that directly eliminates the specific conditions of blight or physical decay, or environmental contamination.

(3) *Activities to address slums or blight in an urban renewal area.* An activity will be considered to address prevention or elimination of slums or blight in an urban renewal area if the activity is:

(i) Located within an urban renewal project area or Neighborhood Development Program (NDP) action area; i.e., an area in which funded activities were authorized under an urban renewal Loan and Grant Agreement or an annual NDP Funding Agreement, pursuant to title I of the Housing Act of 1949; and

(ii) Necessary to complete the urban renewal plan, as then in effect, including *initial* land redevelopment permitted by the plan.

NOTE: Despite the restrictions in (b) (1) and (2) of this section, any rehabilitation activity which benefits low and moderate income persons pursuant to paragraph (a)(3) of this section can be undertaken without regard to the area in which it is located or the extent or nature of rehabilitation assisted.

(c) *Activities designed to meet community development needs having a particular urgency.* In the absence of substantial evidence to the contrary, an activity will be considered to address this objective if the recipient certifies that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the recipient is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the certification by the recipient.

(d) *Additional criteria.* (1) Where the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition. A final determination shall be based on the actual use of the property, excluding any short-term, temporary use. Where the acquisition is for the purpose of clearance which will eliminate specific conditions of blight or physical decay, the clearance activity shall be considered the actual use of the property. However, any subsequent use or disposition of the cleared property shall be treated as a “change of use” under § 570.505.

(2) Where the assisted activity is relocation assistance that the recipient is required to provide, such relocation assistance shall be considered to address the same national objective as is addressed by the displacing activity. Where the relocation assistance is voluntary on the part of the grantee the recipient may qualify the assistance either on the basis of the national objective addressed by the displacing activity or on the basis that the recipients of the relocation assistance are low and moderate income persons.

(3) In any case where the activity undertaken for the purpose of creating or retaining jobs is a public improvement and the area served is primarily residential, the activity must meet the requirements of paragraph (a)(1) of this section as well as those of paragraph (a)(4) of this section in order to qualify as benefiting low and moderate income persons.

(4) CDBG funds expended for planning and administrative costs under § 570.205 and § 570.206 will be considered to address the national objectives.

(5) Where the grantee has elected to prepare an area revitalization strategy pursuant to the authority of § 91.215(e) of this title and HUD has approved the strategy, the grantee may also elect the following options:

(i) Activities undertaken pursuant to the strategy for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities in the area for which, pursuant to the strategy, CDBG assistance is obligated during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(6) Where CDBG-assisted activities are carried out by a Community Development Financial Institution whose charter limits its investment area to a primarily residential area consisting of at least 51 percent low- and moderate-income persons, the grantee may also elect the following options:

(i) Activities carried out by the Community Development Financial Institution for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities for which the Community Development Financial Institution obligates CDBG assistance during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(7) Where an activity meeting the criteria at § 570.209(b)(2)(v) may also meet the requirements of either paragraph (d)(5)(i) or (d)(6)(i) of this section, the grantee may elect to qualify the activity under either the area benefit criteria at paragraph (a)(1)(vii) of this section or the job aggregation criteria at paragraph (a)(4)(vi)(D) of this section, but not both. Where an activity may meet the job aggregation criteria at both paragraphs (a)(4)(vi)(D) and (E) of this section, the grantee may elect to qualify the activity under either criterion, but not both.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1945, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56912, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 71 FR 30035, May 24, 2006; 72 FR 46370, Aug. 17, 2007]

§ 570.209 Guidelines for evaluating and selecting economic development projects.

The following guidelines are provided to assist the recipient to evaluate and select activities to be carried out for economic development purposes. Specifically, these guidelines are applicable to activities that are eligible for CDBG assistance under § 570.203. These guidelines also apply to activities carried out under the authority

of § 570.204 that would otherwise be eligible under § 570.203, were it not for the involvement of a Community-Based Development Organization (CBDO). (This would include activities where a CBDO makes loans to for-profit businesses.) These guidelines are composed of two components: guidelines for evaluating project costs and financial requirements; and standards for evaluating public benefit. The standards for evaluating public benefit are *mandatory*, but the guidelines for evaluating projects costs and financial requirements are not.

(a) *Guidelines and objectives for evaluating project costs and financial requirements.* HUD has developed guidelines that are designed to provide the recipient with a framework for financially underwriting and selecting CDBG-assisted economic development projects which are financially viable and will make the most effective use of the CDBG funds. These guidelines, also referred to as the underwriting guidelines, are published as appendix A to this part. The use of the underwriting guidelines published by HUD is not mandatory. However, grantees electing not to use these guidelines would be expected to conduct basic financial underwriting prior to the provision of CDBG financial assistance to a for-profit business. Where appropriate, HUD's underwriting guidelines recognize that different levels of review are appropriate to take into account differences in the size and scope of a proposed project, and in the case of a microenterprise or other small business to take into account the differences in the capacity and level of sophistication among businesses of differing sizes. Recipients are encouraged, when they develop their own programs and underwriting criteria, to also take these factors into account. The objectives of the underwriting guidelines are to ensure:

(1) That project costs are reasonable;

(2) That all sources of project financing are committed;

(3) That to the extent practicable, CDBG funds are not substituted for non-Federal financial support;

(4) That the project is financially feasible;

(5) That to the extent practicable, the return on the owner's equity investment will not be unreasonably high; and

(6) That to the extent practicable, CDBG funds are disbursed on a pro rata basis with other finances provided to the project.

(b) *Standards for evaluating public benefit.* The grantee is responsible for making sure that at least a minimum level of public benefit is obtained from the expenditure of CDBG funds under the categories of eligibility governed by these guidelines. The standards set forth below identify the types of public benefit that will be recognized for this purpose and the minimum level of each that must be obtained for the amount of CDBG funds used. Unlike the guidelines for project costs and financial requirements covered under paragraph (a) of this section, the use of the standards for public benefit is mandatory. Certain public facilities and improvements eligible under § 570.201(c) of the regulations, which are undertaken for economic development purposes, are also subject to these standards, as specified in § 570.208(a)(4)(vi)(F)(*2*).

(1) *Standards for activities in the aggregate.* Activities covered by these guidelines must, in the aggregate, either:

(i) Create or retain at least one full-time equivalent, permanent job per $35,000 of CDBG funds used; or

(ii) Provide goods or services to residents of an area, such that the number of low- and moderate-income persons residing in the areas served by the assisted businesses amounts to at least one low- and moderate-income person per $350 of CDBG funds used.

(2) *Applying the aggregate standards.* (i) A metropolitan city, an urban county, a non-entitlement CDBG grantee in Hawaii, or an Insular Area shall apply the aggregate standards under paragraph (b)(1) of this

section to all applicable activities for which CDBG funds are first obligated within each single CDBG program year, without regard to the source year of the funds used for the activities. For Insular Areas, the preceding sentence applies to grants received in program years after Fiscal Year 2004. A grantee under the HUD-administered Small Cities Program, or Insular Areas CDBG grants prior to Fiscal Year 2005, shall apply the aggregate standards under paragraph (b)(1) of this section to all funds obligated for applicable activities from a given grant; program income obligated for applicable activities will, for these purposes, be aggregated with the most recent open grant. For any time period in which a community has no open HUD-administered or Insular Areas grants, the aggregate standards shall be applied to all applicable activities for which program income is obligated during that period.

(ii) The grantee shall apply the aggregate standards to the number of jobs to be created/retained, or to the number of persons residing in the area served (as applicable), as determined at the time funds are obligated to activities.

(iii) Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, the grantee may elect to count the activity under either the jobs standard or the area residents standard, but not both.

(iv) Where CDBG assistance for an activity is limited to job training and placement and/or other employment support services, the jobs assisted with CDBG funds shall be considered to be created or retained jobs for the purposes of applying the aggregate standards.

(v) Any activity subject to these guidelines which meets one or more of the following criteria may, at the grantee's option, be excluded from the aggregate standards described in paragraph (b)(1) of this section:

(A) Provides jobs exclusively for unemployed persons or participants in one or more of the following programs:

(*1*) Jobs Training Partnership Act (JTPA);

(*2*) Jobs Opportunities for Basic Skills (JOBS); or

(*3*) Aid to Families with Dependent Children (AFDC);

(B) Provides jobs predominantly for residents of Public and Indian Housing units;

(C) Provides jobs predominantly for homeless persons;

(D) Provides jobs predominantly for low-skilled, low- and moderate-income persons, where the business agrees to provide clear opportunities for promotion and economic advancement, such as through the provision of training;

(E) Provides jobs predominantly for persons residing within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;

(F) Provides assistance to business(es) that operate(s) within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;

(G) Stabilizes or revitalizes a neighborhood that has at least 70 percent of its residents who are low- and moderate-income;

(H) Provides assistance to a Community Development Financial Institution that serve an area that is predominantly low- and moderate-income persons;

(I) Provides assistance to a Community-Based Development Organization serving a neighborhood that has at least 70 percent of its residents who are low- and moderate-income;

(J) Provides employment opportunities that are an integral component of a project designed to promote spatial deconcentration of low- and moderate-income and minority persons;

(K) With prior HUD approval, provides substantial benefit to low-income persons through other innovative approaches;

(L) Provides services to the residents of an area pursuant to a strategy approved by HUD under the provisions of § 91.215(e) of this title;

(M) Creates or retains jobs through businesses assisted in an area pursuant to a strategy approved by HUD under the provisions of § 91.215(e) of this title.

(N) Directly involves the economic development or redevelopment of environmentally contaminated properties.

(3) *Standards for individual activities.* Any activity subject to these guidelines which falls into one or more of the following categories will be considered by HUD to provide insufficient public benefit, and therefore may under no circumstances be assisted with CDBG funds:

(i) The amount of CDBG assistance exceeds either of the following, as applicable:

(A) $50,000 per full-time equivalent, permanent job created or retained; or

(B) $1,000 per low- and moderate-income person to which goods or services are provided by the activity.

(ii) The activity consists of or includes any of the following:

(A) General promotion of the community as a whole (as opposed to the promotion of specific areas and programs);

(B) Assistance to professional sports teams;

(C) Assistance to privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to low- and moderate-income persons;

(D) Acquisition of land for which the specific proposed use has not yet been identified; and

(E) Assistance to a for-profit business while that business or any other business owned by the same person(s) or entity(ies) is the subject of unresolved findings of noncompliance relating to previous CDBG assistance provided by the recipient.

(4) *Applying the individual activity standards.* (i) Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, it will be disqualified only if the amount of CDBG assistance exceeds both of the amounts in paragraph (b)(3)(i) of this section.

(ii) The individual activity standards in paragraph (b)(3)(i) of this section shall be applied to the number of jobs to be created or retained, or to the number of persons residing in the area served (as applicable), as determined at the time funds are obligated to activities.

(iii) Where CDBG assistance for an activity is limited to job training and placement and/or other employment support services, the jobs assisted with CDBG funds shall be considered to be created or retained jobs for the purposes of applying the individual activity standards in paragraph (b)(3)(i) of this section.

(c) *Amendments to economic development projects after review determinations.* If, after the grantee enters into a contract to provide assistance to a project, the scope or financial elements of the project change to the extent that a significant contract amendment is appropriate, the project should be reevaluated under these and the recipient's guidelines. (This would include, for example, situations where the business requests a change in the amount or terms of assistance being provided, or an extension to the loan payment period required in the contract.) If a reevaluation of the project indicates that the financial elements and public benefit to be derived have also substantially changed, then the recipient should make appropriate adjustments in the amount, type, terms or conditions of CDBG assistance which has been offered, to reflect the impact of the substantial change. (For example, if a change in the project elements results in a substantial reduction of the total project costs, it may be appropriate for the recipient to reduce the amount of total CDBG assistance.) If the amount of CDBG assistance provided to the project is increased, the amended project must still comply with the public benefit standards under paragraph (b) of this section.

(d) *Documentation.* The grantee must maintain sufficient records to demonstrate the level of public benefit, based on the above standards, that is actually achieved upon completion of the CDBG-assisted economic development activity(ies) and how that compares to the level of such benefit anticipated when the CDBG assistance was obligated. If the grantee's actual results show a pattern of substantial variation from anticipated results, the grantee is expected to take all actions reasonably within its control to improve the accuracy of its projections. If the actual results demonstrate that the recipient has failed the public benefit standards, HUD may require the recipient to meet more stringent standards in future years as appropriate.

[60 FR 1947, Jan. 5, 1995, as amended at 60 FR 17445, Apr. 6, 1995; 71 FR 30035, May 24, 2006; 72 FR 12535, Mar. 15, 2007; 72 FR 46370, Aug. 17, 2007]

§ 570.210 Prohibition on use of assistance for employment relocation activities.

(a) *Prohibition.* CDBG funds may not be used to directly assist a business, including a business expansion, in the relocation of a plant, facility, or operation from one LMA to another LMA if the relocation is likely to result in a significant loss of jobs in the LMA from which the relocation occurs.

(b) *Definitions.* The following definitions apply to this section:

(1) *Directly assist.* Directly assist means the provision of CDBG funds for activities pursuant to:

(i) § 570.203(b); or

(ii) §§ 570.201(a)-(d), 570.201(l), 570.203(a), or § 570.204 when the grantee, subrecipient, or, in the case of an activity carried out pursuant to § 570.204, a Community Based Development Organization (CDBO) enters into an agreement with a business to undertake one or more of these activities as a condition of the business relocating a facility, plant, or operation to the grantee's LMA. Provision of public facilities and indirect assistance that will provide benefit to multiple businesses does not fall under the definition of “directly assist,” unless it includes the provision of infrastructure to aid a specific business that is the subject of an agreement with the specific assisted business.

(2) *Labor market area (LMA).* For metropolitan areas, an LMA is an area defined as such by the BLS. An LMA is an economically integrated geographic area within which individuals can live and find employment within a reasonable distance or can readily change employment without changing their place of residence. In addition, LMAs are non-overlapping and geographically exhaustive. For metropolitan areas, grantees must use employment data, as defined by the BLS, for the LMA in which the affected business is currently located and from which current jobs may be lost. For non-metropolitan areas, an LMA is either an area defined by

the BLS as an LMA, or a state may choose to combine non-metropolitan LMAs. States are required to define or reaffirm prior definitions of their LMAs on an annual basis and retain records to substantiate such areas prior to any business relocation that would be impacted by this rule. Metropolitan LMAs cannot be combined, nor can a non-metropolitan LMA be combined with a metropolitan LMA. For the HUD-administered Small Cities Program, each of the three participating counties in Hawaii will be considered to be its own LMA. Recipients of Fiscal Year 1999 Small Cities Program funding in New York will follow the requirements for State CDBG recipients.

(3) *Operation.* A business operation includes, but is not limited to, any equipment, employment opportunity, production capacity or product line of the business.

(4) *Significant loss of jobs.* (i) A loss of jobs is significant if: The number of jobs to be lost in the LMA in which the affected business is currently located is equal to or greater than one-tenth of one percent of the total number of persons in the labor force of that LMA; or in all cases, a loss of 500 or more jobs. Notwithstanding the aforementioned, a loss of 25 jobs or fewer does not constitute a significant loss of jobs.

(ii) A job is considered to be lost due to the provision of CDBG assistance if the job is relocated within three years of the provision of assistance to the business; or the time period within which jobs are to be created as specified by the agreement between the business and the recipient if it is longer than three years.

(c) *Written agreement.* Before directly assisting a business with CDBG funds, the recipient, subrecipient, or a CDBO (in the case of an activity carried out pursuant to § 570.204) shall sign a written agreement with the assisted business. The written agreement shall include:

(1) *Statement.* A statement from the assisted business as to whether the assisted activity will result in the relocation of any industrial or commercial plant, facility, or operation from one LMA to another, and, if so, the number of jobs that will be relocated from each LMA;

(2) *Required information.* If the assistance will not result in a relocation covered by this section, a certification from the assisted business that neither it, nor any of its subsidiaries, has plans to relocate jobs at the time the agreement is signed that would result in a significant job loss as defined in this rule; and

(3) *Reimbursement of assistance.* The agreement shall provide for reimbursement of any assistance provided to, or expended on behalf of, the business in the event that assistance results in a relocation prohibited under this section.

(d) *Assistance not covered by this section.* This section does not apply to:

(1) *Relocation assistance.* Relocation assistance required by the Uniform Assistance and Real Property Acquisition Policies Act of 1970, (URA) (42 U.S.C. 4601-4655);

(2) *Microenterprises.* Assistance to microenterprises as defined by Section 102(a)(22) of the Housing and Community Development Act of 1974; and

(3) *Arms-length transactions.* Assistance to a business that purchases business equipment, inventory, or other physical assets in an arms-length transaction, including the assets of an existing business, provided that the purchase does not result in the relocation of the sellers' business operation (including customer base or list, goodwill, product lines, or trade names) from one LMA to another LMA and does not produce a significant loss of jobs in the LMA from which the relocation occurs.

[70 FR 76369, Dec. 23, 2005]

Subpart K—Other Program Requirements

SOURCE: 53 FR 34456, Sept. 6, 1988, unless otherwise noted.

§ 570.600 General.

(a) This subpart K enumerates laws that the Secretary will treat as applicable to grants made under section 106 of the Act, other than grants to states made pursuant to section 106(d) of the Act, for purposes of the Secretary's determinations under section 104(e)(1) of the Act, including statutes expressly made applicable by the Act and certain other statutes and Executive Orders for which the Secretary has enforcement responsibility. This subpart K applies to grants made under the Insular Areas Program in § 570.405 and § 570.440 with the exception of § 570.612. The absence of mention herein of any other statute for which the Secretary does not have direct enforcement responsibility is not intended to be taken as an indication that, in the Secretary's opinion, such statute or Executive Order is not applicable to activities assisted under the Act. For laws that the Secretary will treat as applicable to grants made to states under section 106(d) of the Act for purposes of the determination required to be made by the Secretary pursuant to section 104(e)(2) of the Act, see § 570.487.

(b) This subpart also sets forth certain additional program requirements which the Secretary has determined to be applicable to grants provided under the Act as a matter of administrative discretion.

(c) In addition to grants made pursuant to section 106(b) and 106(d)(2)(B) of the Act (subparts D and F, respectively), the requirements of this subpart K are applicable to grants made pursuant to sections 107 and 119 of the Act (subparts E and G, respectively), and to loans guaranteed pursuant to subpart M.

[53 FR 34456, Sept. 6, 1988, as amended at 61 FR 11477, Mar. 20, 1996; 72 FR 12536, Mar. 15, 2007]

§ 570.601 Public Law 88-352 and Public Law 90-284; affirmatively furthering fair housing; Executive Order 11063.

(a) The following requirements apply according to sections 104(b) and 107 of the Act:

(1) Public Law 88-352, which is title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*), and implementing regulations in 24 CFR part 1.

(2) Public Law 90-284, which is the Fair Housing Act (42 U.S.C. 3601-3620). In accordance with the Fair Housing Act, the Secretary requires that grantees administer all programs and activities related to housing and community development in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, in accordance with section 104(b)(2) of the Act, for each community receiving a grant under subpart D of this part, the certification that the grantee will affirmatively further fair housing shall specifically require the grantee to assume the responsibility of fair housing planning by conducting an analysis to identify impediments to fair housing choice within its jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through that analysis, and maintaining records reflecting the analysis and actions in this regard.

(b) Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652; 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing), and implementing regulations in 24 CFR part 107, also apply.

[61 FR 11477, Mar. 20, 1996]

§ 570.602 Section 109 of the Act.

Section 109 of the Act requires that no person in the United States shall on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance made available pursuant to the Act. Section 109 also directs that the prohibitions against discrimination on the basis of age under the Age Discrimination Act and the prohibitions against discrimination on the basis of disability under Section

504 shall apply to programs or activities receiving Federal financial assistance under Title I programs. The policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR part 6.

[64 FR 3802, Jan. 25, 1999]

§ 570.603 Labor standards.

(a) Section 110(a) of the Act contains labor standards that apply to non-volunteer labor financed in whole or in part with assistance received under the Act. In accordance with section 110(a) of the Act, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) also applies. However, these requirements apply to the rehabilitation of residential property only if such property contains not less than 8 units.

(b) The regulations in 24 CFR part 70 apply to the use of volunteers.

[61 FR 11477, Mar. 20, 1996]

§ 570.604 Environmental standards.

For purposes of section 104(g) of the Act, the regulations in 24 CFR part 58 specify the other provisions of law which further the purposes of the National Environmental Policy Act of 1969, and the procedures by which grantees must fulfill their environmental responsibilities. In certain cases, grantees assume these environmental review, decision making, and action responsibilities by execution of grant agreements with the Secretary.

[61 FR 11477, Mar. 20, 1996]

§ 570.605 National Flood Insurance Program.

Notwithstanding the date of HUD approval of the recipient's application (or, in the case of grants made under subpart D of this part or HUD-administered small cities recipients in Hawaii, the date of submission of the grantee's consolidated plan, in accordance with 24 CFR part 91), section 202(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) and the regulations in 44 CFR parts 59 through 79 apply to funds provided under this part 570.

[61 FR 11477, Mar. 20, 1996]

§ 570.606 Displacement, relocation, acquisition, and replacement of housing.

(a) *General policy for minimizing displacement.* Consistent with the other goals and objectives of this part, grantees (or States or state recipients, as applicable) shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of activities assisted under this part.

(b) *Relocation assistance for displaced persons at URA levels.* (1) A displaced person shall be provided with relocation assistance at the levels described in, and in accordance with the requirements of 49 CFR part 24, which contains the government-wide regulations implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601-4655).

(2) *Displaced person.* (i) For purposes of paragraph (b) of this section, the term " *displaced person* " means any person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves his or her personal property from real property, permanently and involuntarily, as a direct result of

rehabilitation, demolition, or acquisition for an activity assisted under this part. A permanent, involuntary move for an assisted activity includes a permanent move from real property that is made:

(A) After notice by the grantee (or the state recipient, if applicable) to move permanently from the property, if the move occurs after the initial official submission to HUD (or the State, as applicable) for grant, loan, or loan guarantee funds under this part that are later provided or granted.

(B) After notice by the property owner to move permanently from the property, if the move occurs after the date of the submission of a request for financial assistance by the property owner (or person in control of the site) that is later approved for the requested activity.

(C) Before the date described in paragraph (b)(2)(i)(A) or (B) of this section, if either HUD or the grantee (or State, as applicable) determines that the displacement directly resulted from acquisition, rehabilitation, or demolition for the requested activity.

(D) After the "initiation of negotiations" if the person is the tenant-occupant of a dwelling unit and any one of the following three situations occurs:

(*1*) The tenant has not been provided with a reasonable opportunity to lease and occupy a suitable decent, safe, and sanitary dwelling in the same building/complex upon the completion of the project, including a monthly rent that does not exceed the greater of the tenant's monthly rent and estimated average utility costs before the initiation of negotiations or 30 percent of the household's average monthly gross income; or

(*2*) The tenant is required to relocate temporarily for the activity but the tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary location and any increased housing costs, or other conditions of the temporary relocation are not reasonable; and the tenant does not return to the building/complex; or

(*3*) The tenant is required to move to another unit in the building/complex, but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

(ii) Notwithstanding the provisions of paragraph (b)(2)(i) of this section, the term " *displaced person* -" does not include:

(A) A person who is evicted for cause based upon serious or repeated violations of material terms of the lease or occupancy agreement. To exclude a person on this basis, the grantee (or State or state recipient, as applicable) must determine that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance under this section;

(B) A person who moves into the property after the date of the notice described in paragraph (b)(2)(i)(A) or (B) of this section, but who received a written notice of the expected displacement before occupancy.

(C) A person who is not displaced as described in 49 CFR 24.2(g)(2).

(D) A person who the grantee (or State, as applicable) determines is not displaced as a direct result of the acquisition, rehabilitation, or demolition for an assisted activity. To exclude a person on this basis, HUD must concur in that determination.

(iii) A grantee (or State or state recipient, as applicable) may, at any time, request HUD to determine whether a person is a displaced person under this section.

(3) *Initiation of negotiations.* For purposes of determining the type of replacement housing assistance to be provided under paragraph (b) of this section, if the displacement is the direct result of privately undertaken rehabilitation, demolition, or acquisition of real property, the term " *initiation of negotiations* " means the

execution of the grant or loan agreement between the grantee (or State or state recipient, as applicable) and the person owning or controlling the real property.

(c) *Residential anti-displacement and relocation assistance plan.* The grantee shall comply with the requirements of 24 CFR part 42, subpart B.

(d) *Optional relocation assistance.* Under section 105(a)(11) of the Act, the grantee may provide (or the State may permit the state recipient to provide, as applicable) relocation payments and other relocation assistance to persons displaced by activities that are not subject to paragraph (b) or (c) of this section. The grantee may also provide (or the State may also permit the state recipient to provide, as applicable) relocation assistance to persons receiving assistance under paragraphs (b) or (c) of this section at levels in excess of those required by these paragraphs. Unless such assistance is provided under State or local law, the grantee (or state recipient, as applicable) shall provide such assistance only upon the basis of a written determination that the assistance is appropriate (see, e.g., 24 CFR 570.201(i), as applicable). The grantee (or state recipient, as applicable) must adopt a written policy available to the public that describes the relocation assistance that the grantee (or state recipient, as applicable) has elected to provide and that provides for equal relocation assistance within each class of displaced persons.

(e) *Acquisition of real property.* The acquisition of real property for an assisted activity is subject to 49 CFR part 24, subpart B.

(f) *Appeals.* If a person disagrees with the determination of the grantee (or the state recipient, as applicable) concerning the person's eligibility for, or the amount of, a relocation payment under this section, the person may file a written appeal of that determination with the grantee (or state recipient, as applicable). The appeal procedures to be followed are described in 49 CFR 24.10. In addition, a low- or moderate-income household that has been displaced from a dwelling may file a written request for review of the grantee's decision to the HUD Field Office. For purposes of the State CDBG program, a low- or moderate-income household may file a written request for review of the state recipient's decision with the State.

(g) *Responsibility of grantee or State.* (1) The grantee (or State, if applicable) is responsible for ensuring compliance with the requirements of this section, notwithstanding any third party's contractual obligation to the grantee to comply with the provisions of this section. For purposes of the State CDBG program, the State shall require state recipients to certify that they will comply with the requirements of this section.

(2) The cost of assistance required under this section may be paid from local public funds, funds provided under this part, or funds available from other sources.

(3) The grantee (or State and state recipient, as applicable) must maintain records in sufficient detail to demonstrate compliance with the provisions of this section.

(Approved by the Office of Management and Budget under OMB control number 2506-0102)

[61 FR 11477, Mar. 20, 1996, as amended at 61 FR 51760, Oct. 3, 1996]

§ 570.607 Employment and contracting opportunities.

To the extent that they are otherwise applicable, grantees shall comply with:

(a) Executive Order 11246, as amended by Executive Orders 11375, 11478, *12086,* and 12107 (3 CFR 1964-1965 Comp. p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970., p. 803; 3 CFR, 1978 Comp., p. 230; 3 CFR, 1978 Comp., p. 264 (Equal Employment Opportunity), and Executive Order 13279 (Equal Protection of the Laws for Faith-Based and Community Organizations), 67 FR 77141, 3 CFR, 2002 Comp., p. 258; and the implementing regulations at 41 CFR chapter 60; and

(b) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.

[68 FR 56405, Sept. 30, 2003]

§ 570.608 Lead-based paint.

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this part apply to activities under this program.

[64 FR 50226, Sept. 15, 1999]

§ 570.609 Use of debarred, suspended or ineligible contractors or subrecipients.

The requirements set forth in 24 CFR part 5 apply to this program.

[61 FR 5209, Feb. 9, 1996]

§ 570.610 Uniform administrative requirements and cost principles.

The recipient, its agencies or instrumentalities, and subrecipients shall comply with the policies, guidelines, and requirements of 24 CFR part 85 and 2 CFR PART 200 as applicable, as they relate to the acceptance and use of Federal funds under this part. The applicable sections of 24 CFR parts 84 and 85 are set forth at § 570.502.

[2] See footnote 1 at § 570.200(a)(5).

[60 FR 56916, Nov. 9, 1995]

§ 570.611 Conflict of interest.

(a) *Applicability.* (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to § 570.203, 570.204, 570.455, or 570.703(i)).

(b) *Conflicts prohibited.* The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

(c) *Persons covered.* The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part.

(d) *Exceptions.* Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) *Threshold requirements.* HUD will consider an exception only after the recipient has provided the following documentation:

(i) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(ii) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(2) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;

(v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

(vi) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vii) Any other relevant considerations.

[60 FR 56916, Nov. 9, 1995]

§ 570.612 Executive Order 12372.

(a) *General.* Executive Order 12372, Intergovernmental Review of Federal Programs, and the Department's implementing regulations at 24 CFR part 52, allow each State to establish its own process for review and comment on proposed Federal financial assistance programs.

(b) *Applicability.* Executive Order 12372 applies to the CDBG Entitlement program and the UDAG program. The Executive Order applies to all activities proposed to be assisted under UDAG, but it applies to the Entitlement program only where a grantee proposes to use funds for the planning or construction

(reconstruction or installation) of water or sewer facilities. Such facilities include storm sewers as well as all sanitary sewers, but do not include water and sewer lines connecting a structure to the lines in the public right-of-way or easement. It is the responsibility of the grantee to initiate the Executive Order review process if it proposes to use its CDBG or UDAG funds for activities subject to review.

§ 570.613 Eligibility restrictions for certain resident aliens.

(a) *Restriction.* Certain newly legalized aliens, as described in 24 CFR part 49, are not eligible to apply for benefits under covered activities funded by the programs listed in paragraph (e) of this section. “Benefits” under this section means financial assistance, public services, jobs and access to new or rehabilitated housing and other facilities made available under covered activities funded by programs listed in paragraph (e) of this section. “Benefits” do not include relocation services and payments to which displacees are entitled by law.

(b) *Covered activities.* “Covered activities” under this section means activities meeting the requirements of § 570.208(a) that either:

(1) Have income eligibility requirements limiting the benefits exclusively to low and moderate income persons; or

(2) Are targeted geographically or otherwise to primarily benefit low and moderate income persons (excluding activities serving the public at large, such as sewers, roads, sidewalks, and parks), and that provide benefits to persons on the basis of an application.

(c) *Limitation on coverage.* The restrictions under this section apply only to applicants for new benefits not being received by covered resident aliens as of the effective date of this section.

(d) *Compliance.* Compliance can be accomplished by obtaining certification as provided in 24 CFR 49.20.

(e) *Programs affected.* (1) The Community Development Block Grant program for small cities, administered under subpart F of part 570 of this title until closeout of the recipient's grant.

(2) The Community Development Block Grant program for entitlement grants, administered under subpart D of part 570 of this title.

(3) The Community Development Block Grant program for States, administered under subpart I of part 570 of this title until closeout of the unit of general local government's grant by the State.

(4) The Urban Development Action Grants program, administered under subpart G of part 570 of this title until closeout of the recipient's grant.

[55 FR 18494, May 2, 1990]

§ 570.614 Architectural Barriers Act and the Americans with Disabilities Act.

(a) The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of “residential structure” as defined in 24 CFR 40.2 or the definition of “building” as defined in 41 CFR 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (appendix A to 24 CFR part 40 for residential structures, and appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).

(b) The Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 and 225) (ADA) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

[60 FR 56917, Nov. 9, 1995]

UPDATE: Effective March 2015

2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance supersedes, consolidates and streamlines requirements from 8 OMB Circulars referenced in Exhibit D - CDBG Regulations and Other Program Requirements:

A - 21	A - 110
A - 87	A - 122
A - 89	A - 133
A - 102	A – 50

To view Notice SD-2015-01 Issued by the U.S. Department of Housing and Urban Development, please visit the following link:

www.hudexchange.info/resources/documents/Notice-DC-2015-01-Transition-to-2-CFR-Part-200-Guidance.pdf

Exhibit E

Audit Findings or Exceptions

(N/A - No audit findings or exceptions)

AGENDA ITEM NO. 9.C.

Management Items

DATE: January 6, 2026
FROM: Alberto Perez, City Manager
ITEM: **Discussion and possible action to Consider and take action regarding the Approval to Terminate the Tax Increment Reinvestment Zone No. 1 Agreement**

BACKGROUND INFORMATION: Staff met with Mr. Calderon and the County on December 22, 2025 regarding the TIRZ No. 1 agreement. After discussion, staff has agreed to move forward with terminating the TIRZ No. 1 agreement. This item will formalize the decision and be provided to the County.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)
Proposed Expenditure/(Revenue): **Account Number(s):**
$

Finance Review by:

LEGAL REVIEW:

ATTACHMENTS:
None

STAFF RECOMMENDATION: Recommendation to terminate the agreement for TIRZ No. 1

AGENDA ITEM NO. 9.D.

Management Items

DATE: January 6, 2026
FROM: Ruben Saldana, Mayor Pro-Tem
ITEM: **Discussion and possible action to Discussion and Possible Action Regarding City Support for Catholic Cemetery**

BACKGROUND INFORMATION: Catholic Cemetery Association will be requested to provide a presentation on the status of the cemetery and possible solutions for the long-term care of this property.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)
Proposed Expenditure/(Revenue): **Account Number(s):**
$

Finance Review by: No

LEGAL REVIEW:

ATTACHMENTS:
1. Catholic Cemetery

STAFF RECOMMENDATION:

Agenda Item Request

Deadline for submission: Wednesday at 2 o'clock on the week prior to the Council Meeting.

Requestor Name: Ruben Saldana Co-Requestor: Armando Garcia

Telephone No. (for clarifications) 956.373.1824

Meeting Date: 1/6/26

Agenda Topic: Discussion and Possible Action Regarding City Support for Catholic Cemetery

Request (please be specific)

Catholic Cemetery Association will be requested to provide a presentation on the status of the cemetery and possible solutions for the long-term care of this property.

Attachments: Yes ☑ No ☐

Notes such as changes to meeting dates, cancelation of request, etc. (Please Initial)

4

Dr. Ruben J Saldana Digitally signed by Dr. Ruben J Saldana Date: 2025.12.29 06:51:03 -06'00'

Signature

Co-signature

AGENDA ITEM NO. 10.A.

Ordinances/Resolutions

DATE: January 6, 2026
FROM: Orlando Diaz, Lieutenant
ITEM: **Discussion and possible action to Consider and take action to Approve of Resolution 2026-01 regarding the Agreement for the Temporary Closure of State Right-of-Way – 87th Annual Rio Grande Valley Livestock Show Parade**

BACKGROUND INFORMATION: The Mercedes Police Department respectfully requests approval of the Agreement for the Temporary Closure of State Right-of-Way with the Texas Department of Transportation. Approval of this agreement is necessary to facilitate traffic control and public safety operations associated with the 87th Annual Rio Grande Valley Livestock Show Parade. The parade is scheduled for Saturday, March 14, 2026, and will require the temporary closure of designated portions of State right-of-way in accordance with 43 Texas Administrative Code, Section 22.12. The agreement allows the City to coordinate with TXDOT to ensure the safe and orderly movement of vehicular and pedestrian traffic during the event.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):	**Account Number(s):**
$	01-522-1011

Finance Review by:

LEGAL REVIEW: (Has the City Attorney reviewed it, if necessary Yes/No/ Not Applicable)

ATTACHMENTS:

1. 1B. Road Closure Write-Up
2. 2. RGVLS 87th Road Closure Permit
3. 3. Exhibit A - Letter Head - Agreed Traffic Control
4. 3. Exhibit A - ROAD CLOSURE ASSIGNMENT POSTS
5. 3b. - ROAD CLOSURE ASSIGNMENT POSTS 2023 - Copy
6. Resolution 2026-01 - RGVLS Parade
7. 5. Exhibit C - Letter Head - Event Name, Date, Time & Closure
8. 3. RGVLS 2026 Parade - Map Route

STAFF RECOMMENDATION: Move to approve the Agreement for the Temporary Closure of State Right-of-Way between the City of Mercedes and the Texas Department of Transportation for the 87th Annual Rio Grande Valley Livestock Show Parade, scheduled for March 14, 2026.

Mayor
City Manager
City Commissioners

Good Evening,

In accordance with the Interlocal Agreement between the Texas Department of Transportation (TxDOT) and the City of Mercedes Police Department, approval of this resolution is required to authorize a temporary road closure permit for the 87th Annual Rio Grande Valley Livestock Show Parade.

The parade is scheduled for Saturday, March 14, 2026, beginning at 10:00 A.M. Road closures will be implemented at 8:00 A.M. and are expected to conclude by approximately 12:00 P.M.

Parade Route:
The parade will originate at the 600 Block of South Texas Avenue, proceed northbound on Texas Avenue, and conclude at the Rio Grande Valley Livestock Showgrounds, located at 1000 N. Texas Avenue.

To ensure public safety and maintain traffic control throughout the event, a total of twenty-one (21) officers and support personnel will be assigned to key intersections and areas of concern along the parade route, in coordination with the Public Works Department.

Assigned Posts

- Public Works Department — N. Texas Ave. / Hill St. (Westbound & Eastbound)
- Public Works Department — N. Texas Ave. / Webb St. (Westbound & Eastbound)
- Public Works Department — N. Texas Ave. / Duval St. (Westbound & Eastbound)
- MPD Officer / MPD Officer — N. Texas Ave. / Anacuitas St. (Westbound)
- MPD Officer — N. Texas Ave. / FM 491 (Eastbound)
- MPD Officer — N. Texas Ave. / Westbound Frontage Rd. (Eastbound)
- MPD Officer — N. Texas Ave. / Eastbound Frontage Rd. (Westbound)
- Public Works Department — N. Texas Ave. / Starr St. (Eastbound)
- MPD Officer — N. Texas Ave. / Cameron St. (Westbound)
- MPD Officer — N. Texas Ave. / Cameron St. (Eastbound)
- MPD Officer — N. Texas Ave. / W. Hidalgo St. (Westbound)
- MPD Officer — N. Texas Ave. / W. Hidalgo St. (Eastbound)
- MPD Officer — N. Texas Ave. / W. 1st St. (Westbound)
- MPD Officer — N. Texas Ave. / W. 1st St. (Eastbound)
- Public Works Department — S. Texas Ave. / Railroad St. (Westbound & Eastbound)
- MPD Officer / MPD Officer — S. Texas Ave. / W. Business 83 (Westbound)
- MPD Officer / MPD Officer — S. Texas Ave. / W. Business 83 (Eastbound)
- MPD Officer — S. Texas Ave. / W. 3rd St. (Westbound)
- MPD Officer — S. Texas Ave. / W. 3rd St. (Eastbound)
- MPD Officer — S. Texas Ave. / W. 4th St. (Westbound & Eastbound)
- MPD Officer — S. Texas Ave. / W. 5th St. (Westbound & Eastbound)
- MPD Officer — S. Texas Ave. / W. 6th St. (Westbound & Eastbound)

- MPD Officer — S. Texas Ave. / W. 10th St. (Westbound)
- Public Works Department — S. Texas Ave. / W. 10th St. (Eastbound)

Command & Support Assignments

- MPD Officer — Lead Unit (3)
- Lt. Orlando Diaz — Planning Section Chief
- Lt. Juan Cuba — Operations Section Deputy
- Lt. Jesus O. Rodriguez — Public Information Officer
- Dispatcher — Communications / Command Post
- Clerk Admin / Clerk III — Logistics

Additional officers will be available as needed to respond to unforeseen issues or operational demands.

Patrol staffing will remain intact, with officers performing their primary duties and responsibilities as scheduled:

- A-Shift: 7:00 A.M. – 7:00 P.M.
- B-Shift: 7:00 P.M. – 7:00 A.M.

Approval of this resolution will allow the City of Mercedes Police Department to coordinate effectively with TxDOT and other city departments to ensure the safe and orderly execution of this community event.

Agreement No._____

STATE OF TEXAS §

COUNTY OF §

AGREEMENT FOR THE TEMPORARY CLOSURE OF STATE RIGHT-OF-WAY

THIS AGREEMENT is made by and between the State of Texas, acting by and through the Texas Department of Transportation, hereinafter called the "State," and the City Of Mercedes, a municipal corporation, acting by and through its duly authorized officers, hereinafter called the "City."

W I T N E S S E T H

WHEREAS, the State owns and operates a system of highways for public use and benefit, including Mercedes, in Hidalgo, County; and

WHEREAS, the City has requested the temporary closure of (Texas Ave.), from 600 Block of S. Texas Ave. to the 1000 Block of N. Texas Ave. for the purpose of the 87th Annual Rio Grande Valley Livestock Show Parade, as described in the attached "Exhibit A," hereinafter identified as the "Event;" and

WHEREAS, the Event will be located within the City's incorporated area; and

WHEREAS, the State, in recognition of the public purpose of the Event, wishes to cooperate with the City so long as the safety and convenience of the traveling public is ensured and that the closure of the State's right-of-way will be performed within the State's requirements; and

WHEREAS, on the 6th day of January of 2026, the City Commission passed Resolution _____ / Ordinance No. _____, attached hereto and identified as "Exhibit B," establishing that the Event serves a public purpose and authorizing the City to enter into this agreement with the State; and

WHEREAS, 43 TAC, Section 22.12 establishes the rules and procedures for the temporary closure of a segment of the State highway system; and

WHEREAS, this agreement has been developed in accordance with the rules and procedures of 43 TAC, Section 22.12;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, to be by them respectively kept and performed as hereinafter set forth, it is agreed as follows:

A G R E E M E N T

Article 1. CONTRACT PERIOD

This agreement becomes effective upon final execution by the State and shall terminate upon completion of the Event or unless terminated or modified as hereinafter provided.

Article 2. EVENT DESCRIPTION

The description of the Event, including the proposed schedule of start and stop times, approximate number of people attending the Event, and equipment involved shall be attached hereto and identified as “Exhibit C.”

Article 3. OPERATIONS OF THE EVENT

A. The City shall assume all costs for the operations associated with the Event, to include but not limited to, plan development, materials, labor, public notification, providing protective barriers and barricades, protection of highway traffic and highway facilities, and all traffic control and temporary signing.

B. The City shall submit to the State for review and approval the construction plans, if construction or modifications to the State’s right-of-way is required, the traffic control and signing plans, traffic enforcement plans, and all other plans deemed necessary by the State.

C. The City will not initiate closure prior to 24 hours before the scheduled Event and all barriers and barricades will be removed and the highway reopened to traffic within 24 hours after the completion of the Event.

D. The City will provide adequate enforcement personnel to prevent vehicles from stopping and parking along the main lanes of highway right-of-way and otherwise prevent interference with the main lane traffic by both vehicles and pedestrians. The City will prepare a traffic enforcement plan, to be approved by the State in writing at least 48 hours prior to the scheduled Event. Additionally, the City shall provide to the State a letter of certification from the law enforcement agency that will be providing traffic control for the Event, certifying that they agree with the enforcement plan and will be able to meet its requirements.

E. The City hereby assures the State that there will be appropriate passage allowance for emergency vehicle travel and adequate access for abutting property owners during construction and closure of the highway facility. These allowances and accesses will be included in the City’s traffic control plan.

F. The City will avoid or minimize damage, and will, at its own expense, restore or repair damage occurring outside the State’s right-of-way and restore or repair the State’s right-of-way, including roadway and drainage structures, signs, and pavement, etc. to a condition equal to that existing before the closure, and, to the extent practicable, restore the natural environment, including landscape features.

Article 4. OWNERSHIP OF DOCUMENTS

Upon completion or termination of this agreement, all documents prepared by the City will remain the property of the City. All data prepared under this agreement shall be made available to the State without restriction or limitation on their further use.

Article 5. TERMINATION

A. This agreement may be terminated by any of the following conditions:

(1) By mutual written agreement and consent of both parties.

(2) By the State upon determination that use of the State’s right-of-way is not feasible or is not in the best interest of the State and the traveling public.

(3) By either party, upon the failure of the other party to fulfill the obligations as set forth herein.

(4) By satisfactory completion of all services and obligations as set forth herein.

B. The termination of this agreement shall extinguish all rights, duties, obligations and liabilities of the State and City under this agreement. If the potential termination of this agreement is due to the failure of the City to fulfill its contractual obligations as set forth herein, the State will notify the City that possible breach of contract has occurred. The City must remedy the breach as outlined by the State within ten (10) days from receipt of the State's notification. In the event the City does not remedy the breach to the satisfaction of the State, the City shall be liable to the State for the costs of remedying the breach and any additional costs occasioned by the State.

Article 6. DISPUTES

Should disputes arise as to the parties' responsibilities or additional work under this agreement, the State's decision shall be final and binding.

Article 7. RESPONSIBILITIES OF THE PARTIES

The State and the Local Government agree that neither party is an agent, servant, or employee of the other party and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

Article 8. INSURANCE

A. Prior to beginning any work upon the State's right-of-way, the City and/or its contractors shall furnish to the State a completed "Certificate of Insurance" (TxDOT Form 1560, latest edition) and shall maintain the insurance in full force and effect during the period that the City and/or its contractors are encroaching upon the State right-of-way.

B. In the event the City is a self-insured entity, the City shall provide the State proof of its self-insurance. The City agrees to pay any and all claims and damages that may occur during the period of this closing of the highway in accordance with the terms of this agreement.

Article 9. AMENDMENTS

Any changes in the time frame, character, agreement provisions or obligations of the parties hereto shall be enacted by written amendment executed by both the City and the State.

Article 10. COMPLIANCE WITH LAWS

The City shall comply with all applicable federal, state and local environmental laws, regulations, ordinances and any conditions or restrictions required by the State to protect the natural environment and cultural resources of the State's right-of-way.

Article 11. LEGAL CONSTRUCTION

In case one or more of the provisions contained in this agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof and this agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Article 12. NOTICES
All notices to either party by the other required under this agreement shall be delivered personally or sent by certified U.S. mail, postage prepaid, addressed to such party at the following respective addresses:

City:	State:
City of Mercedes 400 South Ohio Avenue, Mercedes, TX 78570	Texas Department of Transportation

All notices shall be deemed given on the date so delivered or so deposited in the mail, unless otherwise provided herein. Either party hereto may change the above address by sending written notice of such change to the other in the manner provided herein.

Article 13. SOLE AGREEMENT
This agreement constitutes the sole and only agreement between the parties hereto and supersedes any prior understandings or written or oral agreements respecting the within subject matter.

IN TESTIMONY WHEREOF, the parties hereto have caused these presents to be executed in duplicate counterparts.

THE CITY OF MERCEDES
Executed on behalf of the City by:

By_____ Date: January 6th, 2026

Typed or Printed Name and Title: Orlando Diaz

Lieutenant

THE STATE OF TEXAS
Executed for the Executive Director and approved for the Texas Transportation and Mercedes for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

By_____ Date_____
District Engineer

By_____ Date _____
Director of Maintenance

Exhibit A

(SEE ATTACHED ROUTE MAP AND ROAD CLOSURES)

Exhibit B

(SEE ATTACHED RESOLUTION)

Exhibit C

(SEE ATTACHED TRAFFIC CONTROL AGREEMENT)

MERCEDES POLICE DEPARTMENT

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

Francisco J. Sanchez
Chief of Police

Tuesday, January 6, 2026

To: Texas Department of Transportation

From: Lieutenant Orlando Diaz

Re: Agreement for the Temporary Closure of State Right-of-Way

Exhibit C – Traffic Control and Law Enforcement Support

The Mercedes Public Safety Department shall provide sworn law enforcement personnel to conduct traffic control and public safety operations for the 87th Annual Rio Grande Valley Livestock Show Parade, scheduled for Saturday, March 14, 2026, with a parade start time of 10:00 A.M.

Law enforcement personnel will be assigned to designated intersections and roadway segments along the approved parade route to ensure the safe and orderly movement of vehicular and pedestrian traffic during the temporary closure of the State right-of-way. Personnel assignments and traffic control measures will be implemented in accordance with the approved traffic control and enforcement plans and in compliance with applicable Texas Department of Transportation requirements.

X

Orlando Diaz
Lieutenant

87th Annual RGVLS Parade

Saturday, March 14th, 2026

(Traffic Control)

08:00 AM – 12:00 PM

	INTERSECTION:	DEPARTMENT:	DEPARTMENT:	INTERSECTION:
	(West of Roadway)			**(East of Roadway)**
	ROVER	Sgt. George Diaz	Lt. J. Cuba	
1.	N. Texas Ave. / Hill St.	PUBLIC WORKS	PUBLIC WORKS	N. Texas Ave. / Hill St.
2.	N. Texas Ave. / Webb St.	PUBLIC WORKS	PUBLIC WORKS	N. Texas Ave. / Webb St.
3.	N. Texas Ave. / Duval St.	PUBLIC WORKS	PUBLIC WORKS	N. Texas Ave. / Duval St.
4.	N. Texas Ave. / Anacuitas St.	Mercedes PD	Mercedes PD	N. Texas Ave. / N. 491
5.	N. Texas Ave. / WB Frontage Rd.	[redacted]	Mercedes PD Public Works (Cones)	N. Texas Ave. / WB Frontage Rd.
6.	N. Texas Ave. / EB Frontage Rd.	Mercedes PD Public Works (Cones)	[redacted]	N. Texas Ave. / EB Frontage Rd.
7.		[redacted]	PUBLIC WORKS	Starr St. / N. Texas Ave.
8.	N. Texas Ave. / Cameron St. (Fred Loya)	Mercedes PD	Mercedes PD	N. Texas Ave. / Cameron St. (Juanito's Rest.)
9.	N. Texas Ave. / W. Hidalgo St.	Mercedes PD	Mercedes PD	N. Texas Ave. / W. Hidalgo St.
10.	N. Texas Ave. / W. First St.	Mercedes PD	Mercedes PD	N. Texas Ave. / W. First St.
11.	S. Texas Ave. / Railroad St.	PUBLIC WORKS	PUBLIC WORKS	S. Texas Ave. / Railroad St.
12.	S. Texas Ave. / W. Business 83	Mercedes PD Mercedes PD	Mercedes PD Mercedes PD	S. Texas Ave. / W. Bus 83
13.	S. Texas Ave. / W. Third St.	Mercedes PD	Mercedes PD	S. Texas Ave. / W. Third St.
14.	S. Texas Ave. / W. Fourth St.	Mercedes PD	Mercedes PD	S. Texas Ave. / W. Fourth St.
15.	S. Texas Ave. / W. Fifth St.	Mercedes PD	Mercedes PD	S. Texas Ave. / W. Fifth St.
16.	S. Texas Ave. / W. Sixth St.	Mercedes PD	Mercedes PD	S. Texas Ave. / W. Sixth St.
18.	S. Texas Ave. / W. Tenth St.	Mercedes PD	PUBLIC WORKS	S. Texas Ave. / W. Tenth St.

87th Annual RGVLS Parade

Saturday, March 14th, 2026

(Traffic Control)

08:00 AM – 12:00 PM

	INTERSECTION: (West of Roadway)	DEPARTMENT:	DEPARTMENT:	INTERSECTION: (East of Roadway)
	ROVER	Lt. Orlando Diaz	Sgt. Juan Cuba	
1.	N. Texas Ave. / Hill St.	PUBLIC WORKS	PUBLIC WORKS	N. Texas Ave. / Hill St.
2.	N. Texas Ave. / Webb St.	PUBLIC WORKS	PUBLIC WORKS	N. Texas Ave. / Webb St.
3.	N. Texas Ave. / Duval St.	PUBLIC WORKS	PUBLIC WORKS	N. Texas Ave. / Duval St.
4.	N. Texas Ave. / Anacuitas St.	Mercedes PD	Mercedes PD	N. Texas Ave. / N. 491
5.	N. Texas Ave. / WB Frontage Rd.	[redacted]	Mercedes PD PUBLIC WORKS	N. Texas Ave. / WB Frontage Rd.
6.	N. Texas Ave. / EB Frontage Rd.	Mercedes PD PUBLIC WORKS	[redacted]	N. Texas Ave. / EB Frontage Rd.
7.		[redacted]	Mercedes PD	Starr St. / N. Texas Ave.
8.	N. Texas Ave. / Cameron St. (Fred Loya)	Mercedes PD	Mercedes PD	N. Texas Ave. / Cameron St. (Juanito's Rest.)
9.	N. Texas Ave. / W. Hidalgo St.	Mercedes PD	Mercedes PD	N. Texas Ave. / W. Hidalgo St.
10.	N. Texas Ave. / W. First St.	Mercedes PD	Mercedes PD	N. Texas Ave. / W. First St.
11.	S. Texas Ave. / Railroad St.	PUBLIC WORKS	PUBLIC WORKS	S. Texas Ave. / Railroad St.
12.	S. Texas Ave. / W. Business 83	Mercedes PD PUBLIC WORKS	Mercedes PD PUBLIC WORKS	S. Texas Ave. / W. Bus 83
13.	S. Texas Ave. / W. Third St.	Mercedes PD	Mercedes PD	S. Texas Ave. / W. Third St.
14.	S. Texas Ave. / W. Fourth St.	Mercedes PD	Mercedes PD	S. Texas Ave. / W. Fourth St.
15.	S. Texas Ave. / W. Fifth St.	Mercedes PD	Mercedes PD	S. Texas Ave. / W. Fifth St.
16.	S. Texas Ave. / W. Sixth St.	Mercedes PD	Mercedes PD	S. Texas Ave. / W. Sixth St.
17.	S. Texas Ave. / W. Tenth St.	Mercedes PD	PUBLIC WORKS	S. Texas Ave. / W. Tenth St.

18.	W. Tenth St. / S. Ohio Ave.	Mercedes PD	TX ANIMAL HEALTH	W. Tenth St. / S. Ohio Ave.
19.	W. Tenth St. / S. Illinois Ave.	Mercedes PD	TX ANIMAL HEALTH	W. Tenth St. / S. Illinois Ave.
20.	W. Tenth St. / S. Capisallo Rd.	Mercedes PD	TX ANIMAL HEALTH	W. Tenth St. / S. Capisallo Rd.

UPDATED AS OF 12/2025

MPD – (Lead Units)

Mercedes PD Float Group

Mercedes PD Bike Group

RESOLUTION: 2026-01

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF MERCEDES, TEXAS, AUTHORIZING THE CITY TO ENTER INTO AN AGREEMENT WITH THE STATE OF TEXAS, ACTING THROUGH THE TEXAS DEPARTMENT OF TRANSPORTATION, FOR THE TEMPORARY CLOSURE OF A SEGMENT OF STATE RIGHT-OF-WAY ALONG TEXAS AVENUE, FROM THE 600 BLOCK OF SOUTH TEXAS AVENUE TO THE 1000 BLOCK OF NORTH TEXAS AVENUE, IN CONNECTION WITH THE 87TH ANNUAL RIO GRANDE VALLEY LIVESTOCK SHOW PARADE.

WHEREAS, the City Commission of the City of Mercedes, Texas wishes to cooperate with the State of Texas to ensure the safety and convenience of the traveling public; and

WHEREAS, the City of Mercedes requests the temporary closure of a portion of Texas Avenue, from the 600 Block of South Texas Avenue to the 1000 Block of North Texas Avenue, on MARCH 14TH, 2026, for activities associated with the 87th Annual Rio Grande Valley Livestock Show Parade, scheduled from approximately 10:00 AM to 12:00 PM.; and

WHEREAS, the Event will take place within the incorporated limits of the City of Mercedes, and the temporary closure will be conducted in accordance with all applicable requirements of the State of Texas and the Texas Department of Transportation;

WHEREAS, Title 43, Texas Administrative Code, Section 22.12, establishes the rules and procedures governing the temporary closure of a segment of the State highway system;

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

That the City Commission, at its regular meeting held on January 6, 2026, hereby finds that the Event serves a public purpose and adopts this Resolution in accordance with 43 Texas Administrative Code, Section 22.12. The Mayor is hereby authorized to execute, on behalf of the City of Mercedes, the Agreement for the Temporary Closure of State Right-of-Way with the State of Texas, acting through the Texas Department of Transportation, in order to allow the 87th Annual Rio Grande Valley Livestock Show Parade to be conducted on March 14, 2026.

Passed and approved on this the 6th day of January, 2026.

_____
Oscar Montoya, Mayor

ATTEST:

_____
Joselynn Castillo, City Secretary

MERCEDES POLICE DEPARTMENT

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

Francisco J. Sanchez
Chief of Police

Tuesday, January 6, 2026

To: Texas Department of Transportation
From: Lieutenant Orlando Diaz
Re: Agreement for the Temporary Closure of State Right-of-Way

Exhibit C - Road Closure Event and Traffic Control Plan

Event: 87th Annual Rio Grande Valley Livestock Show Parade
Date: Saturday, March 14, 2026
Parade Start Time: 10:00 A.M.
Road Closure Period: 8:00 A.M. – 12:00 P.M.

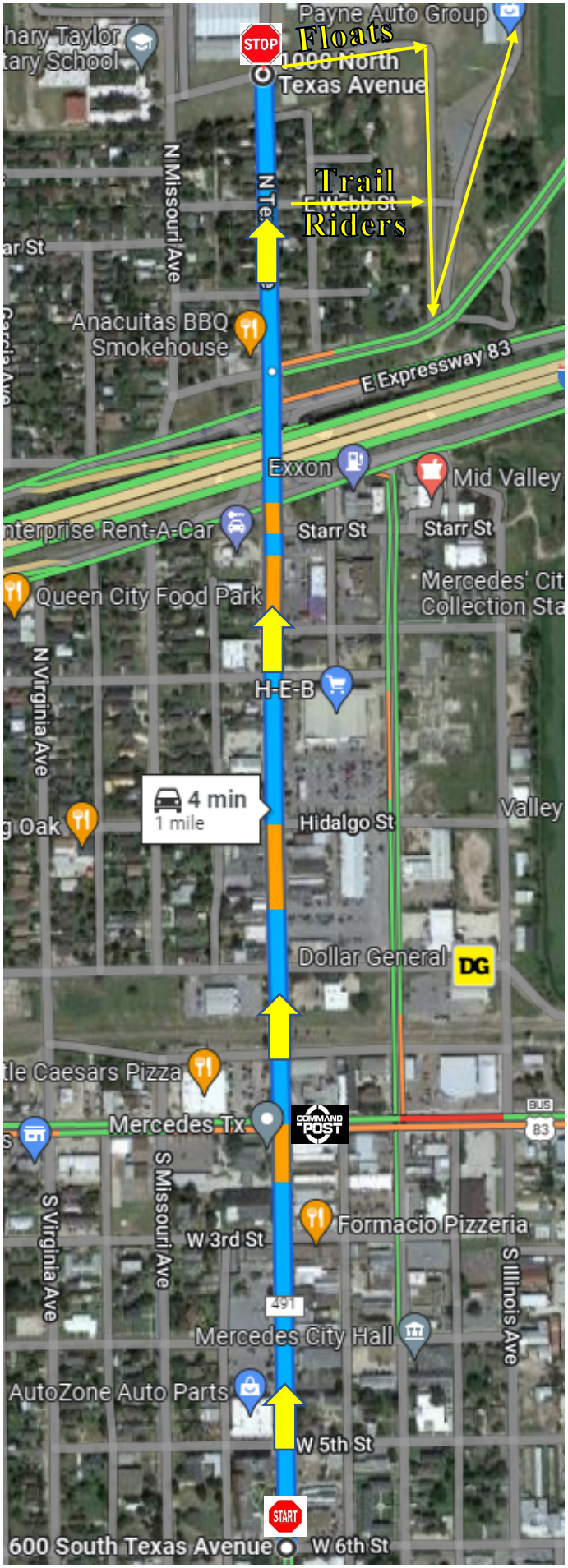
The Mercedes Public Safety Department shall deploy sworn law enforcement personnel to conduct traffic control and ensure public safety during the temporary closure of State right-of-way associated with the above-referenced event. Officers will be assigned to designated intersections and roadway segments along the approved parade route to safely manage vehicular and pedestrian traffic in accordance with Texas Department of Transportation requirements.

- **Southbound Texas Avenue Traffic:**
  All southbound traffic on Texas Avenue will be rerouted westbound at the nearest available intersections.
- **Northbound Texas Avenue Traffic:**
  All northbound traffic on Texas Avenue will be rerouted eastbound at the nearest available intersections.
- **Frontage Road Traffic (Eastbound and Westbound):**
  Traffic on both eastbound and westbound Frontage Roads will be redirected utilizing designated turnarounds to maintain traffic flow. Motorists will be permitted to re-enter the Expressway at Vermont Avenue and Mile 1 East Road.
- **Business 83 Traffic (Eastbound and Westbound):**
  Traffic traveling on Business 83 will be rerouted to the nearest available intersections at Ohio Avenue and Missouri Avenue to prevent congestion and allow continued access to re-enter the Expressway.

X

Orlando Diaz
Lieutenant

RGVLS 2026 Parade – Map Route



Details:

Date: Saturday, March 14, 2026

Staging: 600 S. Texas Ave.

Issue out Float Places / Judging
08:00 AM – 09:30 AM

Road Closures: 08:30 AM – 09:00 AM

Parade Start Time: 10:00 AM

Travel North into RGVLS Grounds

Floats Exit West on N. Missouri Ave.

Trail Riders Exit East on Webb St.

Command Post: 300 W. Business 83

Radio Comms: Reg Event?

MFD Drone Operation: Under 150'

AGENDA ITEM NO. 10.B.

Ordinances/Resolutions

DATE: January 6, 2026
FROM: Orlando Diaz, Lieutenant
ITEM: **Discussion and possible action to Consider and take Action on Approval of Resolution 2026-02 regarding the Agreement for the Temporary Closure of State Right-of-Way – 87th Annual Rio Grande Valley Livestock Show**

BACKGROUND INFORMATION: The Mercedes Police Department respectfully requests approval for the temporary closure of state right-of-way to facilitate safe and efficient traffic control during the 87th Annual Rio Grande Valley Livestock Show (RGVLS), scheduled from March 12 through March 22, 2026. The proposed closures are intended to support the management of ingress and egress traffic, ensure pedestrian safety, and minimize congestion during peak event periods. Traffic control measures will include temporary road closures, use of traffic cones, dynamic message boards, and officer-assisted traffic management at key intersections. The closures and traffic patterns have been coordinated with Texas Department of Transportation (TxDOT) and local law enforcement to ensure compliance with all state regulations.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):	**Account Number(s):**
$	01-522-1011

Finance Review by:

LEGAL REVIEW:

ATTACHMENTS:

1. 1B. Road Closure Write-Up
2. 2. RGVLS 87th Road Closure Permit
3. Resolution 2026-02 - RGVLS Event

STAFF RECOMMENDATION: I move to approve the Agreement for the Temporary Closure of State Right-of-Way to facilitate traffic control during the 87th Annual Rio Grande Valley Livestock Show, scheduled for March 12–22, 2026, and authorize the Mayor to execute all necessary documents on behalf of the City.

Mayor
City Manager
Commissioners

Good Evening,

In coordination with the Texas Department of Transportation (TxDOT) and the Mercedes Public Safety Department, we respectfully request approval of a resolution authorizing a temporary road closure permit for the 87th Annual Rio Grande Valley Livestock Show, scheduled from Thursday, March 12, 2026, through Sunday, March 22, 2026**.**

The proposed closures are intended to manage traffic during peak hours, generally 5:00 PM to 8:30 PM, at the intersections of W. Frontage Rd., N. Vermont Ave., and N. Texas Ave. (hours may vary slightly by day). Traffic will be directed east on the frontage road toward the Mile 1 East turnaround, then travel westbound, forming two lanes along the westbound frontage road and N. Texas Ave.**,** before merging onto North FM 491 to access the RGVLS event area. Only emergency vehicles will be permitted to travel north or south underneath the Vermont and Texas Overpasses during these periods.

To ensure safe and efficient traffic flow, the following officers will be stationed at key locations:

1. MPD Officer – N. Vermont Ave. / WB Frontage Rd. (EB traffic)
2. MPD Officer – N. Vermont Ave. / WB Frontage Rd. (WB traffic)
3. MPD Officer – N. Texas Ave. / WB Frontage Rd. (EB traffic)
4. MPD Officer – N. Texas Ave. / EB Frontage Rd. (WS traffic)
5. MPD Officer – N. Texas Ave. / FM 491 (ES traffic)
6. MPD Officer – N. FM 491 Rd. / Ohio Ave. (Entrance)
7. MPD Officer – N. FM 491 Rd. / Ohio Ave. (Entrance)

Additional patrol officers will be available for support as needed. The Patrol Division schedule during the event will be:

- A-Shift: 7:00 AM – 7:00 PM
- B-Shift: 7:00 PM – 7:00 AM

Approval of this temporary road closure permit is critical to ensuring effective traffic management, public safety, and the smooth operation of the 87th Annual Rio Grande Valley Livestock Show. We greatly appreciate your consideration and support.

Sincerely,

X

Orlando Diaz
Lieutenant

Agreement No._____

STATE OF TEXAS §

COUNTY OF §

AGREEMENT FOR THE TEMPORARY CLOSURE OF STATE RIGHT-OF-WAY

THIS AGREEMENT is made by and between the State of Texas, acting by and through the Texas Department of Transportation, hereinafter called the "State," and the City Of Mercedes, a municipal corporation, acting by and through its duly authorized officers, hereinafter called the "City."

W I T N E S S E T H

WHEREAS, the State owns and operates a system of highways for public use and benefit, including Mercedes, in Hidalgo, County; and

WHEREAS, the City has requested the temporary closure of the 1000 Block of West Frontage Rd./N. Vermont Ave. (Eastbound/Westbound), 400 Block of West Frontage Rd./N. Texas Ave. (Eastbound/Westbound), 500-600 Block of N. FM 491 Rd. (Texas Ave.) (Northbound/Southbound) for the purpose of the 87th Annual Rio Grande Valley Livestock Show Event, as described in the attached "Exhibit A," hereinafter identified as the "Event;" and

WHEREAS, the Event will be located within the City's incorporated area; and

WHEREAS, the State, in recognition of the public purpose of the Event, wishes to cooperate with the City so long as the safety and convenience of the traveling public is ensured and that the closure of the State's right-of-way will be performed within the State's requirements; and

WHEREAS, on the 6th day of January of 2026, the City Commission passed Resolution _____ / Ordinance No. _____, attached hereto and identified as "Exhibit B," establishing that the Event serves a public purpose and authorizing the City to enter into this agreement with the State; and

WHEREAS, 43 TAC, Section 22.12 establishes the rules and procedures for the temporary closure of a segment of the State highway system; and

WHEREAS, this agreement has been developed in accordance with the rules and procedures of 43 TAC, Section 22.12;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, to be by them respectively kept and performed as hereinafter set forth, it is agreed as follows:

A G R E E M E N T

Article 1. CONTRACT PERIOD

This agreement becomes effective upon final execution by the State and shall terminate upon

completion of the Event or unless terminated or modified as hereinafter provided.

Article 2. EVENT DESCRIPTION
The description of the Event, including the proposed schedule of start and stop times, approximate number of people attending the Event, and equipment involved shall be attached hereto and identified as “Exhibit C.”

Article 3. OPERATIONS OF THE EVENT
A. The City shall assume all costs for the operations associated with the Event, to include but not limited to, plan development, materials, labor, public notification, providing protective barriers and barricades, protection of highway traffic and highway facilities, and all traffic control and temporary signing.
B. The City shall submit to the State for review and approval the construction plans, if construction or modifications to the State’s right-of-way is required, the traffic control and signing plans, traffic enforcement plans, and all other plans deemed necessary by the State.
C. The City will not initiate closure prior to 24 hours before the scheduled Event and all barriers and barricades will be removed and the highway reopened to traffic within 24 hours after the completion of the Event.
D. The City will provide adequate enforcement personnel to prevent vehicles from stopping and parking along the main lanes of highway right-of-way and otherwise prevent interference with the main lane traffic by both vehicles and pedestrians. The City will prepare a traffic enforcement plan, to be approved by the State in writing at least 48 hours prior to the scheduled Event. Additionally, the City shall provide to the State a letter of certification from the law enforcement agency that will be providing traffic control for the Event, certifying that they agree with the enforcement plan and will be able to meet its requirements.
E. The City hereby assures the State that there will be appropriate passage allowance for emergency vehicle travel and adequate access for abutting property owners during construction and closure of the highway facility. These allowances and accesses will be included in the City’s traffic control plan.
F. The City will avoid or minimize damage, and will, at its own expense, restore or repair damage occurring outside the State’s right-of-way and restore or repair the State’s right-of-way, including roadway and drainage structures, signs, and pavement, etc. to a condition equal to that existing before the closure, and, to the extent practicable, restore the natural environment, including landscape features.

Article 4. OWNERSHIP OF DOCUMENTS
Upon completion or termination of this agreement, all documents prepared by the City will remain the property of the City. All data prepared under this agreement shall be made available to the State without restriction or limitation on their further use.

Article 5. TERMINATION
A. This agreement may be terminated by any of the following conditions:
(1) By mutual written agreement and consent of both parties.
(2) By the State upon determination that use of the State’s right-of-way is not feasible or is not in the best interest of the State and the traveling public.
(3) By either party, upon the failure of the other party to fulfill the obligations as set forth herein.
(4) By satisfactory completion of all services and obligations as set forth herein.

B. The termination of this agreement shall extinguish all rights, duties, obligations and liabilities of the State and City under this agreement. If the potential termination of this agreement is due to the failure of the City to fulfill its contractual obligations as set forth herein, the State will notify the City that possible breach of contract has occurred. The City must remedy the breach as outlined by the State within ten (10) days from receipt of the State's notification. In the event the City does not remedy the breach to the satisfaction of the State, the City shall be liable to the State for the costs of remedying the breach and any additional costs occasioned by the State.

Article 6. DISPUTES
Should disputes arise as to the parties' responsibilities or additional work under this agreement, the State's decision shall be final and binding.

Article 7. RESPONSIBILITIES OF THE PARTIES
The State and the Local Government agree that neither party is an agent, servant, or employee of the other party and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

Article 8. INSURANCE
A. Prior to beginning any work upon the State's right-of-way, the City and/or its contractors shall furnish to the State a completed "Certificate of Insurance" (TxDOT Form 1560, latest edition) and shall maintain the insurance in full force and effect during the period that the City and/or its contractors are encroaching upon the State right-of-way.
B. In the event the City is a self-insured entity, the City shall provide the State proof of its self-insurance. The City agrees to pay any and all claims and damages that may occur during the period of this closing of the highway in accordance with the terms of this agreement.

Article 9. AMENDMENTS
Any changes in the time frame, character, agreement provisions or obligations of the parties hereto shall be enacted by written amendment executed by both the City and the State.

Article 10. COMPLIANCE WITH LAWS
The City shall comply with all applicable federal, state and local environmental laws, regulations, ordinances and any conditions or restrictions required by the State to protect the natural environment and cultural resources of the State's right-of-way.

Article 11. LEGAL CONSTRUCTION
In case one or more of the provisions contained in this agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof and this agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Article 12. NOTICES
All notices to either party by the other required under this agreement shall be delivered personally or sent by certified U.S. mail, postage prepaid, addressed to such party at the following respective addresses:

City:	State:
City of Mercedes 400 South Ohio Avenue, Mercedes, TX 78570	Texas Department of Transportation

All notices shall be deemed given on the date so delivered or so deposited in the mail, unless otherwise provided herein. Either party hereto may change the above address by sending written notice of such change to the other in the manner provided herein.

Article 13. SOLE AGREEMENT
This agreement constitutes the sole and only agreement between the parties hereto and supersedes any prior understandings or written or oral agreements respecting the within subject matter.

IN TESTIMONY WHEREOF, the parties hereto have caused these presents to be executed in duplicate counterparts.

THE CITY OF MERCEDES
Executed on behalf of the City by:

By_____ Date: January 6th, 2026

Typed or Printed Name and Title: Orlando Diaz

Lieutenant

THE STATE OF TEXAS
Executed for the Executive Director and approved for the Texas Transportation and Mercedes for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

By_____ Date_____
District Engineer

By_____ Date _____
Director of Maintenance

Exhibit A

(SEE ATTACHED ROUTE MAP AND ROAD CLOSURES)

Exhibit B

(SEE ATTACHED RESOLUTION)

Exhibit C

(SEE ATTACHED TRAFFIC CONTROL AGREEMENT)

RESOLUTION: 2026-02

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF MERCEDES, TEXAS, TO ENTER INTO AN AGREEMENT WITH THE STATE OF TEXAS THROUGH THE TEXAS DEPARTMENT OF TRANSPORTATION FOR THE TEMPORARY CLOSURE OF INTERSTATE 2 FROM 1000 W. FRONTAGE RD. / N. VERMONT AVE. (WB/EB) TO 400 W. FRONTAGE RD. / N. TEXAS AVE. (WB/EB) AND 500–600 N. FM 491 RD. (TEXAS AVE.) (NB/SB) FOR ACTIVITIES ASSOCIATED WITH THE 87TH ANNUAL RIO GRANDE VALLEY LIVESTOCK SHOW EVENT.

WHEREAS, the City Commission of the City of Mercedes wishes to cooperate with the State of Texas for the safety and convenience of the traveling public; and

WHEREAS, the City of Mercedes requests the temporary closure of the above-referenced highway segments from Thursday, March 12, 2026, through Sunday, March 22, 2026, for activities associated with the 87th Annual Rio Grande Valley Livestock Show Event during peak operational hours of 5:00 PM to 8:30 PM (hours may vary daily); and

WHEREAS, the events will be located within the City of Mercedes incorporated area, and the closures will be performed in accordance with the State's requirements;

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

That at the regular meeting of the Mercedes City Commission held on the 6th of January 2026, this resolution was adopted in accordance with Chapter 43, Texas Administrative Code, Section 22.12, and to comply with the rules and procedures established by said chapter and section. The Mayor is hereby authorized to execute the temporary right-of-way closure agreement with the State of Texas. This resolution is adopted to ensure that the 87th Annual Rio Grande Valley Livestock Show Event may be conducted from March 12, 2026, through March 22, 2026 in accordance with the Agreement for the Temporary Closure of State Right-of-Way (43 TAC, Section 22.12).

Passed and approved on this 6th Day of January, 2026.

_____
Oscar Montoya, Mayor

ATTEST:

_____
Joselynn Castillo, City Secretary

Mayor Oscar D. Montoya
Mayor Pro-Tem Ruben Saldana
Commissioner Joe Martinez

city of mercedes
It Starts Here!

Commissioner Jacob Howell
Commissioner Armando Garcia
City Manager Alberto Perez

Lance Newhouse
11240 North Mile 1 West
Mercedes, Texas 78570

Date: September 3, 2025

Letter of Intent to Purchase Real Estate

Subject: Letter of Intent to Purchase Approximately 26.50 Net Acres of Agricultural Land in Mercedes, Texas (HCAD Property ID #132135)

Dear Mr. Newhouse,

This letter serves as a formal expression of the City of Mercedes's intent to purchase the agricultural tract of land located along Baseline Road (F.M. 491), west side, north of Mile 8 North Road, west of Mercedes, Texas. The property is identified by Hidalgo County Appraisal District (HCAD) Property ID #132135 and has the legal description: CAPISALLO S28.50 AC EXC AN IRR TR S200'-E476' LOT 9 BLK 81 26.50 AC NET.

1. Purchase Price: We propose a purchase price of One Million Dollars ($1,000,000) as previously discussed.

2. Rights Conveyed. At closing, Seller will convey fee simple title to the Property together with all appurtenant rights, including water and groundwater rights, improvements (if any), easements, and after-acquired rights. Any mineral reservation, if applicable, will be subject to a no-surface-use restriction.

3. Title and Survey. Seller will cause a title company to issue an owner's title commitment (with exception documents). Buyer may obtain an ALTA/NSPS land title survey. The PSA will include customary title and survey objection, cure, and termination rights.

4. Due Diligence. The due diligence period will be ninety (90) days from the effective date of a mutually executed Purchase and Sale Agreement (PSA). Buyer's diligence may include review of title and survey, environmental reports, zoning/land use, utilities, and water availability/quality, among other matters.

5. Access; Pilot Hole Testing. Prior to PSA execution, Buyer's site access (including any pilot hole testing for water) will be governed by a separate Right-of-Entry agreement to be executed by both parties and to include customary insurance, indemnity, site restoration, environmental handling, and compliance with any required permits. If the parties prefer, the PSA may include access provisions in lieu of a separate agreement.

6. Closing; Costs; Prorations. Closing will occur thirty (30) days after the expiration of the due diligence period, or on another date mutually agreed. Seller will pay for the owner's title policy. Buyer will pay for the survey and Buyer's due diligence reports. The escrow fee will be split 50/50. Each party will pay its own legal and professional fees. Current-year ad valorem taxes will be prorated as of closing. Seller will be responsible for rollback taxes, if any, attributable to pre-closing periods.

7. Leases; Possession. Seller will disclose all leases affecting the Property. Unless Buyer agrees in writing to accept an assignment, Seller will cause all tenancies to be terminated effective as of closing and will deliver possession at closing.

8. Conditions. The transaction is subject to (a) Buyer's due diligence satisfaction in its sole discretion, and (b) negotiation and execution of a mutually acceptable PSA.

9. Confidentiality. The parties will treat non-public information exchanged in connection with this potential transaction as confidential to the extent permitted by applicable law. The City will comply with any lawful disclosure obligations and, where permitted, will provide Seller notice of a disclosure request.

10. Approvals; Non-Binding Effect. This letter is a non-binding expression of interest and does not obligate either party to negotiate or consummate a transaction. Any PSA and any closing are subject to formal approval by the City Commission. Notwithstanding the non-binding nature of this letter, paragraphs 9 and 10 are intended to be binding.

11. Expiration. This LOI will expire on September 30, 2025, if a mutually acceptable PSA has not been executed or a counteroffer has not been presented by such date.

This is a non-binding letter of intent and does not create a legally enforceable agreement. It is intended only to set forth the basic terms and conditions for a potential transaction.

We look forward to the possibility of working with you. Please feel free to contact me at your earliest convenience to discuss this matter further.

Sincerely,

Alberto Perez
City Manager
City of Mercedes, Texas

REAL ESTATE CONTRACT

THE STATE OF TEXAS §
§
COUNTY OF HIDALGO §

This Real Estate Contract (this "Contract") dated October __, 2025, is between **NEUHAUS & SONS, LLC, a Texas limited liability company** ("Seller") and **CITY OF MERCEDES, TEXAS, a Texas home-rule municipality** ("Buyer").

In consideration of the premises, mutual covenants, and agreements contained in this Contract, Seller and Buyer covenant and agree as follows:

Article I
Purchase and Sale

Seller hereby agrees to sell and Buyer hereby agrees to purchase the approximately 26.5 acres of real property described on **Exhibit "A"**, together with all and singular the rights and appurtenances pertaining to the property, and all improvements situated on and attached to the property, for the consideration and upon and subject to the terms, provisions and conditions hereinafter set forth (all of such real property, rights and appurtenances being hereinafter referred to as the "Property").

Seller reserves all of the Mineral Estate (as hereinafter defined) owned by Seller. As used herein, the term "Mineral Estate" means all previously-unreserved oil, gas, and other minerals in and under and that may be produced from the Premises, any royalty under any existing or future mineral lease covering any part of the Premises, executive rights (including the right to sign a mineral lease covering any part of the Premises), implied rights of ingress and egress, exploration and development rights, production and drilling rights, mineral lease payments, and all related rights and benefits. The Mineral Estate does NOT include water, sand, gravel, limestone, building stone, caliche, surface shale, near - surface lignite, and iron, but DOES include the reasonable use of these surface materials for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals from the Premises. **Seller does not reserve and retain implied rights of ingress and egress and of reasonable use of the Premises (including surface materials) for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals.**

Article II
Purchase Price

2.01 Amount of Purchase Price. The purchase price (the "Purchase Price") for the Property shall be an amount equal to **ONE MILLION DOLLARS AND NO/100THS DOLLARS ($1,000,000.00)** (the "Purchase Price").

2.02. Terms of Payment. Buyer agrees to pay the full Purchase Price to Seller at Closing in cash or other immediately available funds at Closing.

Article III
Conditions Buyer's Obligations

The obligations of Buyer hereunder to consummate the transaction contemplated hereby are subject to the satisfaction of each of the following conditions (any of which may be waived in whole or in part by Buyer at or prior to the Closing):

3.01 Preliminary Title Report. Within twenty (20) days after the Effective Date (as defined herein) Seller, at Seller's sole cost and expense, shall cause to be furnished to Buyer a current Owner's Title Policy Commitment (the "Commitment"), which Commitment shall be issued by **Valley Land Title** (the "Title Company"), setting forth the state of the title to the Property and all exceptions thereto including the easements, restrictions, rights-of-way, covenants, reservations and other conditions, if any, affecting the Property which would appear in an Owner's Title Policy, if issued, together with copies of the documents evidencing such matters (the "Documents").

3.02 Survey. Within thirty (30) days after the Effective Date, Buyer may obtain, at Buyer's expense, a survey of the Property (the "Survey"). The Survey and description shall be prepared in forms acceptable to the Title Company for the purpose of deleting the standard permitted exception for discrepancies or shortages in area or conflicts in boundaries in the Owner's Policy of Title Insurance.

3.03 Objections. If the Commitment, the Documents or the Survey show any matters that are reasonably objectionable to Buyer, Buyer shall so notify Seller of such objections (the "Objections") within ten (10) days from the date Buyer has received all of the following: (i) the Commitment, (ii) the Documents and (iii) the Survey. Seller may but shall not be required to correct such Objections within fifteen (15) days after receiving Buyer's notice in writing to do so. If the Objections are not cured to Buyer's reasonable satisfaction, Buyer, at Buyer's option, may elect (a) to cancel this Contract, in which event the Earnest Money shall be retained by Seller, and neither Buyer nor Seller shall have any further rights or obligations under this Contract and this Contract shall terminate, or (b) to take title to the Property in its existing condition without reduction of the Purchase Price, and if Buyer does so elect, Seller shall deliver the title to the Property in such condition, subject to the Objections. If Buyer fails to notify Seller of its Objections within the time-period provided for herein, then Buyer shall be deemed to have waived any Objections and the Property shall be purchased subject to the Objections, without reduction of the Purchase Price. All exceptions set forth in the Title Commitment which are not timely objected to by Buyer as set forth above in this Section 3.03, or otherwise deemed accepted by Buyer pursuant to the terms hereof, shall hereafter be referred to as the "Permitted Exceptions."

3.04 Buyer's Inspections.

(a) The Buyer shall be afforded **ninety (90)** days from the Effective Date to determine if the Property is suitable for Buyer's intended use of the Property (the "Inspection Period").

(b) During the Inspection Period, Seller shall provide Buyer with access to the Property to allow for Buyer's inspectors to assess the Property. Buyer's inspections may include soils, engineering and environmental testing and studies and such other tests and studies as are desired by Buyer, which may involve drilling test holes, taking core samples, boring, excavation and other testing methods.

(c) Buyer must repair any damage done pursuant to Buyer's inspections. Buyer will keep the Property free of liens arising out of Buyer's inspections and hereby agrees to have its contractors indemnify, defend, and hold Seller harmless from any loss, attorney's fees, expenses, or claims caused by Buyer or its agents, employees or contractors arising from Buyer's inspections and tests. Buyer shall deliver a certificate of liability insurance to Seller naming Seller as an additional insured for any property damage to the Property and for liability insurance coverage in favor of the Seller with at least **ONE MILLION DOLLARS AND NO/100THS DOLLARS ($1,000,000.00)** single limit coverage.

(d) All such inspections shall be performed at the sole cost and expense of Buyer and Buyer shall deliver to Seller copies of any reports received from such inspections upon request by Seller.

(e) In the event the Buyer in its sole discretion determines that the Property is not suitable for the intended use, then the Buyer may terminate this Contract. The Buyer must deliver written notice of such fact to the Seller within the time limit set forth herein or Buyer shall be conclusively presumed to have accepted the condition of the Property. In the event Buyer elects to terminate this Contract prior to the expiration of the Inspection Period, Seller shall retain **ONE THOUSAND AND NO/100THS DOLLARS ($1,000.00)** of the Earnest Money, and the balance of the Earnest Money shall be returned to Buyer, and neither party shall be further bound hereby, except as otherwise specifically set forth herein.

(f) Prior to any inspection of the Property by Buyer, Buyer shall provide Seller with reasonable prior notice (which notice may be oral) to Lance Neuhaus, but no more than one (1) business day shall be required.

3.05 Full Compliance. Seller shall have performed, observed and complied with all of the covenants, agreements and conditions required by this Contract to be performed, observed and complied with by it prior to or as of the Closing.

Article IV
Property Condition

4.01 Notices.

(a) Condemnation Proceedings. To the best of Seller's knowledge, there is no pending or threatened condemnation or similar proceeding or assessment affecting the Property, or any part thereof, nor to the best knowledge and belief of Seller is any such proceeding or assessment contemplated by any governmental authority.

(b) Existing Leases. The Property is not subject to any existing leases.

(c) Notice Regarding Deed Restrictions. Buyer acknowledges receipt of the foregoing notice prior to the execution of this Contract: The Property sold under this Contract **is not** subject to deed restrictions for which the municipality is authorized to enforce. Provisions that restrict the sale, rental, or use of the Property on the basis of race, color, religion, sex or national origin are unenforceable.

(d) Notice Regarding Certificated Water or Sewer Area. Buyer hereby acknowledges receipt of the foregoing notice prior to the execution of this Contract: The

Property being sold under this Contract may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If the Property is located in a certificated area there may be special costs or charges that Buyer will be required to pay before Buyer can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to the Property. Buyer is advised to determine if the Property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to the Property.

(e) Notice of Public Improvements District. Buyer hereby acknowledges receipt of the foregoing notice prior to the execution of this Contract: If the Property is in a public improvement district, Buyer is obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment.

(f) TRELA Compliance. In accordance with the requirements of Section 28 of the Texas Real Estate License Act, Buyer is hereby advised that it should be furnished with or obtain a policy of title insurance or have the abstract covering the Property examined by an attorney of its own selection.

(g) Utility District. If any part of the Property is situated in any Utility District, Section 50.301 of the Texas Water Code requires the Buyer to sign and acknowledge a statutory notice of that fact prior to or at the Closing

(h) Notice of Possible Liability for Additional Taxes. If for the current ad valorem tax year the taxable value of the Property is determined by a special appraisal method that allows for appraisal of the Property at less than its market value, the person to whom the land is transferred may not be allowed to qualify the Property for that special appraisal in a subsequent tax year and the Property may then be appraised at its full market value. In addition, the transfer of the Property or a subsequent change in the use of the Property may result in the imposition of an additional tax plus interest as a penalty for the transfer or the change in the use of the Property. The taxable value of the Property and the applicable method of appraisal for the current tax year is public information and may be obtained from the tax appraisal district for the county in which the Property is located.

4.02 Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Buyer and agrees to affirm the continued truth and accuracy of such representations and warranties as of the Closing Date:

(a) Seller's execution and delivery and performance of this Contract by the undersigned and the performance of its obligations hereunder, including the closing of the sale and purchase transaction contemplated herein on the terms set forth herein, have been duly authorized and directed by Seller and no further consents or approvals are or shall be required as a condition precedent to the consummation and closing of the sale and purchase transaction contemplated herein.

(b) Seller holds fee simple title to the Property, free of all liens, assessments and encumbrances except for the Permitted Exceptions, and liens and encumbrances which will be paid and discharged at or prior to the Closing.

(c) There are no contracts or agreements relating to the Property containing any rights of first refusal or other purchase options.

(d) Seller has not received any written notice that the Property, or the present condition, operation or use thereof, violates any applicable laws, rules, regulations, restrictions, covenants, agreements, site plan approvals, zoning or subdivision regulations or any duly issued variances.

(e) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

4.03 Representations of Buyer. Buyer's execution and delivery and performance of this Contract by the undersigned and the performance of its obligations hereunder, including the closing of the sale and purchase transaction contemplated herein on the terms set forth herein, have been duly authorized and directed by Buyer and no further consents or approvals are or shall be required as a condition precedent to the consummation and closing of the sale and purchase transaction contemplated herein.

4.04 Acceptance of Property Condition. **BUYER HEREBY EXPRESSLY ACKNOWLEDGES AND AGREES THAT DURING THE FEASIBILITY PERIOD BUYER WILL HAVE THE OPPORTUNITY TO THOROUGHLY INSPECT AND EXAMINE THE PROPERTY TO THE EXTENT IT DEEMS NECESSARY BY THE BUYER IN ORDER TO ENABLE BUYER TO EVALUATE THE PROPERTY. BUYER HEREBY FURTHER ACKNOWLEDGES AND AGREES THAT BUYER IS RELYING SOLELY UPON THE INSPECTION, EXAMINATION, AND EVALUATION OF THE PROPERTY BY BUYER AND THAT BUYER IS PURCHASING THE PROPERTY ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATIONS, WARRANTIES OR COVENANTS, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, OTHER THAN THE REPRESENTATIONS AND WARRANTIES AND COVENANTS EXPRESSLY SET FORTH HEREIN AND IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT CLOSING. PROVIDED, HOWEVER, NOTHING CONTAINED IN THIS SECTION SHALL LIMIT THE WARRANTIES SET FORTH IN THE SPECIAL WARRANTY DEED TO BE DELIVERED FROM SELLER TO BUYER AT THE CLOSING. THE EXPRESS INTENTION OF BUYER AND SELLER IS THAT BUYER SHALL PURCHASE THE PROPERTY FROM SELLER WITHOUT ANY REPRESENTATIONS AND WARRANTIES OR COVENANTS, EXPRESS OR IMPLIED, FROM OR OF SELLER OTHER THAN THE REPRESENTATIONS AND WARRANTIES AND COVENANTS EXPRESSLY SET FORTH HEREIN AND IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT CLOSING. BUYER HEREBY WAIVES AND RELINQUISHES ALL RIGHTS AND PRIVILEGES ARISING OUT OF, OR WITH RESPECT OR IN RELATION TO, ANY REPRESENTATIONS AND WARRANTIES OR COVENANTS, WHETHER EXPRESS OR IMPLIED, WHICH MAY HAVE BEEN MADE OR GIVEN, OR WHICH MAY BE DEEMED TO HAVE BEEN MADE OR GIVEN, BY SELLER OTHER THAN THE REPRESENTATIONS AND WARRANTIES AND COVENANTS EXPRESSLY SET FORTH HEREIN AND IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT CLOSING.**

Article V
Closing

5.01 Time and Place. Closing shall be held at or coordinated through the Title Company no later than thirty (30) days after the end of the Inspection Period, or at such time, date and place as Seller and Buyer may agree upon in writing (the "Closing Date").

5.02 Seller's Obligations at Closing. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

(a) A duly executed and acknowledged Special Warranty Deed (the "Deed") conveying good and indefeasible title in fee simple to all of the Property, free and clear of any and all liens, encumbrances, conditions, easements, assessments and restrictions, except the following:

(1) General real estate taxes for the year of Closing and subsequent years not yet due and payable; and

(2) The Permitted Exceptions.

(b) A Texas Standard Form of Owner's Policy of Title Insurance, as prescribed by the Texas State Board of Insurance (herein referred to as the "Owner's Policy"), dated as of the Closing Date and issued by the Title Company, insuring Buyer's fee simple title to the Property in the full amount of the Purchase Price, subject only to the Permitted Exceptions and the following matters:

(1) The standard printed exceptions provided for in the standard form of owner's policy of title insurance; provided, however, that the Owner's Policy shall not contain any exceptions for the following: (A) any liens of any kind other than as provided for by this Contract, and (B) restrictions, easements, encroachments or exceptions other than those approved by Buyer as provided for in this Contract; and

(2) Any exception of lien for taxes shall be limited to taxes for the year of Closing not yet due and payable.

(c) An affidavit, sufficient under Treasury Regulations to release Buyer from Buyer's obligation to withhold a portion of the Purchase Price under Section 1445 of the Internal Revenue Code of 1954, as amended.

(d) Seller shall execute and deliver or cause to be executed and delivered such other documents that are reasonable and customarily executed in Texas in connection with the conveyance of real property, including all required closing statements, releases, affidavits, evidences of authority to execute the documents and any other instruments that may be required by Buyer or the Title Company or Jones, Galligan, Key and Lozano, L.L.P.

5.03 Buyer's Obligations at Closing. At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

(a) Buyer shall deliver or cause to be delivered to Seller the full Purchase Price

in cash or other immediately available funds.

(b) Buyer shall execute and deliver or cause to be executed and delivered such other documents that are reasonable and customarily executed in Texas in connection with the conveyance of real property, including all required closing statements, releases, affidavits, evidences of authority to execute the documents and any other instruments that may be required by Seller or the Title Company.

5.04 Taxes and Other Charges. General real estate taxes for the then current year relating to the Property shall be prorated as of the Closing Date and shall be adjusted in cash at the Closing. If the Closing shall occur before the tax rate is fixed for the then current year, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation. **Buyer shall be responsible for the payment of all rollback taxes assessed against the Property for periods prior to Closing, if any.**

5.05 Broker Commission. Seller and Buyer represent to each other that there are no brokers, agents or representatives of either party that have a right to any commission or other compensation pursuant to the sale and purchase contemplated by this Contract.

5.06 Costs of Sale. All costs and expenses of Closing in consummating the sale and purchase of the Property shall be borne and paid as follows:

(1) Owner's Title Policy paid by Seller.
(2) Endorsements to the Title Policy paid by Buyer.
(3) All inspections paid by Buyer.
(4) Survey paid by Buyer.
(5) Tax Certificates paid by Seller.
(6) Filing fees for Deed paid by Buyer.
(7) Attorney fees to be paid by each respective party.
(8) Escrow fees charged by the Title Company to be shared equally by the parties.

Article VI
Earnest Money

6.01 Purchase Escrow. For the purpose of securing the performance of Buyer under the terms and provisions of this Contract, Buyer shall deliver to the Title Company (the "Escrow Agent") the sum of **TEN THOUSAND AND NO/100THS DOLLARS ($10,000.00)** (the "Earnest Money"). At the Closing, the Earnest Money shall be paid over to Seller and applied to the Purchase Price. It is understood and agreed by the parties hereto that the Earnest Money will not be deposited by Escrow Agent in an interest-bearing account.

6.02 The Earnest Money is deposited with Escrow Agent with the understanding that Escrow Agent (a) is not a party to this Contract and does not assume or have any liability for performance or non-performance of any signatory, (b) has the right to require from all signatories a written release of liability of the Escrow Agent which authorizes the disbursement of the Earnest Money, (c) is not liable for interest or other charge on the funds held, and (d) is not liable for any losses of escrow funds caused by the failure of any banking institution in which such funds have been deposited, unless such banking institution is acting as Escrow Agent. If any signatory unreasonably fails to deliver promptly the documents described in (b) above, then such signatory shall be liable to the other signatories as provided herein. At Closing, the Earnest Money shall be

applied to the Purchase Price.

Article VII
Breach by Seller

In the event Seller shall fail to fully and timely perform any of its obligations hereunder or shall fail to consummate the sale of the Property for any reason, except Buyer's default, Buyer may, as Buyer's sole and exclusive remedies (i) terminate this Contract, in which event the Earnest Money shall be returned to the Buyer and neither party shall be further bound hereby; or (ii) the Buyer may bring an action for specific performance at the Buyer's option.

Article VIII
Breach by Buyer

In the event Buyer shall fail to consummate the purchase of the Property other than as is contemplated by the terms and conditions of this Contract, the Seller may, as Seller's sole and exclusive remedy, terminate this Contract in which event the Earnest Money shall be paid to Seller and neither party shall be further bound hereby.

Article IX
Condemnation

If prior to Closing Date condemnation proceedings are commenced against any portion of the Property, Buyer may, at its option, terminate this Contract by written notice to Seller within ten (10) days after Buyer is advised of the commencement of condemnation proceedings and the Earnest Money shall be refunded to Buyer, or Buyer may elect to proceed with the Closing hereof and the amount of any award in condemnation up to but not exceeding the Purchase Price, shall reduce the Purchase Price by the same amount. Any proceeds of any award in condemnation in excess of the Purchase Price shall belong to Seller.

Article X
Casualty Loss

Risk of loss by damage or destruction to the Property prior to the Closing shall be borne by Seller. In the event any such damage or destruction is not fully repaired prior to Closing, Buyer, at its option, may either (i) terminate this Contract, in which event the Earnest Money shall be refunded to Buyer, and neither party shall have any further rights or obligations pursuant to this Contract, or (ii) elect to close this transaction, in which event Seller's right to all insurance proceeds resulting from such damage or destruction shall be assigned in writing by Seller to Buyer.

Article XI
Miscellaneous

11.01 Effective Date. The "Effective Date" of this Contract shall mean the date upon which all of the following have been completed: (i) Seller has executed this Contract; (ii) Buyer has executed this Contract; and (iii) Escrow Agent has received the Earnest Money.

11.02 Assignment of Contract. This Contract **may not** be assigned by Buyer without the written consent of Seller.

11.03 Survival of Covenants. Except as otherwise provided herein, any of the representations, warranties, covenants and agreements of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the closing of the transactions contemplated hereby shall survive the Closing and shall not be merged therein.

11.04 Notice. Any notice, demand or request permitted, required or desired to be given in connection with this Contract shall be in writing and shall be deemed effective if hand delivered or sent by United States certified or registered mail, return receipt requested, postage prepaid, or sent by private, receipted courier guaranteeing same-day or next-day delivery, addressed as follows:

To Seller:	Neuhaus & Sons LLC 11240 N Mile 1 West Mercedes, Texas 78570
With a Copy To:	Eugene R. Vaughan, III Jones, Galligan, Key & Lozano, LLP 2300 West Pike Blvd., Suite 300 Weslaco, Texas 78596 Email: evaughan@jgkl.com
To Buyer:	City of Mercedes, Texas Attn: Alberto Perez 400 South Ohio Avenue Mercedes, Texas 78570 Email: aperez@cityofmercedes.com
With a Copy To:	_____ _____ _____ Email: _____

If mailed pursuant to this Section 11.04, such notices shall be deemed effective on the date actually received by the office of the addressee or on the third (3rd) day after deposit in the U.S. Mail, whichever is earlier. If hand delivered or emailed, such notice shall be effective on the date received. Notices delivered by any other means shall be effective upon receipt by the addressee named therein.

11.05 Texas Law to Apply. This Contract shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Hidalgo County, Texas.

11.06 Parties Bound. This Contract shall inure to the benefit of the Buyer and Seller, their legal representatives, successors and assigns.

11.07 Legal Construction. In case any one or more of the provisions contained in this Contract shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

11.08 Articles, Addenda and References. All references herein to articles, sections, paragraphs and subparagraphs are, unless expressly indicated otherwise, references to articles, sections, paragraphs and subparagraphs of this Contract. The words "herein", "hereof", "hereunder" and other similar compounds of the word "here" and the phrase "this Contract", when used in the Contract shall, unless expressly indicated otherwise, refer to the Contract or to any particular provision or section thereof. All references herein to an "Exhibit", "Annex", "Appendix", "Attachment" or "Schedule" are references to exhibits, annexes, appendices, attachments and/or schedules attached hereto, all of which are made a part hereof for all purposes, to the same extent and with the same force and effect as if each were set forth herein verbatim, it being further agreed by the Buyer and Seller that if any exhibit, annex, appendix, attachment or schedule attached hereto which is to be executed and delivered contains blanks, the same shall be completed correctly and in accordance with the terms and provisions contained and as contemplated herein prior to or at the time of the execution and delivery thereof.

11.09 Business Day. Any day other than a Saturday, Sunday or a day on which banks or savings and loan associations in Hidalgo County, Texas are authorized to be closed.

11.10 Gender and Number. Words of any gender used in this Contract shall be held and construed to include any other gender; and words in the singular number shall be held to include the plural, and vice versa, unless the Contract requires otherwise.

11.11 Headings. The headings above the various provisions of this Contract have been included only in order to make it easier to locate the subject covered by each provision and are not to be used in construing this Contract.

11.12 Attorney's Fees. Except as otherwise expressly provided in this Contract, should either party employ an attorney or attorneys to enforce any of the provisions hereof, or to recover damages for the breach of this Contract, the nonprevailing party in any final judgment agrees to pay the other party all reasonable costs, charges and expenses, including attorney's fees, expended or incurred in connection therewith.

11.13 Final Agreement. This Contract and all attachments thereto constitute a written agreement which represents the final agreement between Buyer and Seller and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no other written or oral agreements between Buyer and Seller.

11.14 Time of Essence. Time is of the essence in the making of this Contract.

11.15 1031 Exchange. Seller intends to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by Seller. Buyer will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this Contract will not be affected in the event the contemplated exchange fails to occur.

[Signature page follows.]

SELLER:

NEUHAUS & SONS, LLC, a Texas limited liability company

By: _____ _____
LANCE S. NEUHAUS, Manager **Date**

BUYER:

CITY OF MERCEDES, TEXAS

By: _____ _____
OSCAR D. MONTOYA, SR., Mayor **Date**

PREPARED IN THE LAW OFFICE OF:

Eugene R. Vaughan, III
JONES, GALLIGAN, KEY & LOZANO, L.L.P.
2300 West Pike Blvd, Suite 300
P.O. Drawer 1247
Weslaco, Texas 78599-1247

Escrow Agent's Receipt of Contract and Earnest Money

VALLEY LAND TITLE COMPANY hereby acknowledges receipt of the foregoing Contract and of the sum **TEN THOUSAND AND NO/100THS DOLLARS ($10,000.00)** from Buyer under the terms and conditions as set forth in the Contract to which this receipt is attached.

Dated: _____, 2025.

VALLEY LAND TITLE COMPANY

By: _____

Exhibit "A"
The Property

The South 30 acres of Lot 9, Block 81, CAPISALLO DISTRICT SUBDIVISION, Hidalgo County, Texas, according to the map recorded in Volume "P", Page 226, Deed Records in the Office of the County Clerk of Hidalgo County, Texas, reference to which is here made for all purposes.

SAVE AND EXCEPT, a 2.0 acre tract of land previously conveyed by instrument dated January 20, 1953, recorded in Volume 764, Page 296, Deed Records of Hidalgo County, Texas.

FURTHER SAVE AND EXCEPT, all of Neuhaus Hill Subdivision, an Addition to the City of Mercedes, according to the map recorded in Volume 47, Page 34, Map Records in the Office of the County Clerk of Hidalgo County, Texas.

AGENDA ITEM NO. 11.B.

Bids/Contracts

DATE: January 6, 2026
FROM: Frank J. Sanchez, Police Chief
ITEM: **Discussion and possible action to Consider and take possible action to approve Municipal Court Judge Ms. Melisa Canales renewal agreement.**

BACKGROUND INFORMATION: Honorable Judge Melisa Canales contract for Municipal Court Judge was approved in February 2025. Her contract was a one-year term and is set to expire February 11, 2026. We reached out to her, and she would like to continue to serve the City of Mercedes for another year and will be making no changes to her agreement.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):	**Account Number(s):**
$ 2,000 / month	01-516-2044

Finance Review by:

LEGAL REVIEW: (Has the City Attorney reviewed it, if necessary Yes/No/ Not Applicable)

ATTACHMENTS:
1. CONTRACT EXTENSION - Melisa Canales
2. Municipal Judge

STAFF RECOMMENDATION: : (Do you have a recommendation to approve or deny? If so, does it have to be read a certain way) (For example, the amount of a contract needs to be read so you would put, approval of agreement between the City of Mercedes and X Company in the amount of $X for X services.)

CONTRACT EXTENSION #2026/01/06

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MERCEDES, TEXAS, that the contract between the City of Mercedes, Texas and Melisa Canales, Municipal Court Judge was evaluated and contract renewals may be extended in accordance with the Mercedes City Charter, and

The City Commission hereby exercises the contract extension option for one year beginning February 12, 2026 and ending February 11, 2027 and that the Mayor or Mayor Pro-Tem is hereby authorized to execute this contract extension and to do all other acts necessary to carry said extension into effect.

PASSED, APPROVED, AND ADOPTED THIS THE 6TH DAY OF JANUARY, 2026.

_____
Oscar D. Montoya Sr., Mayor

ATTEST:

_____
Joselynn Castillo, City Secretary

Municipal Judge Term Contract

The State of Texas §

CITY OF MERCEDES

County of Hidalgo §

This Contract ("Contract") is made and entered into by and between the City of Mercedes, a Texas Home Rule Municipal Corporation whose address is 400 South Ohio Avenue, Mercedes, Hidalgo County, Texas,(hereinafter called the "CITY"), acting by and through its City Manager, duly authorized by the Mercedes City Commission, and Melisa Canales (hereinafter referred to as "JUDGE"), whose duties shall be governed by applicable law and this Contract.

Section 1. Appointment

1.1 The CITY hereby appoints JUDGE, under the authority of the Mercedes City Charter, to serve as the Municipal Court Judge for the City of Mercedes.
1.2 JUDGE accepts such appointment and agrees to perform the duties of the Municipal Court Judge in accordance with applicable laws of the State of Texas, the City Charter, and all pertinent City ordinances.

Section 2. Duties and Direction

2.1 JUDGE shall perform all duties required to adjudicate matters within the jurisdiction of the Municipal Court. These duties include but are not limited to hearing cases, issuing rulings, and signing appropriate court orders and documents.
2.2 JUDGE shall be subject to the direction and supervision of the City Manager and the Mercedes City Commission as to administrative matters consistent with the Mercedes City Charter. However, judicial decisions shall be made independently and in accordance with applicable law.

Section 3. Compensation

3.1 The CITY shall compensate JUDGE in the amount of Two Thousand and No/100 Dollars ($2,000) per month, or such other amount as the City Commission may authorize, payable on the last day of each month during the term of this Contract.

Section 4. Term and Termination

4.1 This Contract shall be effective on a date mutually agreed upon in writing by the parties and shall continue through the period ending on February 11, 2026, unless otherwise extended or earlier terminated by the CITY.
4.2 Early termination: The CITY may terminate this Contract at its discretion by providing written notice to JUDGE at least three (3) days prior to the effective date of termination. Upon delivery of notice, JUDGE shall cooperate in the orderly transition of pending matters.

Section 5. General Provisions

5.1 Agreement Binding. This Contract shall be binding upon and shall inure to the benefit of the parties hereto. JUDGE may not assign or transfer any interest under this Contract.
5.2 Invalid Provisions. If any portion of this Contract is deemed invalid or unenforceable, all other provisions shall remain in full force and effect.
5.3 Governing Law and Venue. This Contract shall be governed by, construed, and enforced in accordance with the laws of the State of Texas. Exclusive venue for any action arising from or related to this Contract shall lie in Hidalgo County, Texas.
5.4 Amendments. No amendment, modification, or alteration of the terms of this Contract shall be binding unless it is in writing, dated subsequent to the date of this Contract, and signed by both parties.
5.5 Indemnification. JUDGE agrees to hold harmless the CITY from any and all claims, damages, or costs arising out of JUDGE's actions, except for those acts or omissions caused by the CITY's negligence.

Section 6. Performance Goals and Reporting

6.1 Case Management and Dispositions. JUDGE shall strive to efficiently adjudicate cases pending before the Municipal Court and maintain a fair and transparent judicial process.
6.2 Reporting. JUDGE shall provide regular reports—which may include case outcomes, the number of dismissals, fines, and other pertinent data—to the City Manager and the City Commission as requested, for performance review and evaluation.
6.3 Remediation. If JUDGE's performance does not meet expected goals, the CITY reserves the right to address concerns, which may include additional training, policy reviews, or early termination in accordance with Section 4 of this Contract.

IN WITNESS WHEREOF, the parties have executed this Contract to be effective on the date set forth herein.

CITY OF MERCEDES, TEXAS
By: _____
Alberto Perez, City Manager

Date: _____

MELISA CANALES
_____
Municipal Court Judge

Date: 3-20-25

AGENDA ITEM NO. 11.C.

Bids/Contracts

DATE: January 6, 2026
FROM: Alberto Perez, City Manager
ITEM: **Discussion and possible action to Consider and take action regarding the Conveyance of Real Estate to the Development Corporation of Mercedes: Mercedes Original Townsite S. 88.5' -E 110' BLK 2**

BACKGROUND INFORMATION: This item will convey the property owned by the City to the DCM for real estate purposes. The property will have mixed-use development and should create roof-tops along with commercial development.

BOARD REVIEW/CITIZEN FEEDBACK:

ALTERNATIVES/OPTIONS:

FISCAL IMPACT: (Total Costs)
Proposed Expenditure/(Revenue): **Account Number(s):**
$

Finance Review by:

LEGAL REVIEW: Yes

ATTACHMENTS:
1. 17 Acres Agreement

STAFF RECOMMENDATION: Staff recommends approval

PERFORMANCE AND DEVELOPMENT AGREEMENT

This Performance and Development Agreement ("Agreement") is entered into effective _____, 20__, by and between the Mercedes Development Corporation ("DCM"), a Texas Type B economic development corporation, and Hanna Investments Holdings, Inc. ("Developer").

RECITALS

A. DCM is the owner of approximately 17.332 acres of real property located in the City of Mercedes, Hidalgo County, Texas, as more particularly described in Exhibit A (the "Property").

B. This Agreement serves a valid public purpose under Texas Local Government Code Chapter 505 by promoting economic development, job creation, and expansion of the City's tax base.

C. Developer desires to acquire and develop the Property subject to strict performance obligations, which obligations are a material inducement to DCM's conveyance.

D. DCM's conveyance of the Property and any incentives are expressly conditioned upon Developer's strict compliance with this Agreement, the Promissory Note, and the Deed of Trust.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1
CONSIDERATION

For and in consideration of the mutual covenants, promises, and obligations set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

DEVELOPER CONSIDERATION

1.1 Project Scope.
Developer shall develop a mixed-use project consisting of approximately seven (7) acres of commercial development and approximately ten (10) acres of residential development. Residential development shall consist of approximately fifty (50) single-family lots with

homes of 1,600–2,300 square feet, 3/2 or 4/2 configurations, and two-car garages. Commercial uses shall target national and regional retail, restaurant, and service uses.

1.2 Minimum Private Investment; Verification; Timing.

Developer shall make **a** minimum aggregate private capital investment of not less than Ten Million Dollars ($10,000,000.00) in the Project (the "Minimum Investment"). The Minimum Investment shall consist solely of actual, out-of-pocket expenditures incurred and paid by Developer for the direct development of the Project, including, without limitation, costs for engineering, site work, infrastructure, utilities, vertical construction, and other hard and soft costs customarily capitalized in comparable mixed-use developments. The following shall not be counted toward the Minimum Investment:

(a) the value of the Property or any land contributed or conveyed by DCM;
(b) any public incentives, grants, reimbursements, abatements, or tax benefits;
(c) financing proceeds not actually expended on Project costs;
(d) internal markups, affiliate fees, developer fees, overhead allocations, or imputed costs not supported by third-party invoices; or
(e) costs incurred prior to the Effective Date unless expressly approved in writing by DCM.

Developer shall achieve not less than fifty percent (50%) of the Minimum Investment no later than the commencement of vertical construction and one hundred percent (100%) of the Minimum Investment no later than Substantial Completion of the Project. Upon request by DCM, Developer shall provide reasonable written documentation sufficient to verify compliance with this Section, which may include paid invoices, lien waivers, lender disbursement statements, sworn cost certifications, or a certification from an independent certified public accountant. DCM shall have the right, upon reasonable notice, to audit such documentation solely for purposes of verifying compliance with the Minimum Investment requirement. Failure to timely satisfy the Minimum Investment requirement or to provide required verification within thirty (30) days after written request by DCM shall constitute a material Event of Default**,** independent of any other obligation under this Agreement, and shall entitle DCM to exercise all remedies available herein. Developer acknowledges that the Minimum Investment requirement is a material inducement to DCM's conveyance of the Property and is essential to the public purpose of this Agreement. The obligations set forth in this Section shall survive conveyance of the Property, issuance of Certificates of Occupancy, and any refinancing or assignment. Developer shall invest not less than Ten Million Dollars ($10,000,000.00) in aggregate private capital into the Project and shall provide reasonable documentation evidencing such investment upon request.

1.3 Phasing and Milestones. Developer shall complete Phase 1 land development within twelve (12) months after plan approval and commence Phase 2 vertical construction no later than December 31, 2026. Developer shall meet all milestones set forth in Exhibit B. Failure to meet any milestone constitutes an Event of Default.

1.4 Completion Deadline. All improvements shall achieve Substantial Completion and Certificates of Occupancy within two (2) years of the Effective Date. Time is of the essence.

1.5 Plan Amendments; No Scope Dilution; Approval Rights.

Developer shall not modify, amend, deviate from, or substitute any approved development plans, site plans, plats, engineering plans, architectural plans, construction documents, phasing schedules, unit counts, square footage, uses, tenant mix, infrastructure design, or material specifications (collectively, the "Approved Plans") without the prior written approval of DCM and the City**,** which approval may be granted or withheld in their sole and absolute discretion**.**

For purposes of this Agreement, a "Material Plan Amendment" includes, without limitation, any change that would:

(a) reduce commercial or residential square footage, density, unit count, or quality;
(b) alter the approved mix of commercial and residential uses or materially change tenant categories;
(c) delay or resequence phasing or milestones in a manner that affects economic performance, job creation, or completion deadlines;
(d) substitute materials, finishes, building systems, or infrastructure in a manner that reduces durability, quality, or long-term value;
(e) modify site layout, access, circulation, parking, utilities, drainage, or infrastructure affecting functionality or public improvements;
(f) materially affect projected employment levels, job retention, or taxable-sales generation; or
(g) otherwise materially frustrate the public purpose of this Agreement.

Minor, non-material field adjustments required by code officials or engineering conditions may be implemented without prior approval, provided that such adjustments do not cumulatively result in a Material Plan Amendment and are disclosed in the next Quarterly Report. Any unauthorized Material Plan Amendment shall constitute a material, incurable Event of Default**,** entitling DCM to exercise all remedies available under this Agreement, including injunctive relief, specific performance, foreclosure, possession, and automatic reversion of title**,** without notice or cure. No

approval by DCM or the City of any specific amendment shall be deemed approval of any other amendment or a waiver of strict compliance with the Approved Plans. All approvals must be expressly set forth in a written instrument executed by DCM and the City. Developer acknowledges that strict adherence to the Approved Plans is a material inducement to DCM's conveyance of the Property and is essential to protecting the public purpose of this Agreement. This Section shall survive conveyance of the Property, issuance of Certificates of Occupancy, refinancing, assignment, and termination or expiration of this Agreement for so long as any obligation under this Agreement remains outstanding.

1.7 Economic Performance; Job Creation and Retention.

(a) **Job Retention Covenant.** Developer shall maintain and retain not fewer than the Required Jobs for a continuous period of ten (10) years following initial satisfaction of the Job Creation Requirement (the "Job Retention Period"). Temporary fluctuations below the Required Jobs level shall not exceed ninety (90) consecutive days or one hundred twenty (120) days in any rolling twelve-month period**,** absent Force Majeure expressly approved under this Agreement.

(c) **Sales Tax Performance Objective.** Developer shall operate the Project in a manner reasonably designed to support approximately Twenty-Five Million Dollars ($25,000,000.00) in annual taxable sales**,** and shall actively curate tenant mix, uses, and operations consistent with achieving sustained sales-tax generation for the City.

(d) **Good-Faith Commercial Efforts Defined.** "Commercially reasonable efforts," as used herein, shall mean affirmative, continuous, and documented actio**ns**, including active leasing efforts, tenant recruitment, marketing, re-tenanting, and operational management reasonably expected of a prudent developer of comparable mixed-use projects in Texas markets of similar size and character.

(e) **Reporting and Verification.** During the Job Retention Period, Developer shall provide annual written certifications to DCM, together with reasonable supporting documentation, demonstrating compliance with the job creation and retention requirements, which may include aggregate employment counts, tenant certifications, payroll summaries, or other non-privileged records reasonably requested by DCM. DCM may audit such information upon reasonable notice.

(f) **Failure to Perform; Default.** Failure to timely achieve the Job Creation Requirement or to maintain the Required Jobs during the Job Retention Period, after expiration of any applicable notice and cure period, shall constitute a material Event of Default under this

Agreement, independent of any construction or completion obligations, and shall entitle DCM to exercise any and all remedies provided herein.

(g) **No Excuse by Market Conditions.** Failure to satisfy this Section 1.6 shall not be excused by changes in market conditions, tenant turnover, economic cycles, interest rates, or financing availability, all of which are expressly assumed risks of Developer.

1.7 Job Retention Failure; Reversion Event; Survival.

(a) **Sustained Employment Deficiency.** Notwithstanding anything to the contrary in this Agreement, if Developer fails to maintain at least seventy-five percent (75%) of the Required Jobs for a period exceeding twelve (12) consecutive months at any time during the Job Retention Period**,** such failure shall constitute a material, incurable Event of Default (a "Job Retention Failure").

(b) **Automatic Reversion Upon Job Retention Failure.** Upon the occurrence of a Job Retention Failure, DCM shall have the immediate and absolute right, without further notice, demand, opportunity to cure, or judicial action**,** to effect an automatic reversion of title to the Property (or, at DCM's election, to the affected commercial portions thereof), together with all improvements, fixtures, and appurtenances, free and clear of any claim for compensation, reimbursement, or lien by Developer or any party claiming through Developer.

(c) **Cumulative Remedies.** The rights and remedies set forth in this Section are cumulative of, and in addition to, all other rights and remedies available to DCM under this Agreement, the Promissory Note, the Deed of Trust, or applicable law, including rights of acceleration, foreclosure, possession, injunctive relief, and specific performance. Exercise of reversion rights shall not constitute an election of remedies or preclude DCM from pursuing any other remedy.

(d) **No Excuse; Assumed Risk.** A Job Retention Failure shall not be excused by market conditions, tenant turnover, changes in consumer demand, economic cycles, interest rates, inflation, labor availability, or financing constraints, all of which are expressly acknowledged as assumed business risks of Developer**.**

(e) **Survival of Economic Performance Obligations.** The economic performance, job creation, and job retention obligations set forth in Section 1.6**,** together with DCM's corresponding enforcement rights under this Section, shall survive (i) conveyance of the Property, (ii) issuance of any Certificates of Occupancy, (iii) any refinancing, restructuring, or assignment approved by DCM, and (iv) the expiration or termination of this Agreement, for the full duration of the Job Retention Period**.**

(f) **Acknowledgment of Public Purpose and Proportionality.** Developer acknowledges and agrees that the remedies provided herein, including reversion upon Job Retention Failure, are reasonable, proportionate, and necessary to protect the public purpose underlying this Agreement and do not constitute a penalty or forfeiture.

1.8 Continuous Use; Prohibition on Vacancy; Ten-Year Operating Covenant.

For a continuous period of ten (10) years following issuance of the final Certificates of Occupancy for the Project, the Property shall be actively, continuously, and in good faith operated and used for bona fide commercial and residential purposes consistent with the Project scope approved under this Agreement (the "Continuous Use Period"). Developer shall not, and shall not permit any tenant or affiliate to:

(a) cease operations, "go dark," mothball, or otherwise discontinue active use of any commercial or residential portion of the Property;
(b) maintain vacant or non-operating commercial space, except for temporary re-tenanting periods not exceeding sixty (60) consecutive days or ninety (90) days in any rolling twelve-month period for any individual premises;
(c) operate the Property in a manner inconsistent with its approved commercial and residential purposes, or in a manner that materially frustrates job creation, job retention, or taxable-sales objectives; or
(d) hold, bank, or warehouse the Property or any portion thereof for speculative purposes.

Temporary closures solely for ordinary maintenance, repairs, casualty restoration, or tenant turnover**,** and otherwise compliant with the time limits above, shall not constitute a violation of this Section.

Failure to comply with this Section 1.7 shall constitute a material, independent Event of Default, separate and apart from any construction, job-creation, or financing obligations, and shall entitle DCM to exercise all remedies available under this Agreement, including automatic reversion of title**,** foreclosure, possession, and injunctive relief.

Developer acknowledges that the Continuous Use covenant is a material inducement to DCM's conveyance of the Property, is necessary to protect the public purpose of this Agreement, and is intended to run with the land and bind Developer and all successors and assigns during the Continuous Use Period.

This Section shall survive conveyance of the Property, issuance of Certificates of Occupancy, refinancing, assignment, and termination or expiration of this Agreement for the full duration of the Continuous Use Period.

1.9 DCM CONSIDERATION. DCM agrees, subject to strict compliance with this Agreement, to convey the Property to Developer under the terms and conditions set forth in the Special Warranty Deed and Deed of Trust set forth as Exhibits ____ and _____ to this Agreement. and to provide the opportunity to develop the Property in furtherance of DCM's statutory economic development purposes as set forth in this Performance Agreement.

ARTICLE 2
REPORTING AND OVERSIGHT

2.1 Quarterly Reports; Ongoing Disclosure; Audit Rights.

Developer shall submit to DCM, with a copy to the City, written quarterly progress and performance reports (each, a "Quarterly Report") no later than thirty (30) days following the end of each calendar quarter**,** commencing with the first full quarter after the Effective Date and continuing throughout the term of this Agreement and any applicable survival periods. Each Quarterly Report shall be certified by an authorized officer of Develop**er** and shall include, at a minimum, the following information, in reasonable detail and in a form acceptable to DCM:

(a) **Construction Status:** progress against approved plans, milestones, and schedules, including percentage completion by phase and identification of any delays or deviations;
(b) **Milestone Compliance:** a status report demonstrating compliance with all milestone deadlines set forth in this Agreement and Exhibit B;
(c) **Financial Status:** summary of private capital invested to date, including sources and uses of funds, sufficient to verify compliance with minimum investment requirements;
(d) **Employment Data:** current job counts, job creation progress, and job retention status, including aggregate full-time equivalent employment attributable to the Project;
(e) **Operational Status:** tenant occupancy, leasing activity, vacancy rates, re-tenanting timelines, and compliance with the Continuous Use covenant;
(f) **Sales-Tax Performance:** summary of taxable sales performance and reasonable projections, to the extent available, consistent with applicable confidentiality laws;
(g) **Compliance Certification:** an affirmative statement identifying whether any Event of Default has occurred or is continuing, or whether any condition exists that, with notice or passage of time, would constitute an Event of Default.

DCM may, upon reasonable notice and not more than twice annually absent an Event of Default**,** require Developer to provide reasonable supporting documentatio**n** for any Quarterly Report, including non-privileged records, tenant certifications, payroll summaries, invoices, or other materials reasonably necessary to verify compliance. Failure to timely submit a complete and accurate Quarterly Report, or submission of a materially misleading or false report, shall constitute a material Event of Default**,** independent of any other default, and shall entitle DCM to exercise all remedies available under this Agreement. Developer acknowledges that the reporting obligations set forth in this Section are material covenants, are essential to DCM's oversight of a public-purpose economic development transaction, and shall survive conveyance of the Property, issuance of Certificates of Occupancy, refinancing, assignment, and termination or expiration of this Agreement for so long as any obligation under this Agreement remains outstanding.

2.2 Force Majeure. For purposes of this Agreement, "Force Majeure" means the occurrence of an event beyond the reasonable control of Developer that **(i)** was not caused by the acts or omissions of Developer or its contractors, lenders, or affiliates, **(ii)** could not have been avoided through the exercise of commercially reasonable diligence, and **(iii)** directly prevents performance of a specific obligation under this Agreement. Force Majeure events are limited to: acts of God; hurricanes, floods, or other natural disasters; declared public emergencies; war or terrorism; or governmental orders of general applicability that directly prohibit construction activity. Force Majeure expressly excludes**,** and shall not excuse or delay performance due to:

(a) lack of financing, equity, or capital;

(b) increases in construction costs, interest rates, insurance costs, or material prices;

(c) labor shortages, contractor disputes, or supply-chain delays that could have been mitigated through reasonable planning or substitution;

(d) market conditions, economic downturns, or changes in demand;

(e) failure or delay of tenants, lenders, investors, or joint-venture partners;

(f) Developer's failure to timely apply for or diligently pursue permits or approvals; or

(g) any event existing or reasonably foreseeable as of the Effective Date.

Developer shall provide written notice to DCM within ten (10) days after the occurrence of the alleged Force Majeure event, describing in reasonable detail the nature of the event, the specific obligations affected, and the steps being taken to mitigate delay. Failure to timely provide such notice shall constitute a waiver of any Force Majeure claim. Any extension of time granted due to Force Majeure shall be strictly limited to the actual period during which performance is directly prevented, and in no event shall Force Majeure extensions exceed an aggregate of one hundred twenty (120) days during the

term of this Agreement. No Force Majeure event shall excuse performance beyond such cap**,** nor shall Force Majeure relieve Developer of its obligation to complete the Project within the outside completion deadline set forth herein. Force Majeure shall not suspend, toll, or delay DCM's remedies upon default, including rights of acceleration, foreclosure, reversion, possession, or termination, except solely to the extent of a properly noticed and approved extension within the foregoing cap. Upon expiration of any Force Majeure extension, all obligations shall immediately resume, and failure to perform shall constitute an Event of Default without further notice. Developer acknowledges that the Force Majeure provisions of this Agreement are narrowly construed**,** are a material inducement to DCM's conveyance of the Property, and are intended to protect the public interest. No Force Majeure claim shall be implied, inferred, or recognized except as expressly provided herein.

ARTICLE 3

DEFAULTS AND REMEDIES

3.1 Events of Default.

Each of the following shall constitute a material Event of Default under this Agreement, without regard to materiality, intent, or excuse:

(a) Failure of Developer to timely perform, satisfy, or comply with any covenant, obligation, milestone, deadline, representation, or warranty set forth in this Agreement, including without limitation construction milestones, economic performance obligations, job creation or retention requirements, reporting obligations, or continuous-use covenants;

(b) Failure to achieve Substantial Completion or obtain Certificates of Occupancy by the deadlines required herein;

(c) Abandonment or cessation of construction or operations for more than ninety (90) consecutive days**,** except as expressly permitted under an approved Force Majeure extension;

(d) Any breach or default under the Promissory Note, Deed of Trust, or any other instrument securing or relating to this Agreement;

(e) Any prohibited assignment, transfer, encumbrance, or change of control; or

(f) Any act or omission that materially frustrates the public purpose of this Agreement.

(g) Any failure by the Developer to timely pay property taxes on the property when due.

(h) Developer's failure to obtain a release of any lien placed on the property within thirty days of its filing.

No Event of Default shall require proof of material harm, damages, or prejudice to DCM.

3.2 Cross-Default; No Notice Required.

Any Event of Default under this Agreement shall constitute an automatic and concurrent default**,** without notice or demand, under the Promissory Note, the Deed of Trust, and all related security instruments. Developer expressly waives any requirement of notice, presentment, demand, or opportunity to cure, except to the extent expressly required by this Agreement.

3.3 Remedies; Cumulative and Non-Exclusive.

Upon the occurrence of any Event of Default, DCM may, at its sole and absolute discretion, exercise any one or more of the following remedies, concurrently or successively**,** without election and without impairing any other remedy:

(a) **Acceleration** of all obligations and indebtedness secured by the Promissory Note;

(b) **Foreclosure** under the Deed of Trust, including exercise of the power of sale, without judicial action;

(c) **Immediate entry and possession** of the Property, with or without judicial process, and exclusion of Developer and all others there from;

(d) **Automatic reversion of title** to the Property, in whole or in part, together with all improvements, fixtures, and appurtenances, without compensation;

(e) **Specific performance, injunctive relief**, or other equitable relief to compel compliance or prevent further breach, without the necessity of proving irreparable harm or posting bond;

(f) Recovery of all damages, costs, and expenses of enforcement**,** including reasonable attorneys' fees, expert fees, consultant costs, and court costs; and

(g) Any other remedy available at law or in equity.

All remedies of DCM are cumulative**,** and the exercise of any remedy shall not preclude the exercise of any other remedy.

3.4 Automatic Reversion; Nature of Interest.

Developer acknowledges and agrees that DCM's right of reversion constitutes a present, vested, and enforceable property interest retained by DCM at the time of conveyance, and not a penalty, forfeiture, or liquidated damages provision**.** Upon the occurrence of an Event of Default, DCM may effect reversion by recording a Notice of Reversion and Termination**,** whereupon title to the Property shall automatically revest in DCM by operation of law, without judicial action**,** free and clear of any claim by Developer or any party claiming through Developer. Developer expressly waives and disclaims any: right of redemption or reinstatement; claim for compensation, reimbursement, or unjust enrichment; claim that reversion constitutes a taking, forfeiture, or penalty; and defense based on equity, hardship, or proportionality.

3.5 Bankruptcy and Insolvency Acknowledgment.

Developer acknowledges that this Agreement and DCM's reversionary interest are integral to a public-purpose economic development transaction and agrees that: d(a) the reversionary interest shall not be stayed, avoided, or impaired by any bankruptcy, insolvency, or similar proceeding; (b) Developer waives any right to treat this Agreement as an executory contract under 11 U.S.C. § 365; and (c) any bankruptcy filing by or against Developer shall constitute an independent Event of Default.

3.6 No Waiver; No Election.

No delay, omission, or failure by DCM to exercise any right or remedy shall operate as a waiver thereof. No acceptance of partial performance shall constitute a waiver of any default. No action taken by DCM shall be deemed an election of remedies, and all rights and remedies may be exercised to the fullest extent permitted by law.

3.7 Survival.

All provisions of this Article 3 shall survive conveyance of the Property**,** issuance of Certificates of Occupancy, refinancing, assignment, and termination or expiration of this Agreement.

3.4 Reversion.

DCM expressly retains a present, vested, and enforceable reversionary interest in the Property as a material condition of this Agreement and of the conveyance of the Property to Developer. The conveyance of the Property is made subject to conditions subsequent**,** including Developer's strict compliance with all performance, investment, employment, operational, and reporting obligations set forth herein. Upon the occurrence of any Event of Default, or upon failure of Developer to satisfy any condition subsequent within the time required, title to the Property, together with all improvements, fixtures, and appurtenances, shall automatically revert to and revest in DCM by operation of law**,** without judicial action, compensation, or reimbursement of any kind. The parties acknowledge and agree that DCM's reversionary interest constitutes a retained property interest, and not a penalty, forfeiture, liquidated damages provision, or security interest, and that it is integral to and inseparable from the public-purpose economic development transaction authorized under Texas Local Government Code Chapter 505. Developer expressly waives any claim or defense that the exercise of the reversionary interest constitutes a taking, impairment of contract, unjust enrichment, or violation of due process. DCM's reversionary interest and corresponding enforcement rights **run with the land**, are binding upon Developer and all successors and assigns, and **survive** conveyance of the Property, issuance of Certificates of Occupancy, refinancing, assignment, foreclosure, bankruptcy, or insolvency, to the fullest extent permitted by law.

3.5 Waiver of Defenses. To the fullest extent permitted by law, Developer knowingly, voluntarily, and irrevocably waives any and all defenses, counterclaims, offsets, setoffs, claims, or objections of any kind, whether legal or equitable, that Developer may now or hereafter have to the enforcement of this Agreement**,** the Promissory Note, the Deed of Trust, or the exercise by DCM of any right or remedy provided herein, including without limitation DCM's rights of acceleration, foreclosure, possession, termination, and automatic reversion of title**.** Without limiting the generality of the foregoing, Developer expressly waives any defense or claim based upon:

(a) waiver, estoppel, laches, acquiescence, course of dealing, or course of performance;
(b) election of remedies or inconsistency of remedies;
(c) lack of materiality, proportionality, or prejudice;
(d) equity, hardship, substantial performance, impracticability, impossibility, frustration of purpose, or changed circumstances;

(e) penalty, forfeiture, liquidated damages, or unjust enrichment;
(f) taking, impairment of contract, or violation of due process;
(g) lack of notice, demand, presentment, opportunity to cure, or right to reinstate, except to the extent expressly provided in this Agreement;
(h) failure of consideration or inadequacy of consideration;
(i) actions or omissions of tenants, contractors, lenders, affiliates, or third parties; or
(j) any defense that could be asserted to delay, stay, condition, or impair DCM's exercise of its contractual or property rights.

Developer acknowledges and agrees that DCM would not have entered into this Agreement or conveyed the Property absent this waiver**,** that the remedies provided herein are reasonable, proportionate, and necessa**ry** to protect the public purpose of the transaction under Texas Local Government Code Chapter 505, and that enforcement of this waiver is an essential element of the parties' bargained-for exchange. This waiver shall apply before, during, and after any litigation, arbitration, foreclosure, reversion, bankruptcy, insolvency, receivership, or other proceeding, shall be self-executing**,** and shall survive conveyance of the Property, issuance of Certificates of Occupancy, termination or expiration of this Agreement, and any assignment or transfer permitted or prohibited hereunder.

ARTICLE 4

4.1 No Assignment; No Transfer; No Change of Control.

Developer shall not assign, transfer, convey, encumber, pledge, or otherwise dispose **of** this Agreement, the Property, or any interest therein**,** whether voluntarily, involuntarily, directly or indirectly, without the prior written consent of DCM**,** which consent may be granted or withheld in DCM's sole and absolute discretion**.** For purposes of this Agreement, a "Change of Control" shall be deemed to occur upon:
(a) the transfer or issuance of **m**ore than fifty percent (50%) of the ownership, equity, membership interests, voting power, or economic interests of Developer;
(b) any transaction or series of transactions resulting in a change in the power to direct or control the management or policies of Developer, whether through ownership, contract, voting agreement, management agreement, proxy, or otherwise;
(c) the admission of any new partner, member, investor, or principal possessing approval rights over budgets, financing, leasing, or disposition decisions; or
(d) any merger, consolidation, reorganization, or similar transaction involving Developer.
Any direct or indirect assignment**,** transfer, or Change of Control effected without DCM's prior written consent shall be void ab initio**,** shall constitute an immediate, material, and incurable Event of Default**,** and shall entitle DCM to exercise all rights and remedies available under this Agreement, the Promissory Note, and the Deed of Trust,

including automatic reversion of title**.** No consent by DCM to any assignment or Change of Control shall be deemed a waiver of this restriction as to any subsequent assignment or Change of Control. Any approved transferee shall be required, as a condition of approval, to assume in writing all obligations of Developer under this Agreement and the secured instruments, and to provide such guaranties or assurances as DCM may reasonably require.

4.2 Financing Restrictions; No Subordination; No Senior or Pari-Passu Debt.

Developer shall not obtain, incur, permit, or suffer any financing, loan, credit facility, security interest, lien, encumbrance, or other indebtedness of any kind that would subordinate, prime, impair, dilute, or be pari passu with DCM's rights, remedies, reversionary interest, or lien under this Agreement, the Promissory Note, or the Deed of Trust. Without limiting the foregoing, Developer shall not, without the prior written consent of DCM, which may be withheld in DCM's sole and absolute discretion:

(a) grant or permit any construction loan, deed of trust, mortgage, or security interest senior to or equal in priority with DCM's Deed of Trust or reversionary interest;

(b) request, require, or permit any subordination, intercreditor, non-disturbance, standstill, or priority-altering agreement affecting DCM's rights, whether directly or indirectly;

(c) incur or permit any mezzanine financing, preferred equity, convertible debt, participation interest, or similar layered capital structure, whether characterized as debt or equity, that provides a third party with rights to control, cure, foreclose upon, step into, or otherwise influence the Property, the Project, or Developer's performance;

(d) enter into any financing arrangement that conditions funding upon the subordination, limitation, deferral, or waiver of any right or remedy of DCM; or

(e) permit any lender, investor, or financing party to acquire any approval, consent, veto, or control rights over development scope, phasing, leasing, disposition, or enforcement of remedies.

Any financing approved by DCM, if any, shall be expressly subordinate to DCM's interests in all respects, shall confer no step-in, cure, or possession right**s** absent a separate written agreement approved by DCM, and shall not delay, toll, or impair DCM's

enforcement rights upon default. Any financing, lien, or encumbrance incurred **in** violation of this Section shall be *void ab initio,* shall constitute a material, incurable Event of Default, and shall entitle DCM to immediately exercise all remedies available under this Agreement, including automatic reversion of title, foreclosure, and possession, without notice or cure. Developer acknowledges that the restrictions set forth herein are material conditions of DCM's conveyance of the Property and are necessary to protect the public interest and the integrity of the economic development transaction.

4.3 No Liens; Lien Prevention; Immediate Discharge. Developer shall not cause, permit, or suffer any mechanic's, materialman's, contractor's, laborer's, vendor's, judgment, tax, or other lien, claim, charge, or encumbrance of any kind (collectively, "Liens") to be filed, attached, asserted, or remain of record against the Property, the Project, or any interest therein, other than DCM's Deed of Trust and reversionary interest**.** Developer shall be solely responsible for payment of all contractors, subcontractors, suppliers, and vendors and shall take all actions necessary to prevent the attachment of Liens**,** including use of lien waivers, payment bonds (if required), joint checks, or other commercially reasonable protections**.** In the event any Lien is filed or asserted, Developer shall, within ten (10) days after notice or knowledge thereof (whether or not disputed), (i) discharge the Lien by payment, (ii) cause the Lien to be released of record, or (iii) bond around the Lien in a manner acceptable to DCM and sufficient to fully protect DCM's title and priority. Failure to timely discharge, release, or bond around any Lien shall constitute a material, incurable Event of Default**,** entitling DCM, without notice or cure, to exercise all remedies available under this Agreement, including acceleration, foreclosure, possession, and automatic reversion of title**.** DCM shall have the right, but not the obligation, to discharge any Lien on Developer's behalf, and any sums expended by DCM in connection therewith shall be immediately due and payable by Developer**,** shall bear interest at the default rate under the Promissory Note, and shall be secured by the Deed of Trust. Developer expressly waives any defense that such Lien was filed without its consent, was contested, or arose from the acts or omissions of contractors, subcontractors, or third parties, all of whom shall be deemed to be acting through Developer for purposes of this Agreement.

4.4 Retention and Assignment of Entitlements; Plans; Intellectual Property.

Upon the occurrence of any Event of Default, all right, title, and interest in and to the Project's zoning, platting, permits, approvals, variances, development agreements, site plans, engineering plans, architectural plans, construction documents, surveys, reports, studies, environmental assessments, traffic studies, utility plans, drainage plans, and all other governmental approvals, applications, and entitlements of any kind (collectively, the "Entitlements"), whether issued, pending, or approved, shall automatically vest in and

become the sole property of DCM**,** without further action, consent, consideration, or compensation. Developer hereby irrevocably assigns and conveys to DCM, effective upon default, all of Developer's rights in and to the Entitlements, together with all licenses, approvals, applications, and vested rights**,** and agrees that such assignment is a material condition of this Agreement and the conveyance of the Property. To the fullest extent permitted by law, Developer further grants to DCM a perpetual, irrevocable, royalty-free, fully transferable license**,** with the right to sublicense, modify, adapt, and reuse, all plans, drawings, specifications, studies, reports, and other work product prepared in connection with the Project, free and clear of any intellectual-property, copyright, moral-rights, or consent claims by Developer, its architects, engineers, consultants, contractors, or any third party. DCM may, at its sole discretion and without limitation, continue, modify, re-entitle, re-permit, assign, or transfer the Entitlements and related plans to itself or to any successor developer, and may proceed with development or redevelopment of the Property without interruption or re-approval**, t**o the extent permitted by applicable law. Developer waives any claim that the retention or use of the Entitlements or plans by DCM constitutes a taking, impairment, breach, conversion, or violation of intellectual-property rights, and acknowledges that this provision is reasonable, proportionate, and necessary to protect the public purpose underlying this Agreement. This Section shall survive conveyance of the Property, issuance of Certificates of Occupancy, termination of this Agreement, foreclosure, reversion, bankruptcy, or insolvency of Developer.

4.5 Bankruptcy and Insolvency Acknowledgment; Non-Executory Agreement.

Developer acknowledges, agrees, and expressly stipulates that:

(a) **Non-Executory Nature.** This Agreement is not an executory contract within the meaning of 11 U.S.C. § 365**,** but rather constitutes a completed conveyance of a present, vested property interest to Developer subject to conditions subsequent and a retained, vested reversionary interest in favor of DCM, together with covenants running with the land.

(b) **Waiver of Rejection Rights.** To the fullest extent permitted by applicable law, Developer irrevocably waives any right to assume, reject, or seek to reject this Agreement, or any portion hereof, as an executory contract under 11 U.S.C. § 365 or any successor statute.

(c) **No Automatic Stay as to Reversion.** Developer agrees that DCM's reversionary interest constitutes a property interest retained by DCM and not property of Developer's bankruptcy estate, and that the exercise of reversion, foreclosure, possession, or termination rights by DCM shall not

be subject to the automatic stay under 11 U.S.C. § 362, to the maximum extent permitted by law.

(d) **Bankruptcy as Independent Default.** The filing of any voluntary or involuntary petition by or against Developer under the United States Bankruptcy Code, or any proceeding for insolvency, receivership, or assignment for the benefit of creditors, shall constitute an immediate, material Event of Default under this Agreement.

(e) **No Recharacterization; Public-Purpose Transaction.** Developer agrees that this Agreement shall not be recharacterized as a financing, disguised loan, lease, or executory development agreement, and acknowledges that it is a public-purpose economic development conveyance entered into pursuant to Texas Local Government Code Chapter 505, with remedies reasonably tailored to protect the public interest.

(f) **Survival and Enforceability.** The acknowledgments, waivers, and agreements set forth in this Section shall survive conveyance of the Property, issuance of Certificates of Occupancy, foreclosure, reversion, termination of this Agreement, and any bankruptcy or insolvency proceeding**,** and shall be binding upon Developer and any trustee, debtor-in-possession, receiver, or successor.

ARTICLE 5
GENERAL PROVISIONS

5.1 Governing Law; Venue; Jurisdiction; Waiver of Forum Objections.

This Agreement shall be governed by, construed, and enforced exclusively in accordance with the laws of the State of Texas**,** without regard to conflicts-of-law principles. Exclusive venue for any action, suit, proceeding, or dispute arising out of or relating to this Agreement, the Property, or the transactions contemplated hereby shall lie solely and exclusively in the state courts located in Hidalgo County, Texas**.** The parties expressly exclude federal court jurisdiction to the fullest extent permitted by law. Developer irrevocably submits to the personal jurisdiction of such courts and waives any objection based on improper venue, inconvenient forum (*forum non conveniens*), lack of personal jurisdiction, or any similar doctrine. Developer further waives any right of removal of any action to federal court and agrees that any action improperly filed in any other forum may be summarily dismissed or transferred at DCM's election. DCM shall be entitled to seek temporary, preliminary, and permanent injunctive relief, specific performance, and other equitable remedies in the courts of Hidalgo County,

Texas**,** without the necessity of posting bond or proving irreparable harm**, in** addition to any other remedies available at law or in equity. The parties acknowledge that this Agreement involves the exercise of governmental and public powers under Texas Local Government Code Chapter 505, and that exclusive venue in Hidalgo County, Texas, is reasonable, necessary, and essential to protect the public interest.

5.2 Attorneys' Fees; Costs; Enforcement Expenses.

Developer shall be solely responsible for, and shall indemnify and reimburse DCM for, one hundred percent (100%) of all costs and expenses of enforcement incurred by or on behalf of DCM in connection with this Agreement, the Promissory Note, the Deed of Trust, or the protection or enforcement of any of DCM's rights or remedies hereunder**,** whether or not litigation is filed and regardless of whether DCM is deemed a "prevailing party." Recoverable enforcement costs shall include, without limitation**:**(a) reasonable attorneys' fees (including in-house counsel time calculated at reasonable market rates);(b) paralegal, legal assistant, and staff time; (c) expert witness, consultant, engineer, architect, accountant, and investigator fees;(d) title, survey, appraisal, environmental, and inspection costs;(e) court costs, filing fees, service fees, transcript costs, and appeal costs; (f) mediation, arbitration, and alternative dispute resolution costs; (g) costs incurred in connection with foreclosure, reversion, possession, lien discharge, or protection of title; and (h) costs incurred in any bankruptcy, insolvency, receivership, or restructuring proceeding involving Developer or the Property. All enforcement costs incurred by DCM shall be immediately due and payable upon demand**,** shall bear interest at the default rate under the Promissory Note from the date incurred until paid, and shall be secured by the Deed of Trust with the same priority as the principal obligations secured thereby. The obligations set forth in this Section are one-way in favor of DCM**,** shall survive conveyance of the Property, issuance of Certificates of Occupancy, foreclosure, reversion, termination or expiration of this Agreement, and shall not be limited or waived by any statute or rule that would otherwise require reciprocity or a prevailing-party determination, to the fullest extent permitted by law.

ARTICLE 6

Prohibited Payments; Ethics Compliance.

6.1. Developer represents, warrants, and covenants that neither Developer nor any of its owners, principals, officers, managers, affiliates, contractors, consultants, agents, or representatives has made, offered, promised, authorized, or will make, offer, promise, or authorize, directly or indirectly**,** any payment, gift, loan, thing of value, compensation, employment opportunity, consulting arrangement, political contribution, donation, rebate, fee, or other benefit (collectively, "Prohibited Payments") to: (a) any member of the

board, commission, or governing body of DCM; (b) any City commissioner, City officer, or City employee; or (c) any immediate family member, business associate, entity, or intermediary of any such person, for the purpose of influencing**,** inducing, rewarding, or securing favorable action, inaction, approval, discretion, vote, or decision in connection with this Agreement, the Project, the Property, or any related governmental action. Developer further represents and warrants that no Prohibited Payment has been made or promised prior to the Effective Date of this Agreement and covenants that none shall be a material breach of this Agreement. Any violation of this Section, whether occurring before or after the Effective Date and whether or not criminally prosecuted or adjudicated**,** shall constitute a material, incurable Event of Default under this Agreement and shall entitle DCM, in its sole discretion, to immediately exercise any and all remedies available hereunder, including termination of this Agreement, automatic reversion of title, foreclosure, possession, disgorgement of benefits, and recovery of all enforcement costs**,** without notice or opportunity to cure. Developer expressly waives any defense based on lack of criminal conviction, statute of limitations, materiality, intent, or reliance on advice of counsel, and acknowledges that DCM's determination, made in good faith, that a Prohibited Payment has occurred shall be sufficient to trigger remedies under this Agreement. This Section is intended to supplement, and not limit, compliance with all applicable ethics, bribery, and corruption laws, including the Texas Penal Code and applicable local ethics ordinances. The representations, covenants, waivers, and remedies set forth herein shall **survive** conveyance of the Property, issuance of Certificates of Occupancy, termination of this Agreement, and any assignment or transfer.

6.2. Entire Agreement.
This Agreement and secured instruments constitute the entire agreement.

EXECUTED on this, the ____ day of December, 2025 in the City of Mercedes, Hidalgo County, State of Texas.

MERCEDES DEVELOPMENT CORPORATION

By: _____
Name:
Title:

HANNA INVESTMENTS HOLDINGS, INC.

By: _____
Name:
Title: