
MERCEDES CITY COMMISSION
REGULAR MEETING
FEBRUARY 4, 2025 – 6:30 PM
MERCEDES CITY HALL – COMMISSION CHAMBERS
400 S. OHIO AVE., MERCEDES, TX 78570

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

1. **Call Meeting to Order**
2. **Establish Quorum**
3. **Invocation**
4. **Pledge of Allegiance**
5. **Open Forum**
6. **Presentation**
 - a. Recognition of the Mercedes JROTC
7. **Consent Agenda**
 - a. Approval of Second and Final Reading of Ordinance 2025-03 Ordering the Election for the 2025 City Commission Election for Commissioner Place 2 and Commissioner Place 4
 - b. Approval of Second and Final Reading of Ordinance 2025-04 regarding Sludge Transporter Permits
 - c. Approval of Second and Final Reading of Ordinance 2025-05 to rezone Camino Heights from "N" Newly Annexed to "R-TH" Townhouse Residential District
8. **Management Items:** Present, discuss, consider and possibly take action regarding:
 - a. Approval of Appointments/Reappointments of Members to the Development Corporation of Mercedes Board of Directors
 - b. Approval of 1st Amendment To Interlocal Cooperation Agreement Between The City Of Mercedes And The County Of Hidalgo. Texas For Emergency Medical Services.
 - c. Sponsorship Request by Mercedes ISD Superintendent Scholarship Fund
9. **Ordinances/Resolutions**
 - a. Resolution 2025-05 Annual Approval of the City of Mercedes Investment Policy and Strategy
 - b. Approval of Resolution 2025-06 regarding Credit Card Resolution update from Aaron Solis to Nellie Zamora
10. **Bids/Contracts**
 - a. Approval of Blanket Illumination Agreement between TxDOT and the City of Mercedes

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

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

12. Open Session

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

13. Adjournment

Notice is hereby given that the City Commissioners of the City of Mercedes, Texas will meet in a Regular Meeting on Tuesday, February 4, 2025 at 6:30 PM. Said meeting will be conducted in the Commission Chambers of the City Hall located at 400 S. Ohio, Mercedes, Texas for the purpose of considering and taking formal action regarding the items listed above. This notice is given in accordance with Vernon's Texas Codes Annotated, Texas Government Code, Section 551.001 et. Seq.

WITNESS MY HAND AND SEAL OF THE CITY THIS 31ST DAY OF JANUARY, 2025.

ATTEST:



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

ACCESSIBILITY STATEMENT

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

Office of the MAYOR



Proclamation

HONORING THE MERCEDES JROTC FOR THEIR OUTSTANDING SERVICE TO THE COMMUNITY

WHEREAS, the Mercedes Junior Reserve Officer Training Corps (JROTC) has demonstrated an unwavering commitment to the betterment of our community through their dedicated service and volunteer efforts; and

WHEREAS, the members of the Mercedes JROTC have actively engaged in neighborhood clean-ups, graffiti removal, and other beautification efforts, fostering a sense of pride and civic responsibility among residents; and

WHEREAS, the Mercedes JROTC has provided invaluable support in traffic control for local events, ensuring the safety and well-being of our community members; and

WHEREAS, through their dedication to service, the Mercedes JROTC exemplifies the values of leadership, responsibility, and teamwork, inspiring others to contribute to the growth and improvement of our city; and

WHEREAS, the efforts of the Mercedes JROTC not only enhance the physical appearance and safety of our city but also cultivate a culture of service and commitment among our youth;

NOW, THEREFORE, be it proclaimed, that I, Oscar D. Montoya, Mayor of the City of Mercedes, Texas by virtue of the authority vested in me and on behalf of City Commissioners Dr. Ruben J. Saldana, Dr. Jacob C. Howell, Joe Martinez and Armando Garcia, do hereby recognize and commend the **Mercedes JROTC** for their exceptional contributions to our community and extend our heartfelt gratitude for their continued efforts in promoting safety, beautification, and civic engagement.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Mercedes to be affixed this 4th day of February, 2025.

CITY OF MERCEDES

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

ATTEST:

**JOSELYNN CASTILLO,
CITY SECRETARY**

ORDINANCE NO. 2025-03

AN ORDINANCE DECLARING AN ELECTION TO BE HELD IN THE CITY OF MERCEDES, TEXAS FOR THE PURPOSE OF ELECTING COMMISSIONER PLACE #2 AND COMMISSIONER PLACE #4, OF SAID CITY; PROVIDING FOR THE GIVING OF NOTICE OF ELECTION; PROVIDING FOR APPOINTING OFFICERS AND SETTING OUT THEIR POWERS, DUTIES, COMPENSATION, AND MANNER OF ELECTION; PROVIDING THAT NO IRREGULARITY IN SAID NOTICE SHALL INVALIDATE SAID ELECTION; PROVIDING THE METHOD OF HAVING THE CANDIDATES' NAMES PLACED UPON AND WITHDRAWN FROM THE OFFICIAL BALLOT; AUTHORIZING AND INSTRUCTING THE MAYOR, CITY SECRETARY AND THE CHIEF OF POLICE TO PERFORM THEIR RESPECTIVE DUTIES IN CONNECTION WITH SAID ELECTION; PROVIDING FOR A SAVINGS AND REPEAL CLAUSE AND PROVIDING FOR AN EFFECTIVE DATE.

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

That an election shall be held in the City of Mercedes, Texas on the first Saturday of May, the same being May 3, 2025 for the purpose of electing a Commissioner Place #2 and a Commissioner Place #4, of said City, such election to be held at the Mercedes Civic Center located at 520 East Second, Mercedes, Texas from seven o'clock in the morning until seven o'clock in the evening, and that notice of the same shall be given by the City Secretary by posting a properly executed copy of this election ordinance and notice for a period of thirty (30) days before the date of said election, or for any period required by law at City Hall in Mercedes, Texas, and;

That the voting at said election shall be by means of voting machines on election day and paper ballots for early voting by mail, and by means of voting machine for early voting by personal appearance. Early voting shall commence April 22, 2025 at the Mercedes Civic Center, 520 East Second, Mercedes, Texas and shall continue until April 29, 2025.

That the compensation of the presiding judge, alternate judge and clerks shall be set per the contract with the Hidalgo County Elections Administrator, the election official who delivers the returns of the election immediately after the votes have been tallied shall be paid the rate assigned as judge or clerk for that service, and shall also return all election supplies not used with the returns of said election. The powers and duties of the aforementioned presiding officers and clerks shall be those prescribed by the Texas Election Code.

That no irregularity in the notice herein provided shall invalidate said notice, and; that any candidate for City Commission may have their name placed on the official ballot by complying with the provision of the City Charter, and with the pertinent provisions of the Texas Election Code, and;

That any candidate for the City Commission may name poll watchers as provided in the Texas Election Code.

That the names of all those candidates who have filed their applications to have their name placed on the official ballot as candidates shall be posted by the City Secretary at a conspicuous place in the City Secretary's office, from and after which time said application is received. Any such candidate may cause their name to be withdrawn at any time from the official ballot before the official ballots are prepared, by complying with the pertinent provisions of the Texas Election Code, and

BE IT FURTHER ORDAINED, that the Mayor, City Secretary, and Chief of Police be and they are hereby authorized and instructed to perform their respective duties in connection with said election

imposed upon them by this Ordinance, the City Charter of the City of Mercedes, Texas, and the Texas Election Code, and;

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

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

Passed and approved on first reading this the 30th Day of January, 2025.

Passed, Approved and adopted on second reading this the 4th Day of February, 2025.

ATTEST:

Joselynn Castillo, City Secretary

Oscar D. Montoya Sr., Mayor

APPROVED:

Martie Garcia-Vela, City Attorney

**IMPORTANT DATES FOR CANDIDATES
CITY OF MERCEDES
GENERAL ELECTION – MAY 3, 2025**

JANUARY 15, 2025	1ST DAY TO APPLY FOR A PLACE ON THE BALLOT
JANUARY 21, 2025	1ST READING OF ORDINANCE CALLING ELECTION
FEBRUARY 2, 2025	1ST DAY TO BEGIN POSTING CAMPAIGN SIGNS
FEBRUARY 4, 2025	2ND READING OF ORDINANCE CALLING ELECTION
FEBRUARY 14, 2025	LAST DAY TO FILE FOR A PLACE ON THE BALLOT (5:00 PM)
FEBRUARY 21, 2025	LAST DAY FOR BALLOT CANDIDATE IN GENERAL ELECTION TO WITHDRAW
FEBRUARY 21, 2025	(4:40 PM) CONDUCT BALLOT POSITION DRAWING (DATE SUBJECT TO CHANGE – NOTICE WILL BE POSTED AND ALL CANDIDATES WILL BE NOTIFIED IF DATE IS TO CHANGE)
MARCH 19, 2025	1ST DAY TO MAIL EARLY VOTING BALLOTS, IF AVAILABLE.
APRIL 3, 2025	LAST DAY TO REGISTER TO VOTE IN MAY 6 ELECTION. DUE DATE FOR FIRST CAMPAIGN REPORT (30th DAY BEFORE ELECTION).
APRIL 10, 2025	PUBLISH NOTICE OF CITY ELECTION (POST AT CITY HALL)
APRIL 22, 2025	1ST DAY OF EARLY VOTING BY PERSONAL APPEARANCE
APRIL 22, 2025	LAST DAY TO ACCEPT APPLICATION BY MAIL FOR BALLOT TO BE VOTED BY MAIL (RCVD NOT POSTMARKED)
APRIL 25, 2025	DUE DATE FOR SECOND CAMPAIGN REPORT (8th DAY BEFORE ELECTIONS).
APRIL 29, 2025	LAST DAY TO VOTE EARLY BY PERSONAL APPEARANCE
MAY 3, 2025	ELECTION DAY
MAY 13, 2025	LAST DAY TO REMOVE CAMPAIGN SIGNS UNLESS IN RUNOFF

ORDINANCE NO. 2025-04

AN ORDINANCE OF THE CITY OF MERCEDES, TEXAS, AMENDING ARTICLE 13.09 (INDUSTRIAL WASTE) OF THE CITY CODE TO ESTABLISH A YEARLY PERMIT FEE FOR SLUDGE TRANSPORTERS; PROVIDING FOR A SPILL PENALTY; PROVIDING FOR INSPECTION AND RECORD-KEEPING; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of Mercedes seeks to ensure the proper handling, transportation, and disposal of sludge, grease, grit, and septic waste to protect public health, safety, and the environment;

WHEREAS, the City recognizes the need to hold sludge transporters accountable for any spills or environmental hazards caused by improper handling;

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

Section 1: Amendment to Article 13.09

Article 13.09 of the City Code of Ordinance (Industrial Waste) is hereby amended to include the following provisions:

1. Permit Requirements for Sludge Transporters

A. All sludge transporters operating within the City of Mercedes must obtain a yearly permit from the City of Mercedes before engaging in sludge transporting activities.

B. The yearly permit fee shall be based on the truck's capacity as follows:

- **Containers between 0 to 1,999 gallons: \$500.00**
- **Containers between 2,000 to 4,999 gallons: \$1,000.00**
- **Containers between 5,000 to 10,000 gallons: \$1,500.00**
- **Sticker Permit fee: \$10.00**

C. Permit fee shall be paid upon application or renewal of permit and are non-refundable.

D. Permits must be renewed annually, and sludge transporters must maintain compliance with all applicable local, state, and federal regulations.

2. Spill Penalties

A. Sludge Transporters will be held financially responsible for any spills, leaks, or improper disposal of grease waste within the City of Mercedes.

B. The minimum fine for any spill or environmental hazard caused by a sludge transporter is set at **\$5,000**.

- C. Additional remediation costs incurred by the City due to spills or noncompliance will be billed to the responsible party.
- D. Invoices for spill penalties and cleanup costs are due upon receipt and payable to the City.

3. Inspections and Record-Keeping

- A. All sludge transporters must maintain accurate records of all grease collection, transportation, and disposal activities, which must be available for inspection or auditing upon request by city officials.
- B. Records must include the following information:
 - Date and location of grease collection
 - Volume of grease collected
 - Transportation details, including vehicle identification
 - Disposal site and confirmation of proper disposal.
- C. Transporters must submit an annual report of these records to the City no later than January 31st of each year.
- D. The City reserves the right to inspect sludge transporter vehicles and equipment to ensure compliance with this ordinance.

4. Enforcement

- A. Failure to obtain a permit, comply with permit conditions, or pay fines will result in the suspension or revocation of the grease hauler's permit.
- B. Any sludge transporter operating without a valid permit shall be subject to a penalty of \$500 per violation.
- C. Repeat violations may result in additional penalties and legal action.

This placement ensures the \$500 penalty is directly tied to enforcement actions and is clear for transporters to understand the consequences of noncompliance.

Section 2: Effective Date

This ordinance shall take effect immediately upon its adoption and publication as required by law.

Section 3: Severability

If any section, subsection, sentence, clause, or phrase of this ordinance is held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

PASSED AND APPROVED BY THE CITY COMMISSION OF THE CITY OF MERCEDDES, TEXAS, on this 30th day of January, 2025.

1st Reading: January 30, 2025

2nd Reading: February 4, 2025

City of Mercedes

ATTEST:

Oscar D. Montoya Sr., Mayor

Joselynn Castillo, City Secretary

Martie Garcia-Vela, City Attorney

ORDINANCE NO. 2025-05

AN ORDINANCE CHANGING THE CLASSIFICATION FOR ZONING PURPOSES OF THE FOLLOWING TRACT OF LAND: BLOCK 113, WEST AND ADAMS TRACT SUBDIVISION (2.93 ACRES), FROM CLASS “N” NEWLY ANNEXED TO CLASS “R-TH” TOWN HOUSE RESIDENCE DISTRICT; PROVIDING FOR A SAVINGS AND REPEAL CLAUSE; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on the 6th day of January, 2025 a public hearing was held for the purpose of hearing any objections as to why: **BLOCK 113, WEST AND ADAM TRACT SUBDIVISION (2.93 ACRES)**, Mercedes, Hidalgo County, Texas, should be rezoned and classified as follows: from a Class “N” Newly Annexed to a Class “R-TH” Town House Residence District.

WHEREAS, the City Commission at its Regular Meeting of January 7th, 2025, having considered the rezoning of the above-described property as listed in the foregoing section and having heard the pros and cons as to such rezoning request, is of the opinion that the aforementioned rezoning is in the best interest of the City of Mercedes, Texas.

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

Section 1: BLOCK 113, WEST AND ADAM TRACT SUBDIVISION (2.93 ACRES), Mercedes, Hidalgo County, Texas, should be rezoned and classified as follows: from a Class “N” Newly Annexed to a Class “R-TH” Town House Residence District.

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

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

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

PASSED, APPROVED AND ADOPTED ON FIRST READING THIS THE 30TH DAY OF JANUARY, 2025.

PASSED, APPROVED AND ADOPTED ON SECOND READING THIS THE 4TH DAY OF FEBRUARY, 2025.

CITY OF MERCEDES

Oscar D. Montoya, Sr., Mayor

ATTEST:

APPROVED AS TO FORM:

Joselynn Castillo
City Secretary

Martie Garcia Vela
City Attorney

Memo

To: Mayor and City Commissioners
From: Melissa Ramirez, DCM Executive Director
CC: File
Date: 1/27/2025
Re: Board Members

DCM records indicate Tony Garza and Roel Villanueva are up for reappointment. Their terms expire December 31, 2024. Collectively, they have attracted new businesses, help expand current businesses and promoted projects that have helped in beautifying the City of Mercedes. Each member would like to continue to serve to ensure the community's economic vitality.

Snapshot of complete projects:

Orchard Village: Project complete in 2020.

Dollar Tree: Project complete in 2020.

Covid- 19 Relief: The DCM disbursed \$227,898 to the small business community for Covid-19 relief.

Travel Center/ Wendy's: Project completed in 2023

Sonic Drive In: Project completed in 2023

McDonald's : Project completed in 2023

Project in the Pipeline

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

1. Project M30
2. Project M2
3. Project 150

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

FY22-23	Oct	Oct	Nov	Dec	Jan	Feb	Mar	Mar	Apr	May	May	June	July	Aug	Aug	Sept
Fred Gonzalez	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	A
Joe Flores	x	x	x	x	x	x	x	x	x	x	x	x	x	x	A	x
Tony Garza	x	x	x	A	x	x	A	A	x	x	x	A	A	A	x	x
Roel Villanueva	A	x	x	x	x	x	x	x	A	x	x	x	A	A	x	x
Peggy Marie Chavez-Yanez	A	x	x	x	A	x	A	x	x	x	x	x	x	x	x	A
Luis Huerta	A	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Marcos Garcia	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
FY23-24	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	May	June	July	July	Aug	Sept		
Fred Gonzalez	x	x	x	x	x	x	x	A	A	x	x	x	x	x		
Joe Flores	x	x	x	x	x	x	x	x	x	x	x	A	x	x		
Tony Garza	A	x	x	x	A	x	x	A	x	x	x	x	x	x		
Roel Villanueva	A	A	x	A	x	x	x	x	A	x	x	x	x	A		
Peggy Marie Chavez-Yanez	x	x	x	A	x	A	A	x	x	x	x	x	A	x		
Luis Huerta	x	x	x	x	x	x	x	x	A	x	x	A	x	x		
Marcos Garcia	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
FY24-25	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept				
Fred Gonzalez	x	x	x													
Joe Flores	A	A	x													
Tony Garza	x	A	x													
Roel Villanueva	x	x	x													
Peggy Marie Chavez-Yanez	x	x	A													
Luis Huerta	A	x	x													
Marcos Garcia	x	A	x													
x = Attended																
A = Absent																

DATE: February 4, 2025
FROM: Javier Campos, Fire Chief
ITEM: **Discussion and possible action to Approval of 1st Amendment To Interlocal Cooperation Agreement Between The City Of Mercedes And The County Of Hidalgo. Texas For Emergency Medical Services.**

BACKGROUND INFORMATION: This ILA between the County of Hidalgo and the City of Mercedes is to execute the amendment to extend an additional 1-year as noted on the Term in contract. Contract states after the first year, an option to extend for an additional three (3) one year terms at the same rates, terms and conditions.

Medic 4 (ambulance) was placed in service in March 2024 and is the busiest ambulance within our EMS operations at 36% calls of service. As planned, approving this agreement in 2024 has helped with preventative maintenance on our ambulance fleet.

Recommendation is to approve this agreement which will be the first of the three (3) available one-year extensions. This will begin March 01, 2025, and terminating on February 28, 2026.

BOARD REVIEW/CITIZEN FEEDBACK: NA

ALTERNATIVES/OPTIONS: NA

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):
\$ 120.00

Account Number(s):
46-510-2044

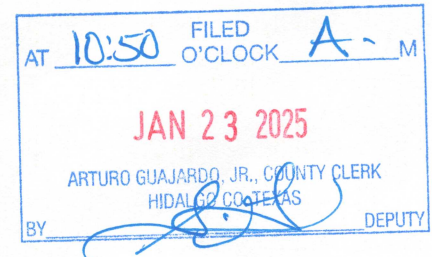
Finance Review by: (Has finance reviewed it to make sure we have the funds Yes/No/Not Applicable)

LEGAL REVIEW: NA

ATTACHMENTS:

1. ILA County

STAFF RECOMMENDATION: Fire Department Administration Recommends Approval.



STATE OF TEXAS

COUNTY OF HIDALGO

§
§
§

**1st AMENDMENT TO INTERLOCAL COOPERATION AGREEMENT BETWEEN
THE CITY OF MERCEDES AND THE COUNTY OF HIDALGO, TEXAS FOR
EMERGENCY MEDICAL SERVICES**

This Amendment to the Interlocal Cooperation Agreement is made on this 16th day of **January, 2025**, by and between HIDALGO COUNTY, TEXAS by and through its Office of Emergency Management hereinafter referred to as "County," and the CITY OF MERCEDES, TEXAS hereinafter referred to as "City".

WHEREAS, County and City entered into an Interlocal Cooperation Agreement on February 06, 2024, pursuant to the provisions of the Texas Interlocal Cooperation Act, Texas Gov't Code 791.001 et seq., in an effort to ensure the provision of emergency ambulance services to residents of Hidalgo County, and specifically those located in Precinct #1, and the CITY agreed to assist with providing such services as noted in defined Service Area(s) for the public purpose of preserving and protecting the public health and safety of the residents of the County;

WHEREAS, the term of the agreement is for one year beginning March 01, 2024, and terminating on February 28, 2025, with the option to extend for an additional three (3) one-year terms at the same rates, terms and conditions through mutual agreement of both parties; and

WHEREAS, the Parties now wish to amend the Agreement to execute the first of the three additional one-year extension periods available to the parties.

NOW THEREFORE, for and in good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the County and the City hereby agree as follows:

1. Parties hereby approve the first of the three (3) available one-year extensions of the Emergency Medical Services agreement beginning on **March 01, 2025**, and terminating on **February 28, 2026**.
2. Except as modified herein, all other terms and conditions of the Agreement, remain in full force and effect. County and City ratify and confirm the terms and provisions of the Agreement as amended herein.

[SIGNATURE PAGE BELOW]

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

EXECUTED as of the day and year first written above.

APPROVED BY COMMISSIONERS' COURT ON JANUARY 16, 2025

Agenda Item No.: 97979

Executive Office: BMS

CITY OF MERCEDES:

COUNTY:

Oscar Montoya, Mayor City of Mercedes

Richard F. Cortez

Hon. Richard F. Cortez, County Judge

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

Robert Viña III

Robert Viña III, Assistant District Attorney

ATTEST

Arturo Guajardo, Jr.

Arturo Guajardo, Jr., County Clerk



1st AMENDMENT TO INTERLOCAL COOPERATION AGREEMENT BETWEEN
THE CITY OF MERCEDES AND THE COUNTY OF HIDALGO, TEXAS FOR
EMERGENCY MEDICAL SERVICES

APPROVED BY
COMMISSIONERS COURT
ON: 1/16/25 BMS



MERCEDES

INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Marcos J. Garcia IV – President
Orlando Rodriguez – Vice President
Oscar Hernandez – Secretary
Nancy E. Vallejo – Member
Rachel Trevino – Member
Ricardo Hinojosa – Member
Eddie Howell, Jr. – Member

P.O. BOX 419 Mercedes, Texas 78570 • Phone: (956) 514-2000 • www.misdtx.net

Dear Partner in Education,

As proud advocates of Student Education, you understand the importance of investing in our future. At Mercedes Independent School District, we are deeply committed to ensuring that our students have every opportunity to succeed and pursue their dreams. Today, we are reaching out to invite you to join us in this mission by supporting the Mercedes ISD Superintendent Scholarship Fund.

Our goal is to create new scholarship opportunities for deserving students, enabling them to pursue higher education and vocational training. Many of our students face financial challenges that make it difficult to continue their education after high school, despite their hard work and dedication. By contributing to the Mercedes ISD Superintendent Scholarship Fund, your support will directly impact these students, empowering them to reach their fullest potential.

We are seeking financial contributions from community-minded businesses like yours to help fund these scholarships. Any donation, large or small, makes a meaningful difference in a student's journey toward a brighter future. In recognition of your support, we are excited to offer various levels of acknowledgment in our communications, on our website, and at school events.

To contribute, please make out your contributions to Mercedes ISD Superintendent Scholarship Fund. Contributions can be mailed to Mercedes I.S.D. P.O. Box 419 Mercedes, TX. If you have any questions please feel free to reach out to Purchasing Director, Enrique Cuellar at 956-514-2000 or via email at enrique.cuellar@misdtx.net.

Thank you for considering this opportunity to make a lasting difference in the lives of Mercedes students. Together, we can provide a pathway to success and support the next generation of leaders, thinkers, and innovators.

Respectfully,

Jeanne Venecia
Interim Superintendent of Schools

Mercedes ISD...creating confident, innovative leaders

"Mercedes ISD does not discriminate on the basis of race, color, national origin, sex, or disability in its programs or activities and provides equal access to the Boy Scouts and other designated youth groups. The following person has been designated to handle inquiries regarding the nondiscrimination policies: Director of Human Resources, 206 W. Sixth Street, Mercedes, TX 78570, 956-514-2079, Erica.Flores@misdtx.net"

Mercedes ISD no discrimina por motivos de raza, color, origen nacional, sexo, o discapacidad en sus programas o actividades y brinda igualdad de acceso a los Boy Scouts y otros grupos juveniles designados. La siguiente persona ha sido designada para manejar consultas sobre las políticas de no discriminación: Directora de Recursos Humanos, 206 W. Sixth Street, Mercedes, TX 78570, 956-514-2079, Erica.Flores@misdtx.net".

DATE: February 4, 2025
FROM: Meredith Hernandez, Interim Finance Director
ITEM: **Discussion and possible action to Annual Approval of the City of Mercedes Investment Policy and Strategy**

BACKGROUND INFORMATION: Attached is the investment policy that the City of Mercedes adopts every year, in accordance with the Public Funds Investment Act, Texas Government Code Chapter 2257.

This policy is designed to provide clear investment strategy and management guidelines for the City's financial assets. The City focuses on four primary objectives when managing and investing its funds: safety, liquidity, diversification, and yield, with safety and liquidity being the foremost concerns.

The Finance Director and City Manager will be appointed as Investment Officers, tasked with overseeing investment decisions and activities.

There are no changes to this policy at this time

BOARD REVIEW/CITIZEN FEEDBACK: (Let us know if this was approved or denied by a board)

ALTERNATIVES/OPTIONS: (If your recommendation isn't approved, do you have another option that can be approved)

FISCAL IMPACT: (Total Costs)

Proposed Expenditure/(Revenue):
\$

Account Number(s):

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

LEGAL REVIEW: No

ATTACHMENTS:

1. 2025-INVESTMENT POLICY

STAFF RECOMMENDATION: Staff recommends approval

**CITY OF MERCEDES, TEXAS
RESOLUTION NO. 2025-05**

INVESTMENT POLICY AND STRATEGY

Adopted February 4, 2025

I. INTRODUCTION

It is the policy of the City of Mercedes that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal while meeting the daily cash flow needs of the City and conforming to the Public Funds Investment Act (the "Act") Texas Government Code Chapter 2256. It is the intent of the City to be in complete compliance with local law and the Act.

The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The earnings from investment will be used in a manner that best serves the interests of the City.

The purpose of this Policy is to set specific investment policy and strategy guidelines. Direct specific investment parameters for the investment of public funds in Texas are found in the Act. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public Texas funds deposits.

II. SCOPE

This investment policy applies to all financial assets of the City and any new funds created unless specifically exempted by the City Council and this Policy.

III. OBJECTIVES

It is the policy of the City that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity. To match anticipated cash flow requirements the maximum weighted average maturity (WAM) of the overall portfolio may not exceed 12 months.

Safety

The primary objective of the investment activity is the preservation of capital. Each investment transaction shall be conducted in a manner to avoid capital losses, whether from security defaults, safekeeping, or erosion of market value.

Liquidity

The investment portfolio shall be structured to meet all expected obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow liabilities and maintaining additional liquidity for unexpected liabilities.

Diversification

The portfolio shall be diversified by institution, market sector and maturity as much as possible.

Yield

The benchmark for the commingled portfolio shall be the comparable period 12 month U.S. Treasury Bill, designated for its comparability to the expected average cash flow pattern. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified and the City's prudent investment strategy.

Cash management is the process of managing funds in order to insure maximum cash availability and reasonable yield on short-term investments. The City shall strive for a cash management program which includes timely collection of accounts receivable, vendor payments in accordance with invoice terms, and prudent investment of assets.

IV. INVESTMENT STRATEGY

The City maintains one commingled portfolio for investment purposes which incorporates the specific uses and the unique characteristics of the funds in the portfolio. The investment strategy has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. The City shall pursue conservative portfolio management strategy. This may be accomplished by creating a laddered maturity structure with some extension for yield enhancement. The maximum dollar weighted average maturity of six months or less will be calculated using the stated final maturity date of each security.

V. DELEGATION OF RESPONSIBILITY

No unauthorized person may engage in an investment transaction and all transactions shall be executed as provided under the terms of this Policy and its supporting procedures.

Investment Officer(s)

The Finance Director and the City Manager will be designated as Investment Officers, by governing body ordinance, responsible for investment decisions and activities. The Investment Officer(s) are responsible for creating and maintaining the portfolio in accordance with this Policy, providing timely quarterly reporting to the Council, and establishing supporting procedures.

All investment officers shall attend at least ten hours of training approved by the City Council within 12 months of designation as investment officer and shall attend ten hours of training every two successive fiscal years.

Investment Officers shall refrain from personal and business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. An Investment Officer who has a personal business relationship within two levels of blood or marriage with an organization seeking to sell an investment to the City shall file a statement disclosing that relationship to the City Council and the Texas Ethics Commission.

City Council Responsibilities

The City Council holds ultimate fiduciary responsibility for the portfolio. It will designate investment officer(s), receive and review quarterly reporting, approve and provide for investment officer training, approve broker/dealers, and review and adopt the Investment Policy and Strategy at least annually.

VI. PRUDENCE AND CONTROLS

The standard of prudence to be applied to all City investments shall be the "prudent person" rule, which states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds under the City's control, over which the officer has responsibility rather than a consideration as to

the prudence of a single investment.

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall be responsible but not liable for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

Internal Controls

The Investment Officer is responsible for establishing and maintaining internal controls to reasonably assure that assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and, the valuation of costs and benefits requires ongoing estimates and judgments by management.

The internal controls shall address the following points at minimum:

Control of collusion, Separation of transaction authority from accounting and record keeping, Custodial safekeeping, Clear delegation of authority, Written confirmation for all transactions, and Review, maintenance and monitoring of security procedures both manual and automated.

Annually the Investment Officer shall perform a check-list compliance audit to assure compliance with requirements of this policy and the Act. Annually, the City's external auditor shall review the quarterly reports.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. The Investment Officer will analyze and maintain a cash flow plan to monitor and forecast cash positions for investment purposes.

Competitive Bidding

All security transactions will be made on a competitive basis to assure the City is receiving good market rates. When-issued securities should be compared to other securities available in the secondary market.

Monitoring Credit Ratings

The Investment Officer shall monitor, on no less than a monthly basis, the credit rating on all authorized investments in the portfolio which require credit ratings based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer shall notify the city manager of the loss of rating, and liquidate the investment within two days.

Monitoring FDIC Status for Mergers and Acquisitions

The Investment Officer shall monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the City based upon information from the FDIC (fdic.gov). If any bank has been acquired or merged with another bank in which brokered CDs are owned by the City, the Investment Officer or Adviser shall immediately liquidate any brokered CD which places the City above the FDIC insurance level.

VII. AUTHORIZED INVESTMENTS

Assets of the City may be invested only in the following instruments as further defined by the Act. If changes are made to the Act they will not be authorized until this Policy is modified and adopted by the City Council. All investment transactions will be made on a competitive basis.

A. Obligations of the United States Government, its agencies and instrumentalities with a

maximum stated maturity of 2 years excluding mortgage backed securities

B. Fully insured or collateralized depository certificates of deposit from banks in Texas, with a maximum maturity of one year insured by the Federal Deposit Insurance Corporation, or its successor, or collateralized in accordance with this Policy.

C. AAA-rated, constant-dollar Texas Local Government Investment Pools as defined by the Act and authorized by resolution of the City Council.

D. AAA-rated, SEC registered money market mutual funds striving to maintain a \$1 net asset value.

E. FDIC insured, brokered certificates of deposit securities from a bank in any US state, delivered versus payment to the City's safekeeping agent, not to exceed one year to maturity. Before purchase, the Investment Officer must verify the FDIC status of the bank on www.fdic.gov to assure that the bank is FDIC insured.

F. FDIC insured or collateralized interest bearing and money market accounts from any FDIC insured bank in Texas.

Delivery versus Payment

All securities shall be purchased on a delivery versus payment (DVP) settlement basis. Funds shall not be released until receipt of the security by the City's approved custodian. The custodian shall provide the City with proof of ownership or claim by an original document delivered to the City.

VIII. REPORTING

Quarterly Reporting

The Investment Officers shall submit a signed quarterly investment report to the governing body in accordance with the Act giving detail information on each portfolio and bank position and summary information to permit an informed outside reader to evaluate the performance of the investment program. The report will include the following at a minimum:

- A full description of each individual security or bank/pool position held at the end of the reporting period including the amortized book and market value at the beginning and end of the period,
- Unrealized gains or losses (book value minus market value),
- Overall change in market value during the period as a measure of volatility,
- Weighted average yield of the portfolio and its applicable benchmarks,
- Earnings for the period,
- Allocation analysis of the total portfolio by market sector and maturity, and
- Statement of compliance of the investment portfolio with the Act and the Investment Policy signed by the Investment Officer(s).

Market prices for the calculation of market value will be obtained from independent sources.

IX. FINANCIAL COUNTER-PARTIES

Depository

At least every five years, a banking services depository shall be selected through a competitive request for proposal or bid process in accordance with the Texas Government Code 105. In selecting a depository, the services, cost of services, credit worthiness, earnings potential, and collateralization by the institutions shall be considered. If securities require safekeeping, the RFP/bid will request information on safekeeping services. The depository contract will provide for collateral if balances exceed the FDIC insurance balance, currently \$250,000 per tax identification

number.

All time and demand deposits in any depository of the City shall be insured or collateralized at all times in accordance with this Policy.

Other banking institutions from which the City may purchase certificates of deposit will also be designated as a depository for depository/collateral purposes. All depositories will execute a depository agreement and have the Bank's Board or Bank Loan Committee pass a resolution approving the agreement if collateral is required.

Security Broker/Dealers

All pools, financial institutions, and broker/dealers who desire to transact business with the City must supply the following documents to the Investments Officer(s).

- (if brokers) Financial Industry Regulatory Authority (FINRA) certification and CRD #
- (if brokers) proof of Texas State Securities registration
- policy review certification

Each pool/bank/broker must be provided a copy of the City's current Investment Policy and certify to a review of the Policy stating that the firm has controls in place to assure only Policy approved investments will be sold to the City.

A list of qualified broker/dealers will be reviewed at least annually by the City Council. In order to perfect the DVP process the banking services depository, or its brokerage subsidiary, will not be used as a broker.

XI. COLLATERAL

Time and Demand Deposits Pledged Collateral

All bank time and demand deposits shall be collateralized above the FDIC coverage by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, collateral will be maintained and monitored by the pledging depository at 102% of market value of principal and accrued interest on the deposits. The bank shall monitor and maintain the margins on a daily basis.

Collateral pledged to secure deposits shall be held by an independent financial institution outside the holding company of the depository. The collateral agreement with the depository shall be approved by resolution of the Bank Board or Bank Loan Committee. The Custodian shall provide a monthly report of collateral directly to the City.

All collateral shall be subject to inspection and audit by the City or its independent auditors.

Authorized Collateral

Only the following securities are authorized as collateral for time and demand deposits or repurchase agreements:

- A. FDIC insurance coverage.
- B. Obligations of the United States, its agencies or instrumentalities, or evidence of indebtedness of the United States guaranteed as to principal and interest including MBS and CMO which pass the bank test.
- C. Obligations of any US state or of a county, City or other political subdivision of any state having been rated as investment grade (investment rating no less than "A" or its equivalent) by two nationally recognized rating agencies.
- D. Letter of Credit from the FHLB.

XI. SAFEKEEPING

All purchased securities are to be cleared to the City's safekeeping agent on a delivery versus payment (DVP) basis. All safekeeping arrangements shall be approved by the Investment Officer and an agreement of the terms executed in writing. The independent third party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, cusip number, and other pertinent information.

XII. INVESTMENT POLICY ADOPTION

The City's Investment Policy shall be reviewed and adopted by resolution of the City Council no less than annually. Any changes made to the Policy must be noted in the adopting resolution.

APPROVED AND ADOPTED ON THIS THE 4th DAY OF FEBRUARY, 2025.

Oscar D Montoya Sr., Mayor

ATTEST:

Joselynn Castillo, City Secretary

DATE: February 4, 2025
FROM: Meredith Hernandez, Interim Finance Director
ITEM: **Discussion and possible action to Approval of Resolution 2025-06 regarding Credit Card Resolution update from Aaron Solis to Nellie Zamora**

BACKGROUND INFORMATION: Mr. Solis is no longer employed with the City and the card needs to be replaced.

BOARD REVIEW/CITIZEN FEEDBACK: (Let us know if this was approved or denied by a board)

ALTERNATIVES/OPTIONS: (If your recommendation isn't approved, do you have another option that can be approved)

FISCAL IMPACT: (Total Costs)

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

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

LEGAL REVIEW: No

ATTACHMENTS:

1. 2025-06 - Credit Card Authorization - Feb 2025

STAFF RECOMMENDATION: Staff recommends approval

RESOLUTION # 2025-06

WHEREAS, The City of Mercedes, Texas, like other cities, uses a credit card to facilitate the process of typical city business, events, and other administrative operations; and

WHEREAS, The City of Mercedes, Texas, uses a credit card from the Texas National Bank that mandates a city staff member that is currently employed to be listed on the credit card.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Mercedes, Texas that the City Commission authorizes **Accounts Payable Bookkeeper Nellie Zamora** to be the official staff person 'named' on the City of Mercedes credit card as issued by Texas National Bank.

BE IT FURTHER RESOLVED THAT, Texas National Bank (TNB) of Mercedes, Texas is hereby authorized and instructed to honor TNB financial processes as signed by and countersigned by the above listed official until such time as Texas National Bank is otherwise instructed.

DISCUSSED, PASSED, AND APPROVED on this the 4th day of February, In The Year of Our Lord, 2025.

ATTEST:

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

Joselynn Castillo, City Secretary



600 WEST IH 2 EXPRESSWAY, PHARR, TEXAS 78577 | 956.702.6100 | WWW.TXDOT.GOV

December 4, 2023

Mr. Alberto Perez, City Manager
City of Mercedes
400 South Ohio
Mercedes, Texas 78570

Continuous Freeway Illumination Inspection– City of Mercedes

Dear Mr. Perez,

As part of TxDOT's annual nighttime inspection requirement, our office conducted a field inspection of Interstate 2 continuous illumination in the September and October time frame. The inspection yielded approximately 130 lighting fixtures out of service throughout the City of Mercedes. Based on the inspection findings, it appears that the lighting fixtures could be isolated to burned out bulbs as well as wiring issues. Although we included all the deficiencies that were noted during our inspection, please understand there may be additional deficiencies that occur between the inspection date and the actual repair date. Attached is a copy of the inspection for reference.

As you may know, various segments of US 83, now Interstate 2, were reconstructed and upgraded between 2002 and 2009. As part of these widening and reconstruction projects, we installed the continuous illumination along the center barrier. Our records indicate that we do not have an executed illumination agreement between TxDOT and the City of Mercedes. This agreement needs to be executed so that each entity's responsibilities are formally documented. I am attaching a copy of the agreement for your review. The agreement identifies the City of Mercedes to be responsible for the maintenance and operation of the continuous illumination within its limits, while TxDOT was responsible for the design and initial operation costs. The agreement abides by the requirements of the Texas Administrative Code Title 43 TAC 25.11, (e) 1A and is the same type of agreement we currently hold with other municipalities along the Interstate 69C, 69E, and Interstate 2 corridors.

We respectfully request that the city develop a plan to investigate the cause of the problem and address the deficiencies noted in the attached inspection report. Please provide us your plan to address these deficiencies no later than February 1, 2024. We also encourage you to routinely inspect the continuous illumination system and repair any deficiencies within reasonable a timeframe.

Please do not hesitate to contact me at (956) 702-6100 or via email at Gabriel.Garcia@txdot.gov for any questions or concerns on this matter.

Sincerely,

DocuSigned by:
Gabriel Isaac Garcia
E75CB72436B0468...

Gabriel Isaac Garcia, P.E.
Pharr District Director of Transportation Operations

OUR VALUES: *People • Accountability • Trust • Honesty*
OUR MISSION: *Connecting You With Texas*

An Equal Opportunity Employer

Cc: Pedro R. Alvarez, P.E., District Engineer
Rex Costely, P.E., Deputy District Engineer
Nayely Parra, P.E., Traffic Engineering Supervisor
Mauricio Diaz, TxDOT Signal Shop Supervisor

**AGREEMENT FOR CONSTRUCTION, MAINTENANCE
AND OPERATION OF CONTINUOUS HIGHWAY LIGHTING
SYSTEMS WITHIN A MUNICIPALITY
(Blanket Agreement)**

STATE OF TEXAS §

COUNTY OF TRAVIS §

THIS AGREEMENT, by and between the State of Texas, hereinafter referred to as the "State," party of the first part, acting by and through the Texas Department of Transportation, and the City of _____, County, Texas, acting by and through its duly authorized officers under an ordinance or resolution passed the ____ day of _____, 20____, hereinafter called the "City," party of the second part, is made to become effective when fully executed by both parties.

W I T N E S S E T H

WHEREAS, the City has requested the State to contribute financial aid in the construction, maintenance and operation of a continuous highway lighting system in accordance with 43 Texas Administrative Code, § 25.11. Within the City, said continuous lighting system hereinafter referred to as the "lighting system" is to consist of continuous lighting to be built in sections as financed and designated by the Texas Transportation Commission; and

WHEREAS, the Executive Director, acting for and in behalf of the Texas Transportation Commission, has made it known to the City that the State will construct said highway lighting system, conditioned that the City, as provided in Texas Administrative Code § 25.11 and Transportation Code §221.002, will maintain and operate said lighting system.

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. CONSTRUCTION RESPONSIBILITIES

- A. The State will prepare or provide for the plans and specifications, advertise for bids, let the construction contract, or otherwise provide for the construction, and will supervise construction, reconstruction, or betterment work as required by said plans and specifications. As a project is developed to construction stage, either as a unit or in increments, the State will submit plans and specifications of the proposed work to the City and will secure the

City's consent to construct the lighting system prior to awarding the contract, said City consent to be signified by the signatures of duly authorized City officers in the spaces provided on the title sheet of plans containing the following notation:

"Attachment No. _____ to special AGREEMENT FOR CONSTRUCTION, MAINTENANCE, AND OPERATION OF CONTINUOUS HIGHWAY LIGHTING SYSTEMS WITHIN A MUNICIPALITY, (BLANKET), dated _____.
The City-State construction, maintenance and operation responsibilities shall be as heretofore agreed to, accepted, and specified in the Agreement to which these plans are made a part."

- B. All costs of constructing the lighting system will be borne by the State, and the lighting system will remain the property of the State.

Article 2. MAINTENANCE AND OPERATION RESPONSIBILITIES

- A. The City hereby agrees to furnish, at its expense, the electrical energy required for proper operation of the lighting system, such electrical energy to be provided at points on the lighting system as designated by the State. The City further agrees to maintain and operate the lighting system in an efficient and sightly condition, including the furnishing of all equipment and labor and making any replacements which may become necessary, without cost to the State.
- B. The City shall assume maintenance and operation on a date to correspond with the date construction of the lighting system is completed and accepted by the State. The State will provide written notification to the City of such acceptance. The City hereby agrees to furnish at its expense the electrical energy consumed by the system during the period of trial operation prior to acceptance by the State. If the lighting system is constructed by sections, this provision shall apply to each such separately constructed section.
- C. The City shall obtain approval of the Executive Director before making any major changes in the design and/or operation of the lighting system as designed and constructed by the State or before the removal of any part of the installation except for the purpose of replacement where identical or accepted equivalent equipment to that originally installed is used.

Article 3. GENERAL

- A. This Agreement shall remain in force for a period of two years from the date that maintenance and operation responsibilities are first assumed by the City and shall be automatically renewed for two-year periods unless modified by mutual agreement of both parties.
- B. The State will not incur any financial obligation to the City as a result of this Agreement.
- C. This Agreement may be terminated sixty (60) days after the filing of a written notice by either party of a desire for cancellation. The State reserves the right to remove the lighting system upon cancellation of the Agreement.
- D. If, at any time, the City does not maintain and operate the lighting system in a

satisfactory manner, the State reserves the right to either arrange for maintenance at the expense of the City or to remove the lighting system. Should the lighting system be removed due to lack of maintenance, the City hereby agrees to reimburse the State for the cost of removal.

- E. Should disputes arise as to the parties' obligations under this Agreement, the State's decision shall be final and binding.
- F. The City shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any court or administrative bodies or tribunals in any matter affecting the performance of this Agreement.
- G. Changes in time frame, character, cost, or obligations authorized herein shall be enacted by written amendment. Any amendment to this Agreement must be executed by both parties within the contract period.
- H. This Agreement shall bind, and shall be for the sole and exclusive benefit of the respective parties and their legal successors. The City shall not assign or transfer its interest in this Agreement without written consent of the State.
- I. In case any one or more of the provisions contained in this Agreement shall, or any reason, be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- J. This Agreement constitutes the sole and only agreement for lighting at the location described herein of the parties hereto and supersedes any prior understandings or written or oral agreement between the parties respecting the within subject matter.
- K. At the request of the State, the Local Government shall submit any information required by the State in the format directed by the State.

Article 4. INDEMNIFICATION

The City acknowledges that it is not an agent, servant, or employee of the State and, thus, is responsible for its own acts and deeds and for those of its agents or employees during the performance of the work defined in this Agreement.

Article 5. AUDIT

The State Auditor may conduct an audit or investigation of any entity receiving funds directly under this contract or indirectly through a subcontract under this contract. Acceptance of funds directly under this contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit.

Each party is signing this agreement on the date stated below that party's signature.

ATTEST:

CITY OF: _____

By: _____

(Title of Signing Official)

(Date)

THE STATE OF TEXAS

Executed for the Executive Director
and approved for the
Texas Transportation Commission
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.

APPROVED:

By: _____
District Engineer

_____ District

Date: _____