

Development Corporation of Mercedes, Inc.
SPECIAL CALLED MEETING
October 23, 2024 at 11:30AM
320 S. Ohio

Development Corporation of Mercedes, Inc.

Agenda

October 23, 2024 at 11:30AM

320 S Ohio

NOTICE, is hereby given that the Development Corporation of Mercedes, Inc. will be holding a **Special Called Meeting** on **Wednesday, October 23, 2024 at 11:30AM** at the **Development Corporation of Mercedes at 320 South Ohio** for the purpose of considering and taking formal action regarding the following items:

1. Call meeting to order
2. Discussion and Action: September 18, 2024 Minutes
3. Discussion and Action: September 2024 Financials
4. Discussion and Action: FY23-24 Audit, Adrian Webb CPA
5. Discussion and Action: Rocking Boots Sponsorship
6. Discussion: Board Terms
7. Discussion and Action: Tabled Items
8. Executive Session: Section 551.087: Economic development negotiations with Project M30, Project Kamel, Project Travel Center, Project STM, Project Knights, Project ASHTI, Project Arts, Project QSR, Project 150, Project M2, Project Cruz, Project M. Carrillo, Project Bert Ogden, Project A. Garcia, Project RGVLS, Project G. Schwarz, Project Coffee, Project Carwash, Project Rios and Project UT, and Section 551.071: pending legal issues, delinquent loans and on any regular agenda item requiring confidential, attorney-client advice necessitated by the deliberation or discussion of said item as needed.
9. Discussion and Action: item #8
10. Adjournment

The Board of Directors reserves the right to go into Executive Session at any time during the meeting to consult with its attorney in accordance with Section 551.071; deliberate the purchase or sale of real property in accordance with Section 551.072; deliberate personnel matters in accordance with Section 551.074; and/or deliberate economic development negotiations in accordance with Section 551.087. This notice is given in accordance with Vernon's Texas Code Annotated, Texas Government Code, Section 551.003 et seq.
I hereby certify this Notice of a Meeting of the Development Corporation of Mercedes was posted in accordance with the Open Meetings Act on the outside bulletin board at City Hall of the City of Mercedes, located at 400 S Ohio, visible and accessible to the general public during and after working hours. This notice was posted on the 18th day of October 2024 at 4:51pm and will remain so posted continuously for at least 72-hours preceding the scheduled time of this meeting in accordance with Chapter 551 of the Texas Government Code.

ATTEST:


Melissa Ramirez, Development Corporation of Mercedes

1. Call meeting to order

2. Discussion and Action: September 18, 2024 Minutes

Development Corporation of Mercedes, Inc.
Regular Called Meeting
Wednesday, September 18, 2024 11:30AM

Board Members Present:

Fred Gonzalez- President
Marcos Garcia –Vice President
Lou Huerta – Secretary
Peggy Marie Chavez Yanez- Treasurer
Tony Garza - Member
Joe Flores – Member

Board Members Absent:

Roel Villanueva – Member

EDC Staff Present:

Melissa Ramirez – Executive Director
Zefra Mascorro – Administrative Coordinator
Mario Salinas – Marketing Specialist
Mark Sossi - DCM Attorney

City Staff Present:

Meredith Hernandez- Interim Finance Director

Others Present:

Rudy Salinas-SAS CPA

1. Call Meeting to order

Fred Gonzalez called the meeting to order at 11:30AM

2. Discussion and Action: August 21, 2024 Minutes

Marcos Garcia voted to approve the August 21, 2024 Minutes as presented. Seconded by Tony Garza. All voted aye.

3. Discussion and Action: August 2024 Financials

Marcos Garcia voted to approve the August 2024 Financials as presented. Seconded by Lou Huerta. All voted aye.

Mario Salinas, Marketing Specialist entered the Open Session at 11:33AM

4. Discussion and Action: TXCLASS Quarterly Report

Tony Garza voted to approve the TXCLASS Quarterly Report. Seconded by Marcos Garcia. All voted aye.

5. Discussion and Action: FY24-25 IRP Budget

Joe Flores voted to approve the IRP USDA Budget as presented. Seconded by Marcos Garcia. All voted aye.

6. Discussion and Action: Write off Bad Debt, H. Reynoso

Joe Flores voted to approve writing off bad debt of H. Reynoso in the amount of \$146,243.42 and identifying the foreclosed property as a DCM asset within the RBEG financials. Seconded by Marcos Garcia. All voted aye.

7. Discussion and Action: Inventory

Marcos Garcia voted to deem 2 brown chairs & 2 black counter-high tables with 2 stools and 1 trade show display unsalvageable. Seconded by Joe Flores. All voted aye.

8. Discussion and Action: DCM Signage Improvement Program Bids

Tony Garza motioned to award the Signage Grant contract to EZ Signs & Electrical Services. Seconded by Marcos Garcia. All voted aye.

9. Discussion and Action: Travel and Training-Conferences

Marcos Garcia motioned to forego IAAPA and focus on ICSC conferences and Retail Live. Seconded by Lou Huerta. All voted aye.

10. Discussion and Action: Tabled Items

No discussion.

11. Executive Session: Section 551.087: Economic development negotiations with Project M30, Project Kamel, Project Travel Center, Project STM, Project Knights, Project ASHTI, Project Arts, Project QSR, Project 150, Project M2, Project Cruz, Project M. Carrillo, Project Bert Ogden, Project A. Garcia, Project RGVLS, Project G. Schwarz, Project Coffee, Project Carwash, Project Rios, and Project UT and Section 551.071: pending legal issues with Case No C-4846-19-A, delinquent loans and on any regular agenda item requiring confidential, attorney-client advice necessitated by the deliberation or discussion of said item as needed.

The Board went into Executive Session at 11:56AM

Meredith Hernandez, Interim Finance Director exited the Executive Session at 11:56AM

Joe Flores, Board Member exited the Executive Session at 12:12PM

The Board went into Open Session at 12:23PM

13. Discussion and Action: item #11

No action.

14. Adjournment: 12:23PM

Fred Gonzalez, President

Joe Flores, Jr., Member

Marcos Garcia, Vice-President

Tony Garza, Member

Peggy Marie Chavez-Yanez, Treasurer

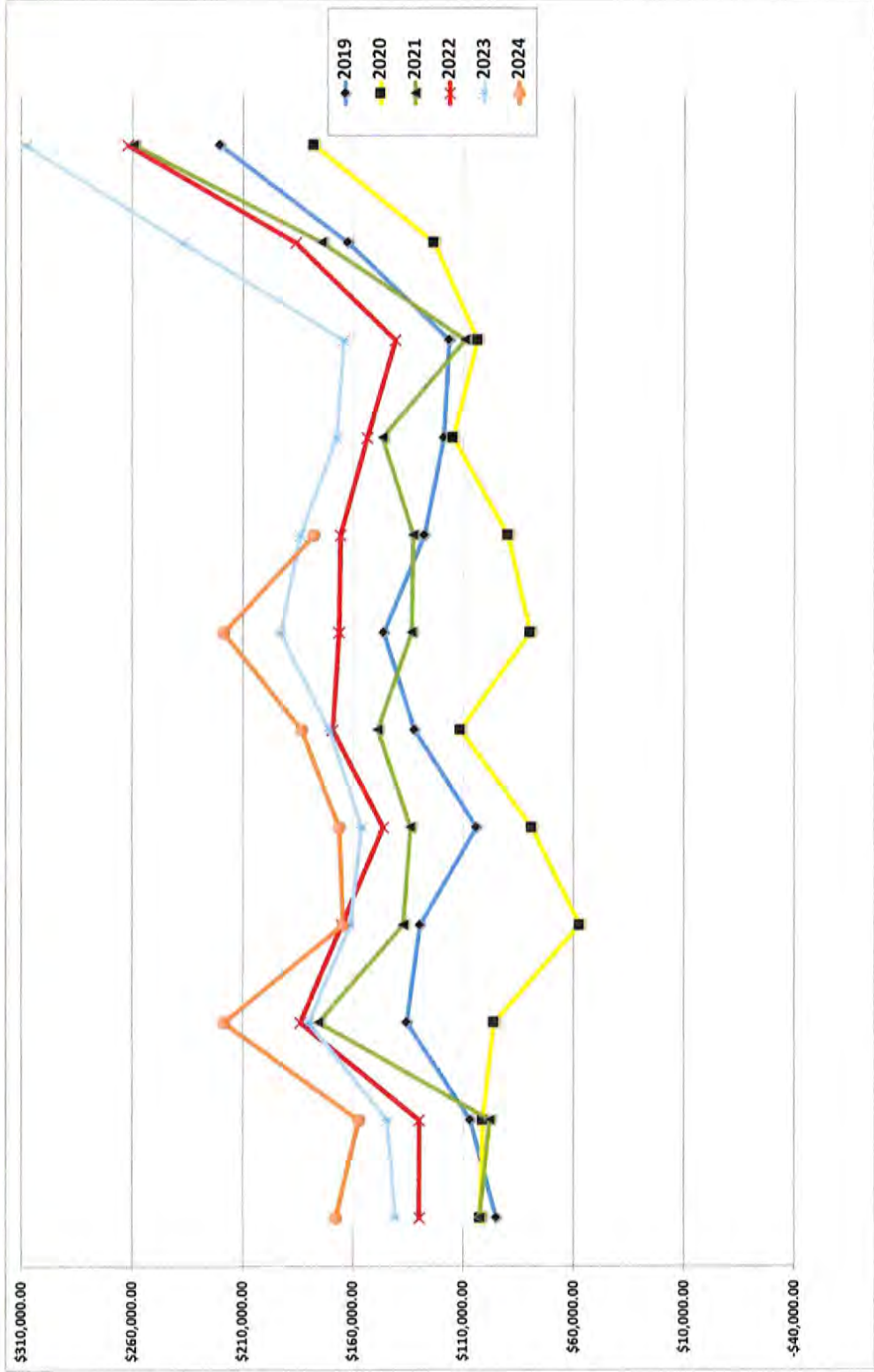
Roel Villanueva, Member

Lou Huerta, Secretary

3. Discussion and Action: September 2024 Financials

Sales Tax Comparison FY 2019 - FY 2023

	January	February	March	April	May	June	July	August	September	October	November	December	Total
2019	\$95,016.15	\$106,886.23	\$135,820.47	\$129,833.92	\$104,197.59	\$132,407.98	\$146,428.88	\$128,012.76	\$119,140.47	\$116,730.39	\$162,727.91	\$220,587.30	\$1,597,790.05
2020	\$102,438.09	\$101,195.21	\$96,158.22	\$57,618.21	\$79,270.24	\$111,688.30	\$79,857.59	\$90,136.93	\$115,012.83	\$103,896.79	\$123,846.01	\$178,334.39	\$1,239,452.81
2021	\$102,538.12	\$97,960.96	\$175,743.82	\$137,570.66	\$134,265.18	\$149,126.33	\$133,764.12	\$133,054.83	\$146,913.20	\$109,433.52	\$174,479.65	\$259,578.65	\$1,754,429.04
2022	\$130,235.24	\$130,315.53	\$184,240.84	\$165,292.19	\$146,685.24	\$169,566.05	\$166,658.55	\$166,103.71	\$154,039.52	\$141,318.06	\$186,410.25	\$262,289.27	\$2,003,154.45
2023	\$141,015.72	\$144,814.67	\$180,339.96	\$161,581.89	\$156,465.73	\$170,894.70	\$193,231.21	\$184,292.03	\$167,935.43	\$164,569.86	\$237,600.85	\$308,314.19	\$2,211,056.24
2024	\$168,175.63	\$157,673.42	\$219,061.61	\$164,790.99	\$166,550.52	\$183,623.36	\$219,069.24	\$178,156.04					\$1,457,100.81



August Sales Tax Allocation

County	City	Rate	Net Payment This Period	Comparable Payment Prior Year	% Change	Payment YTD	Prior Year Payment YTD	% Change
Hidalgo	Alamo	2.00%	\$470,623.93	\$577,487.50	-18.50%	\$5,052,556.87	\$5,266,775.72	-4.06%
Hidalgo	Alton	2.00%	\$170,982.82	\$159,779.23	7.01%	\$1,734,772.94	\$1,699,770.07	2.05%
Hidalgo	Donna	2.00%	\$572,886.61	\$555,098.70	3.20%	\$6,396,919.25	\$5,952,110.28	7.47%
Hidalgo	Edcouch	2.00%	\$39,337.11	\$35,940.34	9.45%	\$388,693.30	\$360,543.54	7.80%
Hidalgo	Edinburg	2.00%	\$2,867,458.10	\$3,459,083.49	-17.10%	\$31,906,108.54	\$30,709,089.39	3.89%
Hidalgo	Elsa	1.50%	\$140,747.44	\$151,005.09	-6.79%	\$1,505,531.03	\$1,503,145.94	0.15%
Hidalgo	Granjeno	1.00%	\$5,487.50	\$3,402.16	61.29%	\$52,929.92	\$45,041.86	17.51%
Hidalgo	Hidalgo	2.00%	\$418,227.27	\$464,834.05	-10.02%	\$5,095,424.09	\$4,422,720.52	15.21%
Hidalgo	La Joya	2.00%	\$58,211.29	\$58,285.95	-0.12%	\$625,869.04	\$620,185.06	0.91%
Hidalgo	La Villa	2.00%	\$12,522.47	\$23,266.66	-46.17%	\$158,310.84	\$147,111.40	7.61%
Hidalgo	McAllen	2.00%	\$7,633,342.01	\$7,697,032.13	-0.82%	\$80,992,409.26	\$78,472,053.80	3.21%
Hidalgo	Mercedes	2.00%	\$712,624.17	\$737,168.13	-3.32%	\$8,012,063.36	\$7,125,341.79	12.44%
Hidalgo	Mission	2.00%	\$2,107,826.60	\$2,124,709.58	-0.79%	\$23,112,932.82	\$21,657,606.88	6.71%
Hidalgo	Palmhurst	1.50%	\$215,842.37	\$215,107.89	0.34%	\$2,379,577.55	\$2,367,829.55	0.49%
Hidalgo	Palmview	1.50%	\$195,054.66	\$184,832.01	5.53%	\$1,938,699.46	\$2,010,678.96	-3.57%
Hidalgo	Penitas	1.50%	\$126,843.67	\$112,269.35	12.98%	\$1,421,867.98	\$1,209,899.05	17.51%
Hidalgo	Pharr	2.00%	\$2,295,307.33	\$2,563,338.17	-10.45%	\$24,944,206.36	\$24,364,347.79	2.37%
Hidalgo	Progreso	2.00%	\$24,100.99	\$23,394.43	3.02%	\$253,875.51	\$257,767.46	-1.50%
Hidalgo	Progreso Lakes	1.50%	\$7,323.26	\$5,677.82	28.98%	\$77,175.12	\$76,673.48	0.65%
Hidalgo	San Juan	2.00%	\$520,759.39	\$539,236.89	-3.42%	\$5,558,283.42	\$5,269,031.38	5.48%
Hidalgo	Sullivan City	1.00%	\$21,965.88	\$22,018.79	-0.24%	\$213,419.40	\$214,408.80	-0.46%
Hidalgo	Westlaco	2.00%	\$1,563,478.24	\$1,631,556.34	-4.17%	\$16,956,155.50	\$16,473,144.79	2.93%

City

\$712,624.17

75%

\$534,468.13

EDC

\$712,624.17

25%

\$178,156.04

Economic Development Corporation of Mercedes, Texas (EDC)
Balance Sheet - EDC
As of September 30, 2024

	Sep 30, 24	Aug 31, 24	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
10001 - Cash & Cash Equivalents			
11010.5 - Cash - Development Corp_3057	836,520.07	690,415.27	146,104.80
11011 - VTX Bond 2016	200.00	200.00	0.00
11012 - Development Corp - TXCLASS	219,403.20	218,453.74	949.46
Total 10001 - Cash & Cash Equivalents	1,056,123.27	909,069.01	147,054.26
11200 - Restricted Cash & Cash Equiv.			
11013 - EDC 2006 Reserve - TXCLASS	274,702.26	273,513.53	1,188.73
Total 11200 - Restricted Cash & Cash Equiv.	274,702.26	273,513.53	1,188.73
Total Checking/Savings	1,330,825.53	1,182,582.54	148,242.99
Accounts Receivable			
13019 - Sales Tax Receivable	344,493.13	344,493.13	0.00
Total Accounts Receivable	344,493.13	344,493.13	0.00
Total Current Assets	1,675,318.66	1,527,075.67	148,242.99
Fixed Assets			
11020 - Redevelopment Asset	3,313,792.38	3,313,792.38	0.00
Total Fixed Assets	3,313,792.38	3,313,792.38	0.00
Other Assets			
13026 - Other Receivables EDC	0.00	1,258.08	-1,258.08
13078 - Loan Rec - MD Int'l(Orb-Galvan)	99,153.74	99,153.74	0.00
13105 - Loan Rec - Rene Moreno	25,000.00	25,000.00	0.00
13106 - Loan Rec - Mercedes Columbus Cl	150,000.00	111,956.99	38,043.01
13999 - Note Receivable - City	341,323.56	341,323.56	0.00
Total Other Assets	615,477.30	578,692.37	36,784.93
TOTAL ASSETS	5,604,588.34	5,419,560.42	185,027.92
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
20001 - Accounts Payable	0.00	960.00	-960.00
Total Accounts Payable	0.00	960.00	-960.00
Other Current Liabilities			
Amex Credit Card Payable	-318.47	-318.47	0.00
22170 - Insurance Payable	213.65	152.39	61.26
22210 - Pension Plan Payable	4,619.32	0.00	4,619.32
24000 - Payroll Liabilities	4,690.11	5,515.50	-825.39
Total Other Current Liabilities	9,204.61	5,349.42	3,855.19
Total Current Liabilities	9,204.61	6,309.42	2,895.19
Long Term Liabilities			
28004 - Due to City - Proposed	49,093.34	49,093.34	0.00
28005 - Due to City for MIF - Proposed	29,712.11	29,712.11	0.00
Total Long Term Liabilities	78,805.45	78,805.45	0.00
Total Liabilities	88,010.06	85,114.87	2,895.19
Equity			
32000 - Unassigned Fund Balance	1,614,728.51	1,615,917.24	-1,188.73
37000 - Restricted Fund Balance	420,953.37	419,764.64	1,188.73
38000 - Nonspendable Fund Balance	3,313,792.38	3,313,792.38	0.00
Net Income	167,104.02	-15,028.71	182,132.73
Total Equity	5,516,578.28	5,334,445.55	182,132.73
TOTAL LIABILITIES & EQUITY	5,604,588.34	5,419,560.42	185,027.92

3:07 PM

Economic Development Corporation of Mercedes, Texas (EDC)

10/18/24

2023-2024 Profit & Loss Budget vs. Actual

Accrual Basis

For the Period Ending September 30, 2024

	Oct '23 - Sep 24	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Taxes				
40040 · Sales Tax	2,341,657.09	2,318,819.09	22,838.00	101.0%
Total Taxes	2,341,657.09	2,318,819.09	22,838.00	101.0%
44000 · Miscellaneous				
44004 · Other Income - City Pmt MKTG	25,530.71	24,000.00	1,530.71	106.4%
44005 · Texas Class Transfer	75,933.36	143,660.98	-67,727.62	52.9%
44006 · Other Income-City Pmt VTX	125,000.04	125,000.00	0.04	100.0%
44010 · Other Income - City	125,302.75	0.00	125,302.75	100.0%
44020 · Interest - TX Class	24,276.96	5,000.00	19,276.96	485.5%
44027 · Interest - MD Int'(Orb Galvan)	2,709.28	0.00	2,709.28	100.0%
44097 · Other Financing Sources-Reserve	0.00	1,085,560.36	-1,085,560.36	0.0%
Total 44000 · Miscellaneous	378,753.10	1,383,221.34	-1,004,468.24	27.4%
Total Income	2,720,410.19	3,702,040.43	-981,630.24	73.5%
Expense				
5100000 · Personnel Costs				
5101010 · Salaries	211,991.56	208,200.00	3,791.56	101.8%
5101100 · TMRS Contribution	33,659.96	38,100.60	-4,440.64	88.3%
5101120 · Social Security	16,163.35	15,343.77	819.58	105.3%
5101127 · Cell Phone Allowance	600.00	600.00	0.00	100.0%
5101140 · Unemployment Comp	0.00	2,200.00	-2,200.00	0.0%
5101160 · Health/Life Insurance	17,578.46	21,460.32	-3,881.86	81.9%
5101180 · Worker's Comp	0.00	430.00	-430.00	0.0%
Total 5100000 · Personnel Costs	279,993.33	286,334.69	-6,341.36	97.8%
5102000 · Other Services & Charges				
5102010 · Marketing & Promotion	19,487.88	19,700.00	-212.12	98.9%
5102011 · Contract Labor - Writer	4,800.00	6,000.00	-1,200.00	80.0%
5102012 · Automobile Mileage	1,207.91	2,000.00	-792.09	60.4%
5102020 · Audit	8,000.00	8,000.00	0.00	100.0%
5102021 · Loan Fees - EDC	945.36	1,087.80	-142.44	86.9%
5102023 · Leadership Empowerment Group	12,000.00	12,000.00	0.00	100.0%
5102025 · Telephones	5,348.52	5,400.00	-51.48	99.0%
5102074 · Downtown Development	52,459.91	70,000.00	-17,540.09	74.9%
5102080 · Office Equipment - Lease	3,676.50	4,500.00	-823.50	81.7%
5102095 · Meetings	3,761.88	3,900.00	-138.12	96.5%
5102102 · Crime Insurance	700.00	700.00	0.00	100.0%
5102125 · Legal	40,600.00	45,000.00	-4,400.00	90.2%
5102130 · Membership/Subs	3,825.30	3,800.00	25.30	100.7%
5102131 · Web-Site	7,315.00	7,980.00	-665.00	91.7%
5102133 · Miscellaneous	312.21	1,500.00	-1,187.79	20.8%
5102134 · Bldg Lease	18,000.00	18,000.00	0.00	100.0%
5102142 · Janitorial	12,480.00	13,200.00	-720.00	94.5%
5102144 · Receptionist	14,000.00	14,000.00	0.00	100.0%
5102150 · Travel & Training	24,968.52	25,005.00	-36.48	99.9%
5102160 · Water Bill	1,839.78	1,800.00	39.78	102.2%
5102165 · Electricity	3,649.70	4,700.00	-1,050.30	77.7%
5102310 · Sponsorships	26,150.00	26,150.00	0.00	100.0%
5102320 · Professional Fees - Accounting	21,000.00	21,000.00	0.00	100.0%
5102335 · Projects	448,436.24	1,458,217.03	-1,009,780.79	30.8%
5102340 · Chamber	23,000.00	23,500.00	-500.00	97.9%
5102343 · Project Southern Tire Mart	217,800.00	217,800.00	0.00	100.0%
5102355 · Series 2007 - Interest	44,902.81	45,500.00	-597.19	98.7%
5102356 · Series 2007 - Principal	235,000.00	235,000.00	0.00	100.0%
5102362 · Project Rios of Mercedes	51,400.00	51,400.00	0.00	100.0%
5102365 · Project VIDA	15,000.00	15,000.00	0.00	100.0%
5102371 · TLF Repayment - Principal	127,229.52	127,209.84	19.68	100.0%
5102372 · TLF Repayment - Interest	10,662.00	10,390.08	271.92	102.6%
5102379 · Project RGV Livestock Show Park	25,000.00	25,000.00	0.00	100.0%
5102396 · VTX Note	250,000.08	250,000.08	0.00	100.0%

3:07 PM

Economic Development Corporation of Mercedes, Texas (EDC)

10/18/24

2023-2024 Profit & Loss Budget vs. Actual

Accrual Basis

For the Period Ending September 30, 2024

	Oct '23 - Sep 24	Budget	\$ Over Budget	% of Budget
5102397 · Project Orchard Grove Apartment	50,000.00	50,000.00	0.00	100.0%
5102399 · Outlet Mall Oct 18' - Oct 28'	425,826.46	550,000.00	-124,173.54	77.4%
Total 5102000 · Other Services & Charges	2,210,785.58	3,374,439.83	-1,163,654.25	65.5%
5102500 · Maintenance				
5102520 · Office Equipment	649.49	6,000.00	-5,350.51	10.8%
5102540 · Maintenance	28,004.72	31,200.00	-3,195.28	89.8%
Total 5102500 · Maintenance	28,654.21	37,200.00	-8,545.79	77.0%
5103000 · Supplies				
5103050 · Office Supplies	2,463.68	2,550.00	-86.32	96.6%
Total 5103000 · Supplies	2,463.68	2,550.00	-86.32	96.6%
5104000 · Capital Outlay				
5104005 · Furniture & Fixtures	1,658.94	1,515.91	143.03	109.4%
Total 5104000 · Capital Outlay	1,658.94	1,515.91	143.03	109.4%
Total Expense	2,523,555.74	3,702,040.43	-1,178,484.69	68.2%
Net Ordinary Income	196,854.45	0.00	196,854.45	100.0%
Other Income/Expense				
Other Expense	29,750.43	0.00	29,750.43	100.0%
Net Other Income	-29,750.43	0.00	-29,750.43	100.0%
Net Income	167,104.02	0.00	167,104.02	100.0%

Economic Development Corporation of Mercedes, Texas (EDC)
Balance Sheet - R.B.E.G. Grant
As of September 30, 2024

	Sep 30, 24	Aug 31, 24	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
11111.1 - Restricted Cash & Cash Eq.			
11010.1 - Cash - EDC R.B.E.G. Grant	223,310.50	215,719.18	7,591.32
Total 11111.1 - Restricted Cash & Cash Eq.	223,310.50	215,719.18	7,591.32
Total Checking/Savings	223,310.50	215,719.18	7,591.32
Accounts Receivable			
13026.1 - Oth. Receivables	0.00	443.32	-443.32
Total Accounts Receivable	0.00	443.32	-443.32
Total Current Assets	223,310.50	216,162.50	7,148.00
Other Assets			
13076.1 - Loan Rec - DeLaGarza Bakery	57,715.94	59,457.36	-1,741.42
13078.1 - Loan Rec - MD International	41,887.27	41,887.27	0.00
13079.1 - Loan Rec - First Nat'l B(Gomez)	25,822.45	25,822.45	0.00
13082.1 - Loan Rec - The Grind (JOM Inves	29,476.04	29,823.79	-347.75
13089.1 - Loan Rec - Martha Carrillo	14,712.83	15,614.25	-901.42
13089.3 - Loan Rec - Martha Carrillo - 2	63,703.02	63,703.02	0.00
13092.1 - Loan Rec - Reybotics, LLC (Adv)	0.00	145,816.77	-145,816.77
13096.1 - Loan Rec - Top Gym - San Miguel	11,285.35	12,419.72	-1,134.37
13097.1 - Loan Rec - Ashley R Gonzalez	38,566.42	38,566.42	0.00
13098.1 - N/R - Valor Fitness LLC	36,306.90	36,817.93	-511.03
13098.3 - N/R - NTM Ventures LLC	65,793.34	66,219.65	-426.31
13103.1 - N/R Ledesma (Proj Valdemar)	44,668.85	45,208.98	-540.13
13104.1 - Loan Rec - Project R. Garza	43,487.43	43,959.70	-472.27
13296.1 - Allowance - RBEG	-28,326.68	-28,326.68	0.00
Total Other Assets	445,099.16	596,990.63	-151,891.47
TOTAL ASSETS	668,409.66	813,153.13	-144,743.47
LIABILITIES & EQUITY			
Equity			
32000 - Unassigned Fund Balance	43,870.24	43,870.24	0.00
32001.1 - Fund Balance - Auxiliary	-12,921.25	-12,921.25	0.00
37000.1 - Restricted Fund Balance - RBEG	809,908.23	809,908.23	0.00
Net Income	-172,447.56	-27,704.09	-144,743.47
Total Equity	668,409.66	813,153.13	-144,743.47
TOTAL LIABILITIES & EQUITY	668,409.66	813,153.13	-144,743.47

Economic Development Corporation of Mercedes, Texas (EDC)
Profit & Loss - R.B.E.G. Grant
For the Period Ending September 30, 2024

	Sep 24	Oct '23 - Sep 24
Ordinary Income/Expense		
Income		
44000 · Miscellaneous		
44020.1 · Interest - TX Class - RBEG	0.00	2,048.36
44026.1 · Interest - DeLaGarza Bakery	235.56	3,432.38
44027.1 · Interest - MD Int'l(ORBIT)	0.00	954.69
44031.1 · Interest - The Grind (JOM Inves	107.56	1,270.21
44089.1 · Interest - Martha Carrillo	250.30	2,728.76
44092.1 · Interest - Reybotics	0.00	3,839.01
44096.1 · Interest - Top Gym - San Miguel	33.59	560.74
44097.1 · Interest - Ashley R Gonzalez	0.00	1,148.26
44098.1 · Interest - Valor Fitness	75.45	1,407.14
44101.1 · Int. - Ledesma (Proj Valdemar)	131.86	1,388.75
44102.1 · Interest - Project R. Garza	138.73	533.43
44296.2 · Interest - NTM Ventures	244.25	2,275.39
Total 44000 · Miscellaneous	1,217.30	21,587.12
Total Income	1,217.30	21,587.12
Expense		
5102000 · Other Services & Charges		
52110.1 · Loan Fees	144.00	2,034.98
Total 5102000 · Other Services & Charges	144.00	2,034.98
59999.1 · Bad Debt - RBEG	145,816.77	145,816.77
Total Expense	145,960.77	147,851.75
Net Ordinary Income	-144,743.47	-126,264.63
Other Income/Expense		
Other Expense		
13011.1 · TX Class Transfer Out	0.00	46,182.93
Total Other Expense	0.00	46,182.93
Net Other Income	0.00	-46,182.93
Net Income	-144,743.47	-172,447.56

Economic Development Corporation of Mercedes, Texas (EDC)

Balance Sheet - I R P

As of September 30, 2024

	<u>Sep 30, 24</u>	<u>Aug 31, 24</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
11010.2 · Cash - I R P	218,582.69	217,534.37	1,048.32
Total Checking/Savings	218,582.69	217,534.37	1,048.32
Total Current Assets	218,582.69	217,534.37	1,048.32
Other Assets			
11012.2 · IRP Operating Reserv - TXCLASS	76,602.18	76,270.71	331.47
13078.2 · Loan Rec - MD Int'l (Galvan)	97,737.50	97,737.50	0.00
13079.2 · Loan Rec - First Nat'l (Gomez)	14,315.92	14,704.46	-388.54
13090.2 · Loan Rec - Castaneda Mario & M	45,206.66	47,212.16	-2,005.50
13295.2 · Loan Rec - Raquel Moreno	-5.70	-5.70	0.00
Total Other Assets	233,856.56	235,919.13	-2,062.57
TOTAL ASSETS	452,439.25	453,453.50	-1,014.25
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
22010.2 · Due To R.B.E.G.	0.00	443.32	-443.32
22248.2 · Due to EDC	0.00	1,258.08	-1,258.08
Total Other Current Liabilities	0.00	1,701.40	-1,701.40
Total Current Liabilities	0.00	1,701.40	-1,701.40
Total Liabilities	0.00	1,701.40	-1,701.40
Equity			
32000 · Unassigned Fund Balance	-22,465.80	-22,465.80	0.00
32001.2 · Fund Balance - Auxiliary IRP	-20,217.39	-20,217.39	0.00
37000.2 · Restricted Fund Balance - IRP	516,282.99	516,282.99	0.00
Net Income	-21,160.55	-21,847.70	687.15
Total Equity	452,439.25	451,752.10	687.15
TOTAL LIABILITIES & EQUITY	452,439.25	453,453.50	-1,014.25

Economic Development Corporation of Mercedes, Texas (EDC)

Profit & Loss - I R P

For the Period Ending September 30, 2024

	Sep 24	Oct '23 - Sep 24
Ordinary Income/Expense		
Income		
44000 · Miscellaneous		
44020.2 · Interest - TX Class - IRP	331.47	4,081.28
44027.2 · Interest - MD Int'l (Galvan)	0.00	2,768.70
44028.2 · Interest - First Na'tl (Gomez)	276.93	1,411.29
44090.2 · Interest - Castaneda Mario & M	114.75	1,861.82
44295.2 · Interest - Raquel Moreno	0.00	14.02
Total 44000 · Miscellaneous	723.15	10,137.11
Total Income	723.15	10,137.11
Expense		
5102000 · Other Services & Charges		
52110.2 · Loan Fee	36.00	449.66
52114.2 · IRP Note - Principal	0.00	25,815.50
52115.2 · IRP Note - Interest	0.00	5,032.50
Total 5102000 · Other Services & Charges	36.00	31,297.66
Total Expense	36.00	31,297.66
Net Ordinary Income	687.15	-21,160.55
Net Income	687.15	-21,160.55

Economic Development Corporation of Mercedes, Texas (EDC)
Debt Summary
As of September 30, 2024

Debt Description	September 30, 2024	August 31, 2024	\$ Change
USDA - IRP Note Payable	477,434.43	477,434.43	-
Bonds Payable 2007	765,000.00	765,000.00	
Bonds Payable 2016 - VTX	458,333.48	479,166.82	(20,833.34)
Estimated Mall Rebate Liability	750,491.32	750,491.32	
Texas Leverage Fund Payable	66,217.30	77,231.78	(11,014.48)

Economic Development Corporation of Mercedes, Texas (EDC)
Accounts Payable
As of September 30, 2024

Vendor Description	September 30, 2024	August 31, 2024
Trans Union LLC		
Ricardo D. Cavazos		
City of Mercedes		
EZ Signs & Electrical		
Elizabeth Rodriguez	1,200.00	960.00
Gil's AC		
Charter Communications		
Noe & Gloria Duenas		
Los Bustamantes Construction		
Mercedes Chamber	-	-
Troiani & Sossi	-	-
Source Strategies	-	-
	<u>\$ 1,200.00</u>	<u>\$ 960.00</u>

**Blue BusinessSM Plus Credit Card**

DEVELOPMENT CORPORATION OF

MELISSA RAMIREZ

Closing Date 09/16/24 Next Closing Date 10/17/24

Account Ending 5-32007

p. 1/5

Customer Care: 1-800-521-6121

TTY: Use Relay 711

Website: americanexpress.com

New Balance	\$1,451.96
Minimum Payment Due	\$35.00
Payment Due Date	10/11/24

Membership Rewards[®] Points

Available and Pending as of 08/31/24

84,524For up to date point balance and full program details, visit membershiprewards.com

Late Payment Warning: If we do not receive your Minimum Payment Due by the Payment Due Date of 10/11/24, you may have to pay a late fee of up to \$39.00 and your APRs may be increased to the Penalty APR of 29.99%.

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges and each month you pay...	You will pay off the balance shown on this statement in about...	And you will pay an estimated total of...
Only the Minimum Payment Due	6 years	\$2,334
\$53	3 years	\$1,905 (Savings = \$429)

Account Summary

Previous Balance	\$2,045.40
Payments/Credits	-\$2,097.00
New Charges	+\$1,503.56
Fees	+\$0.00
Interest Charged	+\$0.00

New Balance	\$1,451.96
Minimum Payment Due	\$35.00

Credit Limit	\$13,000.00
Available Credit	\$11,548.04

Days in Billing Period: 31

If you would like information about credit counseling services, call 1-888-733-4139.

See page 2 for important information about your account.

 Please refer to the **IMPORTANT NOTICES** section.

↓ Please fold on the perforation below, detach and return with your payment ↓

**Payment Coupon**

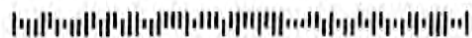
Do not staple or use paper clips

**Pay by Computer**americanexpress.com/
business**Pay by Phone**

1-800-472-9297

Account Ending 5-32007Enter 15 digit account # on all payments.
Make check payable to American Express.MELISSA RAMIREZ
DEVELOPMENT CORPORATION OF
320 S OHIO AVE
MERCEDES TX 78570-3118

Payment Due Date	10/11/24
New Balance	\$1,451.96
Minimum Payment Due	\$35.00

See reverse side for instructions
on how to update your address,
phone number, or email.AMERICAN EXPRESS
PO BOX 6031
CAROL STREAM IL 60197-6031

\$ 1,451.96

Amount Enclosed

0000349992503945648 000145196000003500 13 d



Blue BusinessSM Plus Credit Card
 DEVELOPMENT CORPORATION OF
 MELISSA RAMIREZ
 Closing Date 09/16/24

p. 3/5

Account Ending 5-32007



Customer Care & Billing Inquiries
 International Collect
 Cash Advance at ATMs Inquiries
 Large Print & Braille Statements

1-800-521-6121
 1-623-492-7719
 1-800-CASH-NOW
 1-800-521-6121



Website: americanexpress.com

**Customer Care
& Billing Inquiries**
 P.O. BOX 981535
 EL PASO, TX
 79998-1535

Payments
 PO BOX 6031
 CAROL STREAM IL
 60197-6031

Hearing Impaired

Online chat at americanexpress.com or use Relay dial 711 and 1-800-521-6121

Payments and Credits

Summary

	Total
Payments	-\$2,045.40
Credits	-\$51.60
Total Payments and Credits	-\$2,097.00

Detail

*Indicates posting date

Payments	Amount
09/04/24* PAYMENT RECEIVED - THANK YOU	-\$2,045.40
Credits	Amount
08/21/24 CHILI'S 1367 ECOMM 0000 MERCEDES TX 800-983-4637	-\$51.60

New Charges

Summary

	Total
Total New Charges	\$1,503.56

Detail



MELISSA RAMIREZ
 Card Ending 5-32007

				Amount
08/17/24	LOOPNET COMMERCIAL P	888-567-7442	DC	\$79.00
08/21/24	H-E-B 9999999999	MERCEDES	TX	\$15.98
08/21/24	CHILI'S 1367 ECOMM 0000 800-983-4637	MERCEDES	TX	\$51.60
08/29/24	GOTOCOM*GOTOMEETING ONLINE SVCS	GOTO.COM	MA	\$51.06
08/30/24	THE SIGN DEPOT 956-687-7446	PHARR	TX	\$620.90
08/31/24	FACEBK *NZVKP9UEV2 ADVERTISING SERVICE	MENLO PARK	CA	\$171.26
09/04/24	ADOBE Adobe Systems 8004438158	SAN JOSE	CA	\$34.99
09/06/24	HUDSONENERGYSERVICES 300067167 75062	972-373-1600	TX	\$335.74

*Marketing
Meetings
Meetings
Meetings*

*Chamber Reimbursement Tu St. Festival Marketing
Chamber Reimbursement Tu St. Festival Marketing*

*Office Supplies
Electricity*

Continued on reverse

Detail Continued

				Amount
09/10/24	THE HOME DEPOT 800-654-0688	WESLACO	TX	\$13.16
09/10/24	AMAZON MARKETPLACE NA PA MERCHANDISE	AMZN.COM/BILL	WA	\$129.87

Fees

	Amount
Total Fees for this Period	\$0.00

Interest Charged

	Amount
Total Interest Charged for this Period	\$0.00

About Trailing Interest

You may see interest on your next statement even if you pay the new balance in full and on time and make no new charges. This is called "trailing interest". Trailing interest is the interest charged when, for example, you didn't pay your previous balance in full. When that happens, we charge interest from the first day of the billing period until we receive your payment in full. You can avoid paying interest on purchases by paying your balance in full and on time each month. Please see the "When we charge interest" sub-section in your Cardmember Agreement for details.

2024 Fees and Interest Totals Year-to-Date

	Amount
Total Fees in 2024	\$0.00
Total Interest in 2024	\$0.00

Interest Charge Calculation

Your Annual Percentage Rate (APR) is the annual interest rate on your account.
Variable APRs will not exceed 29.99%.

	Annual Percentage Rate	Balance Subject to Interest Rate	Interest Charge
Purchases	29.99% (v)	\$0.00	\$0.00
Total			\$0.00

(v) Variable Rate



P.O. Box 4650, Edinburg, Texas 78540
Return Service Requested

Account Number XXXXXX3057
Statement Date 09/30/2024
Statement Thru Date 09/30/2024
Check/Items Enclosed 23
Page 1

00008870 TT212S10012400504500 01 000000000 0008870 005

DEVELOPMENT CORPORATION OF MERCEDES INC
320 S OHIO AVE
MERCEDES TX 78570-3118

Customer Service Information

- 24/7 Banking:** 1-888-862-1862
- Customer Support:** 1-855-862-1920
Your Bank associates are available to assist you
Monday through Friday from 8:00AM to 5:00PM
- Written Inquiries:**
P.O. Box 4650, Edinburg, Texas 78540
- Visit us Online:** www.texasnational.com
- Email Inquiries:** customerservice@texasnational.com
- Join us on Facebook!**

PUBLIC FUNDS ANALYSIS

Account Number: XXXXXX3057

Account Owner(s): DEVELOPMENT CORPORATION OF MERCEDES INC

Balance Summary

Beginning Balance as of 09/01/2024	\$693,513.01
+ Deposits and Credits (3)	\$221,119.48
- Withdrawals and Debits (29)	\$65,480.46
Ending Balance as of 09/30/2024	\$849,152.03
Service Charges for Period	\$0.00
Average Balance for Period	\$749,102.00

DEPOSITS AND OTHER CREDITS

Date	Description	Deposits
Sep 18	REF BDTRHEI FROM *1899 PAY EDC GF SHARE	1,258.08
Sep 19	CITY OF MERCEDES/A/P EFT 99-00245 DEVELOPMENT CORPORATIO	219,069.24
Sep 23	DEPOSIT- <i>Reimbursement for Tr. St. Festival Ads -> Banner purchases</i>	792.16

DEBITS AND OTHER WITHDRAWALS

Date	Description	Withdrawals
Sep 03	DEVELOPMENT CORP/PAYROLL 450542230 DEVELOPMENT CORP	960.00
Sep 03	BENE:TEXAS LEVERAGE FUND TRN:P202409030000357	11,490.96
Sep 13	DEVELOPMENT CORP/PAYROLL 450542230 DEVELOPMENT CORP	6,240.45
Sep 16	IRS/USATAXPYMT *****6025281928 DEVELOPMENT CORPORATIO	5,515.50
Sep 26	REF BP032CS TO *0691 TRANSFER EDC PART O	10,416.67
Sep 27	DEVELOPMENT CORP/PAYROLL 450542230 DEVELOPMENT CORP	6,190.45
Sep 30	DEVELOPMENT CORP/PAYROLL 450542230 DEVELOPMENT CORP	3,254.87



Account Number XXXXXX3057
Statement Date 09/30/2024
Statement Thru Date 09/30/2024
Page 2

CHECKS PAID

* Indicates a Skip in Check Number(s)

Date	Check No.	Amount	Date	Check No.	Amount	Date	Check No.	Amount
Sep 06	4767	335.74	Sep 13	4779	50.00	Sep 30	4786	215.20
Sep 09 <i>AMEX</i>	4768	2,045.40	Sep 06	4780	500.00	Sep 24	4787	168.05
Sep 03	*4770	51.60	Sep 16 <i>Employee Ins.</i>	4781	1,697.67	Sep 25	4788	197.79
Sep 04	*4773	665.00	Sep 16 <i>EZ Signs</i>	4782	4,150.00	Sep 24	4789	63.66
Sep 06 <i>Sept Bldg Lease</i>	4775	1,500.00	Sep 18	4783	237.99	Sep 19	4790	29.61
Sep 05 <i>Clean-up</i>	4776	1,200.00	Sep 25	4784	300.00	Sep 27	*4792	153.90
Sep 09	4777	400.00	Sep 16 <i>EZ Signs</i>	4785	4,499.95	Sep 26 <i>Clean-up</i>	4793	1,200.00
Sep 16 <i>Accounting</i>	4778	1,750.00						

DAILY BALANCE SUMMARY

Date	Balance	Date	Balance	Date	Balance
Sep 03	681,010.45	Sep 13	668,073.86	Sep 24	871,080.91
Sep 04	680,345.45	Sep 16	650,460.74	Sep 25	870,583.12
Sep 05	679,145.45	Sep 18	651,480.83	Sep 26	858,966.45
Sep 06	676,809.71	Sep 19	870,520.46	Sep 27	852,622.10
Sep 09	674,364.31	Sep 23	871,312.62	Sep 30	849,152.03

00008870 0031579 0002-0004



CHECK IMAGES

09/23/2024 Check 0 \$792.16

09/06/2024 Check 4767 \$335.74

09/09/2024 Check 4768 \$2,045.40

09/03/2024 Check 4770 \$51.60

09/04/2024 Check 4773 \$665.00

09/06/2024 Check 4775 \$1,500.00

09/05/2024 Check 4776 \$1,200.00

09/09/2024 Check 4777 \$400.00

09/16/2024 Check 4778 \$1,750.00

09/13/2024 Check 4779 \$50.00

09/06/2024 Check 4780 \$500.00

09/16/2024 Check 4781 \$1,697.67

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Account Number XXXXXX3057
Statement Date 09/30/2024
Statement Thru Date 09/30/2024
Page 4

CHECK IMAGES (Continued)

09/16/2024 Check 4782 \$4,150.00

09/18/2024 Check 4783 \$237.99

09/25/2024 Check 4784 \$300.00

09/16/2024 Check 4785 \$4,499.95

09/30/2024 Check 4786 \$215.20

09/24/2024 Check 4787 \$168.05

09/25/2024 Check 4788 \$197.79

09/24/2024 Check 4789 \$63.66

09/19/2024 Check 4790 \$29.61

09/27/2024 Check 4792 \$153.90

09/26/2024 Check 4793 \$1,200.00

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0000474-0007689 PDF# 687352

Development Corporation of Mercedes Inc.
320 S Ohio
Mercedes, TX 78570

Summary Statement

September 30, 2024

Page 1 of 5

Investor ID: TX-01-0607

Texas CLASS

Texas CLASS

Average Monthly Yield: 5.2917%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
TX-01-0607-0001	218,453.74	0.00	0.00	949.46	6,410.46	218,963.01	219,403.20
DEVELOPMENT CORPORATION OF MERCEDES							
TX-01-0607-0002	273,513.53	0.00	0.00	1,188.73	11,875.65	274,151.14	274,702.26
EDC 2006 RESERVE							
TX-01-0607-0003	0.00	0.00	0.00	0.00	1,424.26	0.00	0.00
EDC RBEG FUND							
TX-01-0607-0004	76,270.71	0.00	0.00	331.47	3,055.73	76,448.50	76,602.18
IRP FUND OPERATING/RESERVE							
TOTAL	568,237.98	0.00	0.00	2,469.66	22,766.10	569,562.65	570,707.64

Tel: (800) 707-6242

<https://www.texasclass.com/>

**Security Holder
Remittance Report for
10/9/2024**

Start Date:	9/26/2024 12:00:00A
End Date:	10/9/2024 11:59:00P
Print Date:	10/09/2024
Print Time:	3:40:32 pm

Security Holder Development Corporation of Mercedes

Investor Number <u>01-985-001</u>			Investor Name <u>Development Corporation of Mercedes</u>								Rcv'd	Net Remit
<u>Loan No</u>	<u>Borrower</u>	<u>Trans Desc</u>	<u>*Paid Dt</u>	<u>Pmt Amt</u>	<u>Principal</u>	<u>Interest</u>	<u>Ser Fee</u>	<u>Lt Chrg</u>	<u>Fee</u>			<u>Am</u>
98577068	Mercedes Coli	Regular Pymnt	09/26/2024	1,477.46	0.00	1,477.46	18.00	0.00	0.00		0.00	1,459.46
Investor/Bank/Group Total				1,477.46	0.00	1,477.46	18.00	0.00	0.00		0.00	1,459.46

Investor Number <u>01-985-002</u>			Investor Name <u>Development Corp of Mercedes RBEG</u>								Rcv'd	Net Remit
<u>Loan No</u>	<u>Borrower</u>	<u>Trans Desc</u>	<u>*Paid Dt</u>	<u>Pmt Amt</u>	<u>Principal</u>	<u>Interest</u>	<u>Ser Fee</u>	<u>Lt Chrg</u>	<u>Fee</u>			<u>Am</u>
98576708	Ledesma	Regular Pymnt	09/30/2024	671.99	541.71	130.28	18.00	0.00	0.00		0.00	653.99
98567980	San Miguel	Regular Pymnt	10/01/2024	1,167.96	1,142.06	25.90	18.00	0.00	0.00		0.00	1,149.96
98576108	Carrillo	Regular Pymnt	10/01/2024	11,561.72	11,351.75	209.97	18.00	0.00	0.00		0.00	11,543.72
98576108	Carrillo	Regular Pymnt	10/01/2024	(11,561.72)	(11,351.75)	(209.97)	-18.00	0.00	0.00		0.00	(11,543.72)
98576108	Carrillo	Regular Pymnt	10/01/2024	1,151.72	941.75	209.97	18.00	0.00	0.00		0.00	1,133.72
98577236	Garza Funeral	Regular Pymnt	10/01/2024	611.00	494.56	116.44	18.00	0.00	0.00		0.00	593.00
Investor/Bank/Group Total				3,602.67	3,120.08	482.59	72.00	0.00	0.00		0.00	3,530.67

Total Security Holder				5,080.13	3,120.08	1,960.05	90.00	0.00	0.00		0.00	4,990.13
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Delinquency Report

As Of October 09, 2024

Data Date: 10/09/2024
Data Time: 4:26:34 pm
Print Date: 10/09/2024
Print Time: 4:26:56 pm

Security Holder Development Corporation of Mercedes

Investor Number: 01-985-002			Investor Name: Development Corp of Mercedes RBEG							
Loan No	Loan Amt	Prin Bal	Total Pmt	Unpaid Lt Chrg	Int Pd to Dt	Total Due	Due Date	Dt Last Pmt	Days Late	#PmtDue
98563684	150,400.00	146,243.42	426.54	21.33		1,770.15	06/24/2024	05/31/2024	107	4
REYBOTIC;										
98572140	43,983.86	38,566.42	320.94	0.00	08/19/2024	640.72	09/01/2024	08/19/2024	38	2
Gonzalez , Ashley										
98573148	50,000.00	36,306.90	586.48	0.00	09/06/2024	1,172.96	09/01/2024	09/06/2024	38	2
Valor Fitness.										

Investor Number: <u>01-985-003</u>			Investor Name: <u>Development Corporation of Mercedes</u>							
<u>Loan No</u>	<u>Loan Amt</u>	<u>Prin Bal</u>	<u>Total Pmt</u>	<u>Unpaid Lt Chrg</u>	<u>Int Pd to Dt</u>	<u>Total Due</u>	<u>Due Date</u>	<u>Dt Last Pmt</u>	<u>Days Late</u>	<u>#PmtDue</u>
98550182	100,000.00	40,138.38	690.58	34.53	09/16/2024	18,406.87	09/06/2022	09/16/2024	764	26
Gomez , Roy 334 South Texas Blvd.										
98569300	315,629.17	238,850.10	2938.50	751.33	07/25/2024	30,534.03	12/18/2023	08/23/2024	296	10
MD Internati 311 D. Vogel Drive										

Mortgage Servicer System
Loan Trial Balance By Bank/Investor/Group

Loan #	Loan Name	Inv Loan #	Due Date	Blk	Inv	Grp	Int Rate	Payment Amt	Deferred Bal	Prin Bal/	T&I Bal/	Net Def Bal	Loss Draft Bal	Unapplied Bal	Subsidy Bal
98577068	Mercedes Columbus (	98577068	11/01/24	01	985	001	3.50000	1,483.29	150,000.00			.00	.00	5.83	.00
98578068	Moreno, Rene	98578068	10/01/24	01	985	001	3.50000	559.00	25,000.00			.00	.00	.00	.00
Group Totals:									2,042.29			25,000.00		5.83	
												.00			
									175,000.00			175,000.00	.00		.00
										.00					Item Count = 2
98550030	De La Garza, Alvaro d	98550030	10/01/24	01	985	002	5.00000	1,976.98	57,715.94			.00	.00	.00	.00
98554876	Jom Investments, LLC	98554876	10/15/24	01	985	002	4.00000	455.31	29,476.04			57,715.94	.00	.00	.00
98563684	REYBOTICS, LLC	98563684	06/24/24	01	985	002	3.50000	426.54	146,243.42			.00	.00	.00	.00
98567980	San Miguel, Juan A.	98567980	11/05/24	01	985	002	3.00000	1,167.96	10,143.29			146,243.42	.00	.00	.00
98572140	Gonzalez, Ashley R.	98572140	09/01/24	01	985	002	3.00000	320.94	38,566.42			10,143.29	.00	.00	.00
98573148	Valor Fitness, LLC	98573148	09/01/24	01	985	002	3.00000	586.48	36,306.90			38,566.42	.00	.00	.00
98575284	NTM Ventures, LLC	98575284	10/01/24	01	985	002	3.00000	588.79	65,793.34			.00	.00	.00	.00
98576108	Carrillo, Martha	98576108	11/01/24	01	985	002	3.50000	1,151.72	77,474.10			65,793.34	.00	.00	.00
98576708	Ledesma, Renata	98576708	11/01/24	01	985	002	3.50000	671.99	44,127.14			77,474.10	.00	.00	.00
98577236	Garza Funerals Family	98577236	11/01/24	01	985	002	3.50000	611.00	42,992.87			44,127.14	.00	.00	.00
Group Totals:									7,957.71			42,992.87		.00	
												.00			
									548,839.46			548,839.46	.00		.00
										.00					Item Count = 10
98550182	Gomez, Roy G.	98550182	09/06/22	01	985	003	3.00000	690.58	40,138.38			.00	.00	.00	.00
												.00			
												40,138.38			
												.00			

Mortgage Servicer System
Loan Trial Balance By Bank/Investor/Group

Loan #	Loan Name	Inv Loan #	Due Date	Bk	Inv Grp	Int Rate	Payment Amt	Prin Bal/ Deferred Bal	T&I Bal/ Net Def Bal	Loss Draft Bal	Unapplied Bal	Subsidy Bal
98560836	Castaneda, Mario	98560836	10/01/24	01	985 003	3.50000	1,060.13	45,206.66	.00	.00	.00	.00
								.00	45,206.66			
98569300	MD International, LLC	98569300	12/18/23	01	985 003	3.00000	2,938.50	238,850.10	.00	.00	4.58	.00
								.00	238,850.10			
Group Totals:								<u>4,689.21</u>	<u>.00</u>		<u>4.58</u>	
								<u>324,195.14</u>	<u>324,195.14</u>	<u>.00</u>		<u>.00</u>
Investor Totals:												
							<u>14,689.21</u>	<u>.00</u>	<u>.00</u>		<u>10.41</u>	Item Count = 3
								<u>1,048,034.60</u>	<u>1,048,034.60</u>	<u>.00</u>		<u>.00</u>
Bank Totals:												
							<u>14,689.21</u>	<u>.00</u>	<u>.00</u>		<u>10.41</u>	Item Count = 15
								<u>1,048,034.60</u>	<u>1,048,034.60</u>	<u>.00</u>		<u>.00</u>
Grand Totals:												
							<u>14,689.21</u>	<u>0.00</u>	<u>0.00</u>		<u>10.41</u>	Item Count = 15
								<u>1,048,034.60</u>	<u>1,048,034.60</u>	<u>0.00</u>		<u>0.00</u>
								<u>0.00</u>	<u>0.00</u>			

4. Discussion and Action: FY23-24 Audit, Arian Webb CPA

ADRIAN K WEBB

Certified Public Accountant

Edinburg, Texas

September 19, 2024

To the Board of Directors and Management
Development Corporation of Mercedes
Mercedes, Texas

We are pleased to confirm our understanding of the services we are to provide Development Corporation of Mercedes for the year ended September 30, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of Development Corporation of Mercedes as of and for the year ended September 30, 2024. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Development Corporations of Mercedes basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Development Corporations of Mercedes RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules

We have also been engaged to report on supplementary information other than RSI that accompanies Development Corporation of Mercedes's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Combining and individual fund statements

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Development Corporation of Mercedes compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements of Develop Corporation of Mercedes in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Adrian Webb, CPA, and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Adrian Webb, CPA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to or its designee. Development Corporation of Mercedes or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Adrian Webb, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit upon audit engagement approval.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$7,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Development Corporation of Mercedes financial statements. Our report will be addressed to the Board of Directors and Management of Development Corporation of Mercedes. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to Development Corporation of Mercedes and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Adrian Webb
Adrian Webb, CPA

RESPONSE:

This letter correctly sets forth the understanding of Development Corporation of Mercedes.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

5. Discussion and Action: Rocking Boots Sponsorship

Memo

To: DCM Board of Directors
From: Zefra Mascorro, Administrative Coordinator
CC: File
Date: 10/17/2024
Re: Rockn Boots Sponsorship

The Rockn Boots Music Festival has extended an invitation for the EDC to sponsor their November 23, 2024 event.

See attached flyers.

Recommendation: Will of the board.

Rock n' boots

Music Festival 2024



NOVEMBER 23rd

MERCEDEZ HEB PARK - 1:00PM TILL MIDNIGHT

520 E. 2ND ST (HWY 83), MERCEDEZ, TX

www.getmyticketnow.com

Get your



TICKETS NOW!



ORDER FORM

COMPANY NAME: _____

ADDRESS: _____

CONTACT'S NAME: _____

PHONE NUMBERS: CELL: _____ OFFICE: _____

PAID: _ / _ / 2024 CHECK NO. _____

ADDITIONAL NOTES OR REQUESTS:

Call Rolando Garcia at 956-367-7697

email at texasrgv1@yahoo.com

MAKE CHECKS PAYABLE TO: CITY ENTERTAINMENT GROUP

TITLE SPONSOR: \$5,000.00

GOLD: \$3,000.00

SILVER: \$1,000.00

BRONZE: \$500.00





MERCEDES... GET READY FOR AN EXTRAORDINARY EVENT TO COME TO YOUR CITY ON NOVEMBER 23rd. 2024!

CITY ENTERTAINMENT GROUP & FOOTPRINTS PROMOTIONS ARE PROUD TO PRESENT THE MUSIC EVENT OF THE YEAR: ROCKNBOOTS MUSIC FESTIVAL 2024. A MUSIC CONCERT EVENT WITH VARIOUS GENRES TO PLEASE EVERYONE IN ATTENDANCE. ROCK, COUNTRY, TEJANO, MARIACHIS, AND MANY MORE!

IN ADDITION TO THE GREAT LINE-UP OF MUSICIANS, OTHER GREAT ACTIVITIES WILL BE PRESENT AT THE FESTIVAL. FOOD AND DRINKS VENDORS, ARTS & CRAFTS, OVERALL...GREAT FUN FOR THE ENTIRE FAMILY!

OUR MARKETING DEPARTMENT HAS PREPARED AND READY TO LAUNCH A UNIQUE MARKETING CAMPAIGN TO PROMOTE THIS SHOW.

OUR SPONSORSHIP PACKAGES ARE TAILORED TO GIVE EACH OF OUR SPONSORS AND PARTICIPANTS AN EXCELLENT PLATFORM TO PROMOTE YOUR BUSINESS. ALLOW OUR SALES EXECUTIVE AGENTS GO OVER EACH PACKAGE AND ITS BENEFITS. TOGETHER, CHOSE THE BEST ONE SUITABLE FOR YOU!

BRONZE SPONSOR: \$500.00

- LIVE MENTIONS AT EVENT.
- DIGITAL SCREEN EXPOSURE.
- 8 V.I.P. "EXCLUSIVE PACKAGE" TICKETS. (1 VIP TABLE).

SILVER SPONSOR: \$1,000.00

NAME OF YOUR COMPANY/BUSINESS ON THE FOLLOWING MARKETING MATERIAL DURING ADVERTISING CAMPAIGN OF EVENT. RADIO, POSTERS, FLYERS, BANNERS, SOCIAL MEDIA. *RADIO SPOTS WILL BE PLACED ON VARIOUS RADIO STATIONS SUITABLE FOR THE TYPE OF PERFORMANCE/MUSIC GENRE.*

- LIVE MENTIONS AT EVENT.
- DIGITAL SCREEN EXPOSURE.
- 8 V.I.P. "EXCLUSIVE PACKAGE" TICKETS. (1 VIP TABLE).
- 4 GENERAL ADMISSION TICKETS



GOLD SPONSOR: \$3,000.00

NAME OF YOUR COMPANY/BUSINESS ON ALL MARKETING MATERIAL DURING ADVERTISING CAMPAIGN. RADIO, POSTERS, FLYERS, BANNERS, SOCIAL MEDIA. *RADIO SPOTS WILL BE PLACED ON VARIOUS RADIO STATIONS SUITABLE FOR THE TYPE OF PERFORMANCE/MUSIC GENRE* MENTIONS AT EVENT.

- DIGITAL SCREEN EXPOSURE
- ON SITE ADVERTISING BOOTH.
- 16 V.I.P. "EXCLUSIVE" TICKETS. (2 VIP TABLE)
- 10 GENERAL ADMISSION TICKETS.



TITLE SPONSOR: \$5,000.00

NAME OF YOUR COMPANY/BUSINESS ON ALL MARKETING MATERIAL DURING THE ADVERTISING CAMPAIGN AS THE MAIN PRESENTER OF EVENT. RADIO, POSTERS, FLYERS, BANNERS, NEWSPAPERS, SOCIAL MEDIA.

RADIO SPOTS WILL BE PLACED ON VARIOUS RADIO STATIONS SUITABLE FOR THE TYPE OF PERFORMANCE/MUSIC GENRE.

(YOUR LOGO MAY APPEAR ON TICKET IF PERMITTED BY TICKET VENDOR COMPANY AND/OR TOUR MANAGEMENT)

- **LIVE MENTIONS AT EVENT.**
- **DIGITAL SCREEN EXPOSURE**
- **ON SITE ADVERTISING/SALES BOOTHS. (UP TO 2 BOOTHS)**
- **24 V.I.P. "EXCLUSIVE" TICKETS. (3 VIP TABLES)**
- **20 GENERAL ADMISSION TICKETS. (GIVE AWAY TO DRAW CUSTOMERS TO YOUR PLACE OF BUSINESS/ESTABLISHMENT)**



6.Discussion and Action: Board Terms

Memorandum

To: Executive Director, Development Corporation of Mercedes

From: Board Counsel

Date: October 17th, 2024

Re: DCM Directors; Terms of Office and Bylaw Provisions

Melissa,

You requested clarification regarding two issues; first, what is the maximum term of office of which may be held by a Director of the Development Corp. of Mercedes and second, whether running for elected office as a school board members constitutes a vacancy of office under Article Four of the DCM's own bylaws.

a) Term of Office of DCM Board Members

The Development Corporation of Mercedes Inc. is a 4(A)-type economic development corporation. The legal provision which governs the appointment and terms of office of DCM Board Members is contained in Texas Local Government Code § 504.051 which states as follows:

“SUBCHAPTER B. GOVERNANCE OF CORPORATION

“Sec. 504.051. BOARD OF DIRECTORS.

(a) The board of directors of a Type A corporation consists of at least five directors.

(b) A director is appointed by the governing body of the authorizing municipality, serves at the pleasure of that governing body, and may be removed by that governing body at any time without cause.

(c) The governing body of the authorizing municipality shall determine the number of directors and the length of each director's term, *except that the length of a director's term may not exceed six years.*”

See Texas Local Gov't Code 504.051.

You ask whether the six-year limitation on the term of office relates to only to the length of the term of office, or to whether the City Commission may reappoint a board member, thereby extending the tenure in office beyond 6 years. The Texas Attorney General has previously ruled that the six-year limitation relates only to the length of each term of office but does not prevent a City Commission from reappointing an EDC Board member to subsequent terms of office which, taken together might exceed six years. See Op. Tex. Atty Gen JC-349 (2001). I have reviewed the charter, statutes and bylaws. There is nothing that prohibits the City Commission from reappointing DCM Board members to subsequent terms of office.

b) Whether the bylaws of the DCM prohibit an EDC Board Member from running for elected office on the Mercedes ISD.

The bylaws of the Development Corporation of Mercedes provide as follows:

ARTICLE FOUR

“ If any member of the Board of Directors shall announce their candidacy in any election for any *elected office within the City of Mercedes*, such announcement or such candidacy shall constitute an automatic resignation of their position as Director of the Development Corporation of Mercedes then held, and the vacancy thereby created shall be filled pursuant to law in the same manner as other vacancies for such office are filled. “

Article Four of the DCM bylaws would create a vacancy if an DCM Board Member were to announce his candidacy for an elected *city* office. A School District is a separate political subdivision of the State of Texas; it is not a city entity. See 40 Texas Admin. Code 821.4 Political Subdivision. As Texas School Districts are not city entities, a Mercedes ISD board member position is not a city office. The Texas Attorney General has previously held that dual office holding limitations do not prevent a school district employee from serving as a member of city council because school districts and cities are distinctly separate public entities. See Op. Tex. Atty Gen. Nos. DM-55 (1991); JC-74 (1999) See also Ruiz v. State, 540 S.W.2d 809, 811 (Tex. Civ. App.—Corpus Christi 1976, no writ). While the geographic boundaries of a school district and city may, to some extent overlap, the same could be said to a lesser extent as to the water, drainage, irrigation districts and even Hidalgo County. The reference in Article Four of the

bylaws relates to elected city offices and not elected offices for other political subdivisions which may to some greater or lesser degree, overlap the physical boundaries of the city's incorporated limits or extra territorial jurisdiction.

Moreover, an EDC Board Member is not a public officer for purposes of dual office holding or common law incompatibility. OP. Tex. Atty Gen. No JC-547 (2002). Also, because EDC Board Members serve without compensation, the constitutional prohibition against holding more than one office of emolument does not apply. See Tex. Const. Art. XVI, Section 40.

Conclusion

Neither the EDC Bylaws nor Texas State Law prohibit EDC Board members from being reappointed by the City Commission to subsequent terms of office so long as each separate term of office does not exceed six years. No board member has vacated their office by running for the School Board because a Mercedes ISD Board Member is not an elected city office; a school district is a separate political subdivision of the State of Texas.

While no state law, local law or bylaw provision has created any vacancy on the DCM Board, the City Commission, as always, has absolute discretion to do what it wants on this issue because it always has the authority to, at any time, appoint or remove any Board Members of the Development Corporation of Mercedes with or without cause. See Texas Local Government Code §§501.062, 504.051 and 505.051. The City Commission also has the discretionary authority to unilaterally amend the DCM's certificate of formation at any time. See Texas Local Government Code 501.301, 501.302.



Mark Sossi
DCM Board Counsel



OFFICE OF THE ATTORNEY GENERAL - STATE OF TEXAS
JOHN CORNYN

February 22, 2001

The Honorable Edwin E. Powell, Jr.
Coryell County Attorney
113 South 7th Street
P.O. Box 796
Gatesville, Texas 76528

Opinion No. JC-0349

Re: Whether members of the board of directors of
the Copperas Cove Economic Development
Corporation may be reappointed to a subsequent
term (RQ-0301-JC)

Dear Mr. Powell:

You ask whether directors of the Copperas Cove Economic Development Corporation (the "corporation"), established under section 4A of article 5190.6, TEX. REV. CIV. STAT. ANN. (Vernon Supp. 2001), may be reappointed to a subsequent term of service. Absent any restriction in the articles of incorporation or bylaws of the Copperas Cove Economic Development Corporation, or in the charter or ordinances of the City of Copperas Cove, the governing body of the City of Copperas Cove may reappoint a director of the corporation to a subsequent term as director. Whether or not it reappoints a particular individual is a matter for the governing body of the city, in the exercise of its reasonable discretion.

You state that the City of Copperas Cove has established the Copperas Cove Economic Development Corporation in accordance with the provisions of section 4A of article 5190.6, the Development Corporation Act of 1979 (the "Act").¹ TEX. REV. CIV. STAT. ANN. art. 5190.6 (Vernon 1987 & Supp. 2001). This statute authorizes various political subdivisions to create an industrial development corporation to act on the subdivision's behalf in promoting economic development. *See id.* § 4(a) (Vernon Supp. 2001); *see also id.* §§ 2(8), (13) (Vernon 1987) (definitions), 3 (Vernon Supp. 2001) (findings); *see generally Rayl v. Borger Econ. Dev. Corp.* 963 S.W.2d 109, 111 (Tex. App.—Amarillo 1998, no pet.). The articles of incorporation must set forth a number of statements, including the following:

(2) a statement that the corporation is a nonprofit corporation;

....

¹Letter from Honorable Edwin E. Powell, Jr., Coryell County Attorney, to Opinion Division, Attorney General of Texas (Oct. 25, 2000) (on file with Opinion Committee).

(6) any provision not inconsistent with law, including any provision which under this Act [article 5190.6, TEX. REV. CIV. STAT. ANN.] is required or permitted to be set forth in the bylaws, for the regulation of the internal affairs of the corporation.

TEX. REV. CIV. STAT. ANN. art. 5190.6, § 6 (Vernon 1987).

The powers of a corporation established under the Act are vested in a board of directors of "any number of directors, not less than three," each of whom shall be appointed by the unit of government that created the corporation "for a term of no more than six years, and each of whom shall be removable by the unit for cause or at will." *Id.* § 11. The corporation has "all of the rights, powers, privileges, authority, and functions given by the general laws of this state to nonprofit corporations incorporated under the Texas Non-Profit Corporation Act, as amended (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes)," but to the extent the general law is inconsistent with the Act, the Act prevails. *Id.* § 23(a) (Vernon Supp. 2001). A corporation may "make and alter bylaws not inconsistent with its articles of incorporation or with the laws of this state . . . for the administration and regulation of the affairs of the corporation," subject to the approval of the unit of government that authorized its creation. *Id.* § 23(a)(10). It "is not intended to be and shall not be a political subdivision or a political corporation within the meaning of the constitution and the laws of the state." *Id.* § 22 (Vernon 1987); *see* Tex. Att'y Gen. Op. Nos. JC-0109 (1999) at 2, JC-0032 (1999) at 2 (development corporations established under article 5190.6, TEX. REV. CIV. STAT. ANN., are not political subdivisions for purposes of the statute on sales of real property or the prevailing wage law). The unit of government that creates an industrial development corporation "shall never delegate to a corporation any of such unit's attributes of sovereignty, including the power to tax, the power of eminent domain, and the police power." TEX. REV. CIV. STAT. ANN. art. 5190.6, § 22 (Vernon 1987).

Section 4A of article 5190.6 authorizes cities within specified population categories to establish a development corporation with the power to expend the proceeds of an economic development sales tax levied by the city. *Id.* § 4A(a), (b) (Vernon Supp. 2001). The proceeds of the tax are used by the corporation to carry out its authorized purposes. *Id.* § 4A(d); *see also id.* § 4(a). A corporation created under section 4A "has the powers and is subject to the limitations of a corporation created under other provisions of this Act [article 5190.6 of the Revised Civil Statutes]." *Id.* § 4A(b)(1). To the extent of a conflict between section 4A and another provision of article 5190.6, section 4A prevails. *Id.*

Section 4A provides that "[t]he board of directors of a corporation under this section consists of five directors who are appointed by the governing body of the city and who serve at the pleasure of the governing body." *Id.* § 4A(c). Section 4A thus fixes the number of directors at five, prevailing over the conflicting language of section 11, that allows for "any number of directors, not less than three." *See id.* § 4A(b)(1). Neither section 4A nor section 11 of article 5190.6 establishes a term of office for directors of a corporation, although section 11 does place a six-year limit on any term that may be established. The statute does not expressly bar the reappointment of a director to

a corporation established under section 4A or limit the length of time a person may serve in that position. In contrast, a director of a corporation authorized by a county alliance under section 4D² of article 5190.6, Revised Civil Statutes, "may not serve more than six years." *Id.* § 4D(b), added by Act of May 20, 1999, 76th Leg., R.S., ch. 973, § 2, 1999 Tex. Gen. Laws 3722, 3723-24. See generally H. B. Chermide, Jr., Annotation, *Construction and Effect of Constitutional or Statutory Provisions Disqualifying One for Public Office Because of Previous Tenure of Office*, 59 ALR2d 716 (1958) (disqualifications for public office based on prior service are expressly provided by constitution or statutes).

The articles of incorporation or the bylaws of the Copperas Cove Economic Development Corporation may, however, establish a term of service not to exceed six years, subject to the city governing body's statutory authority to remove a director at any time. See TEX. REV. CIV. STAT. ANN. art. 1396-2.15(B) (Vernon 1997) (directors shall be appointed for the terms provided in the articles of incorporation or the bylaws). If the articles of incorporation or the bylaws do not establish a lesser term of service, directors of the Copperas Cove Economic Development Corporation will serve a six year term pursuant to section 11 of article 5190.6, subject to removal at the pleasure of the city governing body.

Article 5190.6 of the Revised Civil Statutes, as we have already noted, does not expressly disqualify any person who has previously served as director of a section 4A corporation from reappointment to that position. Nor does the Texas Non-Profit Corporation Act disqualify a director of a corporation from reappointment to that position. However, the articles of incorporation or the bylaws of a nonprofit corporation may prescribe qualifications for directors. See *id.* art. 1396-2.14(A). If the articles of incorporation or bylaws of the Copperas Cove Economic Development Corporation disqualify persons who have served as director from being reappointed to that position, the city governing body must comply with that restriction in making appointments. Moreover, if the city charter, an ordinance, or a resolution includes a provision that would bar the reappointment of a director to the corporation, the city governing body must comply with that restriction. We do not know whether the articles of incorporation or bylaws of the Copperas Cove Economic Development Corporation or the charter or an ordinance or resolution of the City of Copperas Cove includes any provision disqualifying an individual with prior service from reappointment as a director, but we assume that the city governing body would be aware of and comply with any such disqualification that exists.

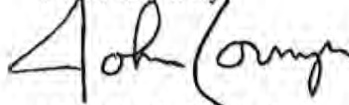
Absent any restriction in the articles of incorporation or bylaws of the Copperas Cove Economic Development Corporation, or in the charter, an ordinance, or a resolution of the City of Copperas Cove, the governing body of the City of Copperas Cove may reappoint a director of the 4A corporation to subsequent service as director. Whether or not it reappoints a particular individual is a matter for the governing body of the city, in the exercise of its reasonable discretion.

²The 76th Legislature adopted two provisions as section 4D of article 5190.6, TEX. REV. CIV. STAT. ANN. (Vernon Supp. 2001). The section 4D relating to the creation of a corporation by a county alliance was adopted by House Bill 2614. See Act of May 20, 1999, 76th Leg., R.S., ch. 973, § 2, 1999 Tex. Gen. Laws 3722, 3723-24.

S U M M A R Y

Directors of a corporation created under section 4A of article 5190.6, Revised Civil Statutes, serve a six-year term pursuant to section 11 of article 5190.6, subject to removal at any time by the governing body of the city that created the corporation, unless the articles of incorporation or bylaws of the corporation establish a shorter term of service. Neither article 5190.6 nor the Texas Non-Profit Corporation Act, article 1396 of the Revised Civil Statutes, bars a director of a corporation created under article 5190.6, section 4A from being reappointed as director. The governing body of the City of Copperas Cove may reappoint a director of the corporation to subsequent service as director, absent any contrary provision in the articles of incorporation or bylaws of the Copperas Cove Economic Development Corporation, or in the city charter, an ordinance, or a resolution of the City of Copperas Cove. Whether or not the city reappoints a particular individual as director is a matter for the governing body of the city, in the exercise of its reasonable discretion.

Yours very truly,

A handwritten signature in black ink, appearing to read "John Cornyn", written over a horizontal line.

JOHN CORNYN
Attorney General of Texas

ANDY TAYLOR
First Assistant Attorney General

CLARK KENT ERVIN
Deputy Attorney General - General Counsel

SUSAN D. GUSKY
Chair, Opinion Committee

Susan L. Garrison
Assistant Attorney General - Opinion Committee

Legal Q&A

By Sarah Tompkins, Legal Counsel

Q What is the composition of an economic development corporation (EDC) board of directors?

A The city council determines the exact size of a Type A EDC board, but the board must be composed of a minimum of five members. Tex. Loc. Gov't Code §504.051. The city council appoints the members of the board. *Id.* State law does not impose residency requirements or other qualifications for service on a Type A board, but the EDC's bylaws or certificate of formation may provide certain requirements or qualifications for service. In theory, a city council could appoint itself in its entirety to a Type A EDC board. *See id.* §504.051.

A Type B EDC board is composed of seven members who are appointed by city council. *Id.* §505.051. The city council may appoint a maximum of four city councilmembers, officers, or employees to a Type B EDC board. *See id.* §505.052(c). For cities with a population of 20,000 or more, a Type B EDC board member must: (1) live in the city; (2) live in the county in which the major part of the city is located; or (3) live within 10 miles of the city and in a county bordering the county in which the major part of the city is located. *Id.* §505.052(b). A Type B EDC's bylaws or certificate of formation may also impose additional requirements or qualifications for service.

Q How long does an EDC board member serve?

A The city council determines the length of a Type A EDC board member's term, but state law provides that the term may not exceed six years. *Id.* §504.051.

State law provides that a Type B EDC board member's term is two years. *Id.* §505.051(b).

The city council may reappoint an EDC board member to multiple subsequent terms, provided there is not a contrary provision in the EDC's bylaws or articles of incorporation¹, or in a city charter or ordinance. *See Op. Tex. Att'y Gen. JC-349 (2001)* (neither the Development Corporation Act nor the Texas Non-Profit Corporation Act prohibit reappointment of an EDC board member).

The city council may remove an EDC board member without cause. Tex. Loc. Gov't Code §§ 501.062; 504.051; 505.051.

Q Who are the officers of an EDC board?

A The officers of a Type A EDC board include a president, at least one vice president, a secretary, a treasurer, and other officers or assistant officers the board or city council considers necessary. *Id.* §504.052.

¹ The attorney general opinion refers to articles of incorporation and the statute refers to a certificate of formation. In this context, the terms are interchangeable.

The officers of a Type B EDC board include a president, a secretary, and other officers the city council considers necessary. *Id.* §505.053

EDC boards must use the procedures provided in their bylaws or certificate of formation to appoint officers. The length of an officer's term may be prescribed by the EDC's certificate of formation or bylaws but may not exceed three years. *Id.* §501.065. If the bylaws or certificate of formation do not establish the length of an officer's term, the term is one year. *Id.* A board member may hold more than one office, except that the same board member may not simultaneously serve as president and secretary of the board. *Id.*

Q Does an EDC board member get paid?

A No. An EDC board member serves without compensation, but the member may be reimbursed for actual expenses incurred in the performance of his or her official duties. *Id.* §501.062. An EDC's bylaws or certificate of formation may also provide board members with health and retirement benefits. *Id.* §501.067.

Q What constitutes a quorum of an EDC board?

A A quorum of a Type A EDC board is the lesser of: (1) a majority of the number of directors established in the bylaws or certificate of formation; or (2) the number of directors established as a quorum in the bylaws or certificate of formation. *Id.* §501.070. But an EDC's bylaws or certificate of formation may not establish a quorum of less than three directors. *Id.*

A quorum of a Type B EDC board is a majority of the entire membership of the board. *Id.* §505.054.

Q Does city council have authority over an EDC board's actions?

A A city council possesses substantial authority over an EDC board's actions:

- The city council must approve each EDC program and expenditure. *Id.* §501.073. Council approval can be general or specific, depending on the EDC's bylaws and certificate of formation.
- The city council may remove any or all EDC board members with or without cause. *Id.* §§501.062, 504.051, 505.051.
- The city council must approve any change to an EDC's certificate of formation. The city council may also unilaterally amend an EDC's certificate of formation at any time. *Id.* §§501.301, 501.302.
- The city council must annually review an EDC's financial statements and may access its records at any time. *Id.* §501.073.

Q How are an EDC's bylaws adopted and amended?

The EDC board adopts its own bylaws, but they must be approved by the city council. *Id.* §501.064. The board may also adopt its own parliamentary procedure not inconsistent with state law. *Id.*

Q Does an EDC board member have any personal liability relating to the board's actions?

A It is unlikely a board member would have any personal liability relating to the board's action in the absence of negligence or misconduct. See *id.* § 501.066. An EDC is authorized to indemnify its board members. If an EDC does not indemnify its board members, the court may assess indemnity against an EDC for the amount the board member paid to satisfy the judgment. *Id.* §501.066(b). However, an EDC may not indemnify a board member, and the court may not assess indemnity against an EDC, if the board member was guilty of negligence or misconduct in the matter that gave rise to the claim. *Id.*

Q Does the Open Meetings Act apply to an EDC board?

A Yes. See *id.* §§501.072; Tex. Gov't Code §552.131. But an EDC board may deliberate in a closed executive session regarding economic development negotiations involving: (1) commercial or financial information received from a business prospect that the EDC seeks to have locate, stay, or expand in or near the city; or (2) the offer of a financial or other incentive to a business prospect. *Id.* §551.087. An EDC should consult its attorney before holding a closed session to make sure the above exception applies.

Q Does the Public Information Act apply to an EDC board?

A Yes. Tex. Loc. Gov't Code §§501.072; Tex. Gov't Code §552.131. But an EDC may withhold trade secrets and certain commercial and financial information about the business prospect acquired during economic development negotiations if its release would result in substantial competitive harm to the business prospect. *Id.* §552.131. Before withholding information under the above exception, an EDC must: (1) notify the business in question; and (2) request a letter ruling from the attorney general. *Id.*

Q What conflict-of-interest laws apply to an EDC board?

A An EDC is subject to the conflict-of-interest provisions contained in Chapter 22 of the Texas Business Organizations Code. For instance, an EDC may not make a loan to a board member. See Tex. Bus. Org. Code §22.225. Additionally, in a transaction between the EDC and a board member or an organization in which a board member is an officer or member or has a financial interest, the EDC board must know or be informed about the material facts about the relationship, interest, or transaction. *Id.* §22.230. An interested board member may vote on such a transaction if the above disclosure requirement is met. *Id.*

However, the conflict-of-interest provisions contained in Chapter 171 of the Texas Local Government Code generally do not apply to EDC board members. See Op. Tex. Att'y Gen. No. JC-338 (2001) (The attorney general has opined that an EDC board member is not a local public official for purposes of Chapter 171.). But, in instances in which a member of the EDC is also a member of council, Chapter 171 would require the member of council to file an affidavit and

abstain from participating and voting on a matter before council related to the EDC if the member has an applicable conflict.

Additionally, an EDC's bylaws or certificate of formation may provide additional conflict-of-interest requirements.

Q Can an EDC board member hold a public office?

A Probably. The attorney general has opined that an EDC board member is not a public officer for purposes of dual office holding and common law incompatibility. *Op. Tex. Att'y Gen. No. JC-547* (2002). Also, because a board member serves without compensation, the constitutional prohibition against holding more than one office of emolument does not apply. *See Tex. Const. Art. XVI, Sec. 40.*

Similarly, the common-law doctrines of self-appointment incompatibility and conflicting loyalties incompatibility likely do not apply as both these doctrines are only applicable if both positions are public offices. *See Op. Tex. Att'y Gen. Nos. JC-547; DM-303* (1994); *DM-194* (1992). Likewise, the doctrine of common-law self-employment incompatibility applies if one of the positions is a public office and the other is a public employee. *Id.* Because an EDC board member is not a public officer, self-employment incompatibility does not prohibit an EDC board member from holding an employment position with the EDC. *See Op. Tex. Att'y Gen. No. JC-547* (finding that a mayor may serve as both a member and executive director of an industrial development corporation created by his city). Whether the doctrine of incompatibility applies depends on the specific facts at issue, so an EDC board member who wishes to hold a public office or public employment should consult an attorney to determine whether holding such a position would be prohibited.

BYLAWS OF
THE DEVELOPMENT CORPORATION OF MERCEDES, INC.
A NON-PROFIT CORPORATION
MERCEDES, TX

ARTICLE I

- 1.01 The principal office of the Development Corporation of Mercedes, Inc. (the "corporation") shall be at 320 S Ohio, Mercedes, Texas 78570, and the name of its registered agent at such address is the Executive Director.
- 1.02 The Executive Director of the Corporation shall serve as the Registered Agent of the Corporation unless another individual is designated by the Board of Directors.

ARTICLE II
PURPOSES

- 2.01 The corporation is a non-profit corporation organized pursuant to the Development Corporation Act of 1979, as amended, and specifically governed by Section 4A of said Act. The purpose of the Corporation is to promote, assist, and enhance economic and industrial development in accordance with the Articles of Incorporation.
- 2.02. Exempt Activities Limitation. Notwithstanding any other provision of these Bylaws, no director, officer employee member or representative of this corporation shall take any action or carry on any activity required by or on behalf of the corporation not permitted to be taken or carried on by an organization exempt under Section 501 (c.) (3) of the Internal Revenue Code as it now exists or may be amended, or by any organization contributions to which are deductible under Section 170(c) (2) of such Code and Regulations as it now exists or may be amended. No part of the net earnings of the corporation shall enure to the benefit or be distributed to any director, officer, member, or other private person except that that corporation shall be authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distribution in furtherance of the purposes set forth in the Articles of Incorporation and these bylaws.

ARTICLE III
DIRECTORS

- 3.01 The affairs of the corporation shall be managed by a Board of Directors (the "Board") which shall be composed in its entirety of persons appointed by, and

whose terms of offices shall be fixed by, the governing body of the City of Mercedes, Texas (the City).

- 3.02 In addition, the Board may, by contract, resolution, or otherwise, give general or limited or special authority to officers and employees of the corporation to transact the general business of any special business of the corporation, and may give powers of attorney to agents of the corporation to transact any special business requiring such authorization so long as such delegation is consistent with Texas Development Corporation Act or other Texas state law.
- 3.03 The authorized number of Directors of this Board shall be seven (7), appointed in the manner provided in the Articles of Incorporation, In accordance with section 4A of the Development Corporation Act of 1979, as amended, Board members serve at the pleasure of the governing body of the City. One (1) member shall be the President of the Mercedes Area Chamber of Commerce, or representative from the Chamber of Commerce,. No member of the City Commission may be a voting member of the Development Corporation of Mercedes. No individual who is delinquent in their *ad valorem* taxes to the City of Mercedes may be appointed to the Board of Directors.
- 3.04 The Board, acting for the corporation, shall have and exercise all the rights, powers, privileges, authority, and functions given by the general laws of Texas to nonprofit corporations incorporated under the Texas Non-Profit Corporation Act, as amended (Article 1396-1.01, et seq., Texas Revised Civil Statutes Annotated) and other such powers given by the Development Corporation Act of 1979, as amended (Article 5190.6, Texas revised Civil Statutes Annotated).
- 3.05 The Board is hereby required to perform the following duties:
 1. The Board shall develop an overall economic and industrial development strategy for the City.
 2. The corporation's focus will be primarily in the areas of business retention and expansion, formation of new businesses, business attraction, and the enhancement of community assets to promote economic development.
 3. Assurance of accountability for all sales tax funds and all other funds received and expended by the corporation.
 4. The corporation shall make reports to the City Commission to include a review of revenues received and expended by the corporation from the City.
- 3.06 The corporation is authorized to do that which the Board deems desirable to accomplish any of the powers or duties set out or alluded to hereinabove and in accordance with State Law.

- 3.07 The annual meeting of the Board shall be held at the Principle Office of the Corporation in January. The Board shall meet in regular meeting at least once each month or on an on call basis at a place and time to be determined by the President and shall be conducted pursuant to all applicable laws. Special meetings of the Board may be called by the President or any three (3) Directors on three days' notice to each Director, either personally, by mail, or by telephone. All meetings shall be conducted in accordance with the requirements of the Texas Open Meeting Act. All meetings of the Board of Directors shall be within the City limits of the City of Mercedes.
- 3.08 Regular attendance at the Board meetings is required of all members. Three (3) consecutive absences and/or attendance reflecting absences constitution 50% of the meetings over a 12-month period may constitute the need for replacement of a member. In that event, the member will be counseled by the Board and subsequently, the Board may submit, in writing, to the City Manager of the City of Mercedes a request that the member be replaced by the Mercedes City Commission.
- 3.09 For the purpose of convening a meeting and transacting business, a quorum shall consist of four (4) Directors. If a quorum shall not be present at any meeting of the Directors, the Directors present threat may recess the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.
- 3.10 The Board shall be responsible to the Mercedes City Commission for the proper discharge of the Board's duties as assigned in theses bylaws and by the Articles of Incorporation. Its authority is limited by applicable laws, contracts that may be entered into with the City or other entities, and budget and fiduciary responsibilities. The Board, on behalf of the corporation, may request that administrative departments of the City provide assistance to the corporation and the Board in fulfilling its duties. The City and the Board may agree to reimburse any such administrative department's budget for the cost of such services so provided. The corporation may seek legal assistance through the City Attorney or a separate attorney engaged by it for that purpose.
- 3.11 The City Manager of the City of Mercedes shall serve as an *ex-officio* non-voting member of the Board.

ARTICLE FOUR VACANCIES

- 4.1 If any member of the Board of Directors shall announce their candidacy in any election for any elected office within the City of Mercedes, such announcement or such candidacy shall constitute an automatic resignation of their position as a Director of the Development Corporation of Mercedes then held, and the vacancy

thereby created shall be filled pursuant to law in the same manner as other vacancies for such office are filled.

- 4.2 If any member of the Board of Directors falls in debt to the City of Mercedes by incurring delinquent property taxes, such delinquency shall constitute an automatic resignation of their position as a Director of the Development Corporation of Mercedes then held, and the vacancy thereby created shall be filled pursuant to law in the same manner as other vacancies for such office are filled.

ARTICLE FIVE ETHICS

- 5.1 Directors of the Mercedes Economic Development Corporation shall conduct themselves in accordance with the following ethical standards in order to address any conflicts of interest should they arise. If a Director has a substantial interest, as that term is defined in Texas Local Government Code in a business entity or real property which is the subject of deliberation by the Board of Directors, that Director shall file an affidavit with the City Secretary stating the nature and extent of his interest. Such affidavit shall be filed prior to any vote or decision upon the matter by the Board of Directors, and if required by Texas Local Government Code Chapter 171, the interested Director shall abstain from any vote or decision upon the matter.

ARTICLE SIX NOTICES

- 6.01 Whenever, under the provisions of the governing statutes of these bylaws, notice is required to be given to any Director, it shall be construed to mean notice in writing, by mail or in person, addressed to such Director at address as appears on the books of the corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed. Whenever any notice is required to be given under the provisions of the statutes or bylaw, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time state therein, shall be deemed equivalent thereto.

ARTICLE SEVEN OFFICERS

- 7.01 The elected officers of the corporation shall be President, Vice- President, Secretary and Treasurer. Any two (2) officers may be held by the same person, except the offices of President and Secretary.
- 7.02 The Board shall choose such officers at each annual meeting or as soon thereafter as possible. Officers shall serve a term of one (1) year; providing,

however, that the officers shall continue to serve until the election of their successors.

- 7.03 The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and who shall exercise such power and perform such duties as shall be determined from time to time by the Board.
- 7.04 Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the whole Board. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board for the remaining term.
- 7.05 The President shall preside at all meeting of the Directors, and shall have general supervision of the management and business of the corporation, and shall see that all orders and resolutions of the Board are carried into effect. The President shall have the right to vote on all matters coming before the Board. The President shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed thereof shall be delegated by the Board to some other officer or agent of the corporation. The President shall have the authority, upon notice to members of the Board, to call a special meeting of the Board when in his judgment such meeting is required. The President shall have the authority to appoint committees to aid and assist the Board in its business undertaking or other matters incidental to the operation and function of the Board. In general, the President shall perform all duties incident to the office, and such other duties as shall be prescribed from time to time by the Board of Directors.
- 7.06 In the absence of the President, or in the event of his or her inability to act, the Vice President shall perform the duties of the President, and shall perform other such duties as the Board shall prescribe.
- 7.07 The Secretary shall attend all sessions of the Board and record all votes and minutes of all proceedings in a book to be kept for the purpose. The Secretary shall give, or cause to be given notices of all meetings of the Board and shall perform such other duties which may be prescribed by the Board or the President. The Secretary shall be the custodian of the corporate records and seal of the corporation and shall keep a mailing address and street address, if different, of each Director.
- 7.08 To the extent not otherwise provided by the Board, by rules and regulations, in resolutions relating to the issuance of bonds, or in any financing documents relating to such issuance, the Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies

and other valuable effects in the name and to the credit of the corporation. The Treasurer shall be bonded for the faithful discharge of his/her duties with such surety and sureties and in such sum as the Board of Directors shall determine by Board Resolution, but in no event shall the amount of such bond be less than an amount equal to the average sums which the Treasurer has access to and the ability to convert during a twelve (12) month period of time. The Treasurer shall, in general, perform all duties incident to that office and such other duties as from time to time may be assigned to him/her by the President of the Board. The Board may require the President, Vice-President, and Secretary, (in addition to the Treasurer) to give the corporation bonds and such sums and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of their office.

ARTICLE VII MANAGERS, EMPLOYEES, CONTRACTORS

- 8.01 The Board shall have the right to employ a manager for the corporation, and such other full or part-time employees as needed to carry out the programs of the corporation. These employees shall perform the duties as assigned to them by the Board.
- 8.02 The corporation may contract with any qualified and appropriate person or association, for designated tasks which will aid or assist the Board in performance of its duties. However, no such contract shall ever be approved or entered into which seeks or attempts to divest the Board of Directors of its discretion and policy making functions in discharging the duties hereinabove set forth.

ARTICLE IX FINANCIAL PROVISIONS

- 9.01 Fiscal year of the corporation shall begin October 1 and end on September 30 of the following year.
- 9.02 A budget for the forthcoming year shall be submitted and approved by the Board of Directors and the City Commission. The budget proposed for adoption shall include the projected operating revenue and expenses, estimated year-end fund balances, encumbered funds and such other information useful or appropriate for the Board of Directors and the City Commission.
- 9.03 Any two directors of the corporation including the Executive Director shall sign checks or demands for money and notes of the corporation
- 9.04 All funds of the corporation shall be deposited on a regular basis to the credit of the corporation in the City of Mercedes' depository bank.

- 9.05 The corporation may accept any contribution, gift, bequest, or devise for the general purpose or for any special purposes of the corporation.
- 9.06 The board shall have prepared for each annual meeting a full and clear statement of the business and condition of the corporation.
- 9.07 The corporation shall not make any commitment for disbursal of any funds for any one project in excess of \$50,000 without prior approval of the City Commission.
- 9.08 All purchases made and contracts executed by the corporation shall be made in accordance with applicable requirements of the Texas Constitution and Statutes of the State of Texas.
- 9.09 Temporary and idle funds which are not needed for immediate obligations of the corporation may be invested in any legal manner provided in the Public Funds Investment Act (Texas Revised Civil Statutes Annotated Article 842a-2).
- 9.10 Any bonds issued by the corporation shall be in accordance with the Development Corporation Act of 1979, but in any event, no bonds shall be issued without approval of the City Commission after review and comment by the City's bond counsel and financial advisor.
- 9.11 The Board of Directors shall provide for an annual financial audit to be performed by a competent independent audit firm according to generally accepted accounting principles.

ARTICLE X BOOKS AND RECORDS

- 10.01 The corporation shall keep correct and complete books and records of all actions of the corporation, including books and records of account and minutes of meetings of the Board of Directors and of any committee having any authority of the Board. All books and records may be inspected by Directors, their agents or attorney at any reasonable time or by any member of the Mercedes City Commission. Any information designated as public information by law shall be open to public inspection at any reasonable time. The Texas Open Records Act shall apply to disclosure of public information. A copy of annual financial audits shall be delivered to the City Commission.
- 10.02 The corporation shall provide monthly summaries of receipt and disbursal of funds to the City Commission.

ARTICLE XI SEAL

- 11.01 The corporate seal shall be circular and shall have inscribed in the outer circle the name of the corporation and shall have a five point star inscribed in the inner circle. The Board may thereafter alter the seal as necessary without changing the corporate name. These bylaws shall not be construed to require the use of the corporate seal.

ARTICLE XII AMENDMENTS

- 12.01 These bylaws may be altered, changed or amended at any meeting of the Board at which a quorum is present, provided notice of the proposed alteration, change, or amendment be contained in the notice of such meeting.
- 12.02 No amendment to the bylaws of the corporation shall be effective until approved by the governing body of the City of Mercedes, Texas.

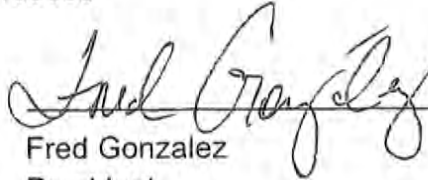
ARTICLE XIII INDEMNITY

- 13.01 The Board of Directors shall authorize the corporation to pay or reimburse any current or former Director or officer of the corporation any costs, expenses, fines, settlements, judgments, and other amounts, actually and reasonably incurred by such person in any action, suit, or proceeding to which he or she is made a party by reason of holding such position as officer or Director; provided, however, that such officer or Director shall not receive indemnification if he/she is finally adjudicated in such instance to be liable for gross negligence or intentional misconduct in office. The indemnification herein provided shall also extend to good faith expenditures incurred in anticipation of, or preparation for, threatened or proposed litigation. The Board of Directors may, in proper cases, extend the indemnification to cover the good faith expenditures incurred in anticipation of, or preparation for, threatened or proposed litigation. The Board of Directors may, in proper cases, extend the indemnification to cover the good faith settlement of any such action, suit, or proceedings, whether formally instituted or not.

Furthermore the corporation shall indemnify and hold harmless and defend the City of Mercedes, its officers, agents, and its employees, from and against liability for any and all claims, liens, suits, demands, and/or actions for damage, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs and attorney's fees and other reasonable costs arising out of or resulting from the corporation's activities and from any liability or resulting from the intentional acts or negligence, including all such causes of action based upon common, constitutional, or statutory law, or based

in whole or in part upon the negligent or intentional acts of omissions of the corporation, agents, employees, licensees, invitees and other persons.

Approved this 18th day of August 2021 by the Board of Directors of the
Development Corporation of Mercedes

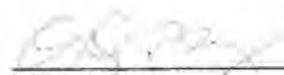


Fred Gonzalez
President,
Development Corporation of Mercedes



Tony Garza
Treasurer/Secretary,
Development Corporation of Mercedes

Approved, this 5th day of October, 2021 by the City Commission of the City of
Mercedes.



Oscar Montoya
Mayor,
City of Mercedes

Joselynn Castillo
City Secretary

7. Discussion: Tabled Items

8. Executive Session: Section 551.087: Economic development negotiations with Project M30, Project Kamel, Project Travel Center, Project STM, Project Knights, Project ASHTI, Project Arts, Project QSR, Project 150, Project M2, Project Cruz, Project M. Carrillo, Project Bert Ogden, Project A. Garcia, Project RGVLS, Project G. Schwarz, Project Coffee, Project Carwash, Project Rios and Project UT, and Section 551.071: pending legal issues, delinquent loans and on any regular agenda item requiring confidential, attorney-client advice necessitated by the deliberation or discussion of said item as needed.

9.Discussion and Action: item #8

10. Adjournment