4. Discussion and Action: Bad Debt Policy/Foreclosure Policy

Memo

To: DCM Board of Directors

From: Zefra Mascorro, Administrative Coordinator

CC: File

Date: 11/13/2025

Re: DCM Foreclosure Policy & Loan Write Off Policy Drafts

The Foreclosure Policy & Loan Write Off Policy have been drafted for DCM Board review. The DCM Foreclosure Policy has been created to create the standards and procedures for initiating foreclosure on defaulted loans. The Loan Write Off Policy's purpose is to establish standards for writing off delinquent loans to maintain accurate financial statements, prevent asset overstatement, and protect the credibility of the Development Corporation of Mercedes.

Both documents are attached for review.

Recommendation: Will of the board.

FORECLOSURE POLICY

DRAFT – PROPOSED POLICY

Section 1. Purpose

To establish uniform standards and procedures for initiating foreclosure on defaulted loans administered by the Development Corporation of Mercedes ("EDC"), ensuring due diligence, fairness, and compliance with Texas law, including the Texas Property Code, Chapter 51.

Section 2. Policy

2.1 Foreclosure Trigger.

Any loan that remains in material default for twelve (12) cumulative months within any rolling twenty-four (24)-month period shall automatically move into foreclosure proceedings, subject to applicable state foreclosure laws and the governing loan or security instruments.

2.1 (b) Discretionary Foreclosure Trigger.

Notwithstanding the time-based default provisions above, the Board may, upon advice of legal counsel, declare a loan in default and authorize foreclosure at any time the borrower is in material breach of the loan or security agreement and the Board, in its reasonable judgment, determines that the indebtedness has become insecure or the collateral is in jeopardy. In determining insecurity, the Board may consider evidence, including, but not limited to, abandonment of the property, insolvency, bankruptcy filings, waste, or other material acts impairing the value of the collateral or the borrower's ability to perform.

A loan shall be deemed in material default if the borrower has failed to make timely payments or otherwise comply with material terms of the loan agreement, and such default is not cured through a written repayment plan approved by the EDC. Intermittent or partial payments insufficient to bring the loan current, or payments made solely to delay enforcement, shall not interrupt or reset the default period. Only a documented and fully executed repayment or modification agreement, accepted by the EDC in writing, shall toll or suspend the running of the default period.

2.2 Required Documentation Packet.

Prior to initiation of foreclosure, EDC staff shall prepare and present to the Board a complete collection documentation packet, including:

(a) Copies of all emails or written communications sent to the borrower;

(b) Certified letters issued by EDC staff;

(c) Certified letters or notices from attorneys representing the EDC; and

(d) Any other formal documentation evidencing good-faith collection and compliance efforts.

2.3 Board Action.
Upon presentation of the documentation packet, the EDC Board shall authorize foreclosure proceedings to move forward unless legal counsel advises temporary delay for statutory compliance or litigation management purposes.

2.4 Ineligibility for Future Funding.
Borrowers subject to foreclosure, and any affiliated businesses or principals, shall be ineligible for future EDC loans, grants, or incentives until all indebtedness and foreclosure-related costs are fully satisfied.

Section 3. Collection and Foreclosure Costs

3.1 Recovery of Costs.
All costs of collection and foreclosure, including but not limited to reasonable attorney's fees, court costs, title and appraisal expenses, filing fees, service fees, and administrative expenses incurred by the EDC in enforcing the loan or security instruments, shall be added to the total indebtedness due from the borrower and shall bear interest at the default rate provided in the loan agreement until paid in full.

3.2 Lien Priority.
Such costs shall be secured by and recoverable under the same lien or security interest as the underlying indebtedness and shall be included in any judgment or foreclosure sale proceeds.

3.3 Cumulative Remedies.
The rights of the EDC to recover costs under this Section are cumulative of all other rights or remedies available at law, in equity, or under the loan documents.

3.4 Transparency.
All foreclosure actions shall be reported monthly to the EDC Board with a status summary identifying the stage of proceedings and any material developments.

Section 4. Governance and Amendment Control

This policy shall remain in effect until amended or repealed. Any amendment or repeal shall require a majority vote of the board of directors of the Development Corporation of Mercedes and be ratified by a majority vote of the Mercedes City Commission.

Section 5. Implementation and Review

This policy shall become effective immediately upon adoption by the DCM Board. It shall be reviewed annually during the audit cycle to ensure compliance with Texas Property Code Chapter 51 and all applicable loan or security agreements.

Loan Write-Off Policy

Section 1. Purpose
To establish consistent standards for writing off delinquent loans to maintain accurate financial statements, prevent asset overstatement, and protect the credibility of the Development Corporation of Mercedes (EDC).

Section 2. Policy
1. Automatic Write-Off Rule: Any loan deemed uncollectable or that is 365 days (12 months) past due with no approved repayment plan in place shall be automatically written off as uncollectible. Justification: Retaining loans beyond 365 days past due creates an asset overstatement and misrepresents the financial condition of the Corporation.

2. Allowance for Doubtful Accounts: Loans approaching 365 days delinquent may be reserved against in part or full prior to write-off.

3. Negotiated Extensions: If a borrower is amenable to revised terms, the negotiated terms must be completed and approved by the DCM Board before the 12th month of delinquency. Extensions granted after 365 days past due are not permitted under this policy.

4. Ineligibility for Future Funding: Any borrower in default, and any business in which the borrower holds ownership, partnership, or management interest, is ineligible for EDC funding until the debt is settled in full.

5. Collection Costs: All associated collection costs, legal fees, and administrative expenses incurred by the EDC shall be added to the total due from the borrower.

6. Transparency: Write-offs, extensions, and collection efforts must be documented and included in quarterly board packets with delinquency aging schedules.

Section 3. Governance & Amendment Control
This policy shall remain in effect unless amended. Amendments or repeal require a unanimous vote of the Mercedes City Commission.

Section 4. Implementation
Effective upon adoption by the DCM Board. Annual review during every September. Loans written off remain subject to collection; recovered amounts are recognized as income when received.

5.Discussion and Action: Downtown Façade Grant

development corporation mercedes big boots. big opportunities.

Memo

To: DCM Board of Directors

From: Melissa Ramirez, Executive Director

CC: File

Date: 11/14/2025

Re: Façade Grant

Attached is the façade grant program from 2017. At the October Board meeting the Board agreed to engage architectural services for this program. The Board needs to identify eligible address and budget for each grant.

Recommendation: Discussion

Façade Renovation and Improvement Policy

A. Purpose
The purpose of the Facade Renovation and Improvement Policy is to maintain Texas Street and the Central Business District attractive to retail, office, and commercial operations by encouraging restoration and improvement of commercial property through financial incentives.

B. Targeted Area
Commercial Corridor, defined as south from the Expressway 83 frontage on Texas to Sixth Street and from the floodway east of US Business 83 to Rio Rico Road (FM 491). Vermont from Expressway 83 to US Business 83. The Storage Depot Plaza is not eligible.

C. Objective
Funds will be made available for the enhancement of, or improvements to:
the exterior or facade of a building-improvements may include enhancement to the facade, signage, and display area. Such improvements may include window and door repair, glass replacement, facade addition and repair, brick and mortar repair, awnings, trim repair or replacement, paint, parking and landscaping.

D. Grant Amount Amounts
The amount of each grant is limited to $15,000 per lot. Grants will be paid out to the contractor upon completion of the project and documentation of the expenditure for the improvement.

E. Grant Limitation
All facade improvements must be complete within (90) days of the Board's approval. Failure to complete the improvements within ninety (90) days makes the project ineligible for a facade grant, terminates the grant and the grant will not be funded.

F. Requirements
Improvements are to be preapproved by the DCM Board. Grants are to be used solely for labor and materials to improve the exterior of the building. No funds are available for interior improvements, inventory, or working capital. Requests for façade grants need to be submitted prior to starting the work. Works in progress will not be considered.

Modified: 2025

6. Discussion and Action: Film Grant

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Memo

To: DCM Board of Directors

From: Melissa Ramirez, Executive Director

CC: File

Date: 11/14/2025

Re: Film Grant

Many film friendly communities across the state have established local filming grants to encourage production within their community. Producers utilize the grants to offset the cost of hiring local crews and housing accommodations. Please see attached example from the San Antonio- Film Commission.

- **What it is**: A cash rebate program for qualifying film and television productions.
- **Rebate rate**: 7.5% of approved spending in the Greater San Antonio Metropolitan Area.
- **Maximum award**: $250,000 per project.
- **Eligible projects**: Feature films, short films, documentaries, TV movies/series/episodes, webisodes, and music videos.

Key eligibility requirements

- Spend at least $100,000 in the Greater San Antonio Metropolitan Area.
- Complete at least 60% of production days within the area.
- Hire at least 55% Texas residents and 10% San Antonio residents.
- Establish the production office within San Antonio city limits.

How it works

- Funds are distributed to the production after the project is completed and local spending is verified.
- The city and producers will provide independent audits to verify the financials and local spending breakdown.

How it fits with state programs

- The SSAI is a local incentive that can be combined with the state of Texas's incentive program, the Texas Moving Image Industry Incentive Program (TMIIIP).
- By combining local and state funds, productions can create a larger rebate package.

Recommendation: Discussion

7. Discussion and Action: ICSC Red-River

Memo

To: DCM Board of Directors

From: Melissa Ramirez, Executive Director

CC: File

Date: 11/12/2025

Re: ISCS Red River- San Antonio 2026

ICSC Red River has moved their event location to San Antonio, Texas for 2026. The dates will be February 17-18, 2026, at the Henry B. Gonzalez Convention Center. This is a regional trade show and conference related to real estate and facility management industry.

The DCM previously budgeted $15,000 for ICSC-Red River and has purchased a 10x20 booth space at a cost of $1,950.00 leaving a remaining $13,050.00 for event expenditures.

Estimated Attendance Cost for 2 days of Event	
Registration Fee:	$525.00 per person
Membership 1 Year:	$175.00 per person
Hotel:	$500.00 per person
Meal Per Diem:	$225.00 per person
Mileage Per Diem:	$355.00 per person
Total	**$1,780.00 per person**

Recommendation: Plan to attend ICSC-Red River San Antonio 2026 two staff members: Executive Director & Marketing Director. Who else would like to attend?

8. Discussion and Action: DCM Signage Improvement Program-Nayeli Valdemar, Eduardo Ozuna, Joe Steve Gonzalez, Laura Luna

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Memo

To: DCM Board of Directors

From: Zefra Mascorro, Administrative Coordinator

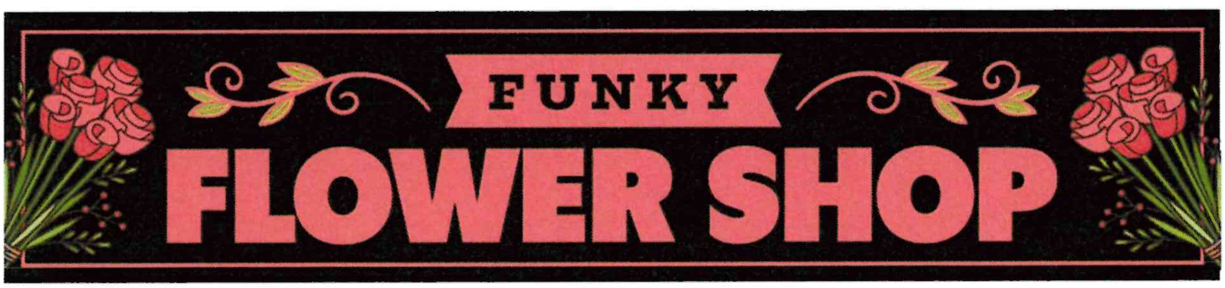
CC: File

Date: 11/14/2025

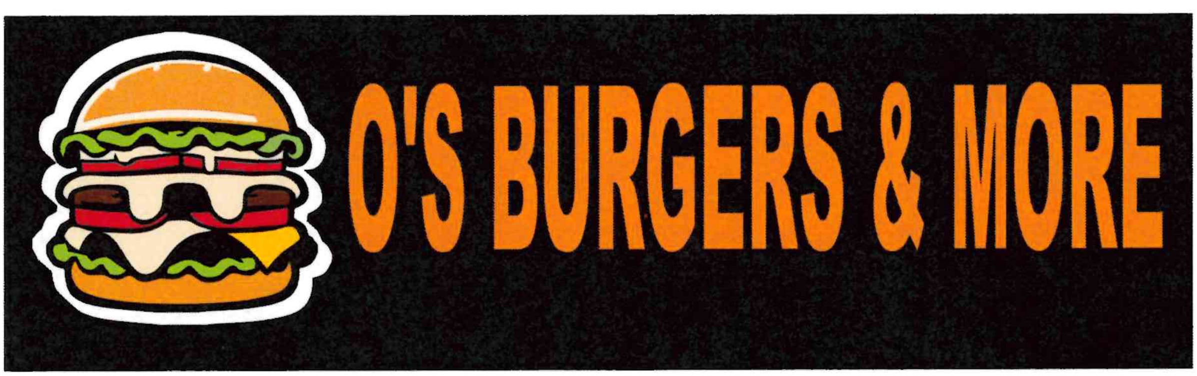
Re: Signage Grant Program

The following businesses have revamped their applications for the Signage Grant Program:

1. Grant applicant Nayeli Valdemar, Funk Flower Shop, LLC, grant request $4,500.00.



2. Grant applicant Eduardo Ozuna, O's Burgers and More, grant request $4,500.00.

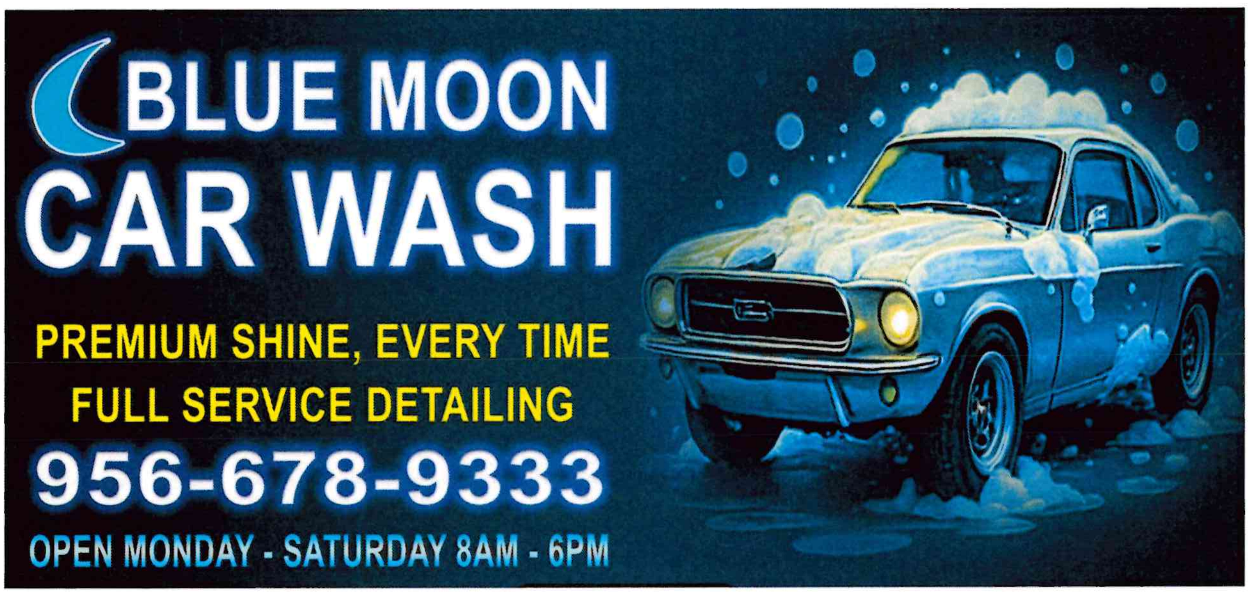


The following businesses have turned in new applications for the Signage Grant Program:

1. Grant applicant Joe Steve Gonzalez, Papa Joe's Cafe, grant request $4,500.00.

PAPA JOE'S CAFÉ

2. Grant applicant Laura Luna, Blue Moon Carwash, grant request $4,500.00.



All have met criteria.

Recommendation: Will of the board. If all applicants are approved the program's total grant expenditures would be $18,000 for the FY25-26 budgeted $70,000 leaving $52,000 to continue the program's signage investments.

9. Discussion and Action: Signage Removal & Storage-
Yanira Tamez

Memo

To: DCM Board of Directors

From: Zefra Mascorro, Administrative Coordinator

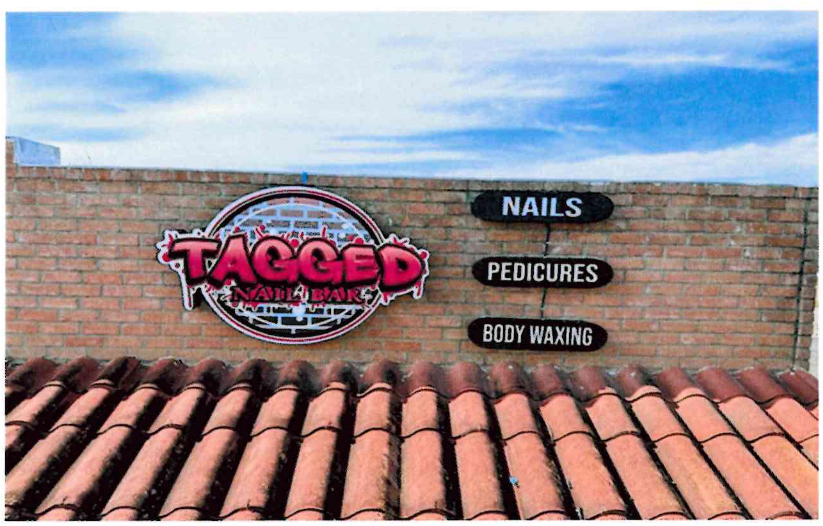
CC: File

Date: 11/13/2025

Re: Signage Removal & Storage

The following Business owner Yanira Tamez would like to receive DCM Board approval to self-cover costs for sign removal & signage storage in a personal storage unit after closing her location.

1. Tagged Nail Bar, Owner Yanira Tamez- located at 50 N. Vermont Ave Suite C, Mercedes Texas 78570. Signage was approved on November 13, 2024 for a total cost of $4,492.38.



Recommendation: Approve Yanira Tamez, of Tagged Nail Bar to self-cover costs for sign removal and storage.

10. Discussion and Action: MPC Studios Migration to Google Workspace

Memo

To: DCM Board of Directors

From: Zefra Mascorro, Administrative Coordinator

CC: File

Date: 11/14/2025

Re: MPC Studios Migration to Google Workspace

Reminder, effective as of December 31, 2025, MPC Studios will no longer provide support for Rackspace Email. Due to ongoing outages and service instability, MPC Studios can no longer recommend or support it as a reliable solution. A preferred choice must be provided prior to December 15, 2025.

The following viable options were provided:
Please see attached documents.

Recommendation: Move to Google Workspace for a total cost of $1,000 annually for 3 staff members.

From: MPC Studios <support@mpcstudios.com>
Sent: Monday, November 3, 2025 4:05 PM
To: zmascorro@mercedesedc.com
Subject: Reminder: MPC Discontinuation of Rackspace Email Support

PO Box 532863 Harlingen, TX 78553 / (956)423.2233

As we approach the end of the year, this is a reminder that **MPC Studios will discontinue support for Rackspace Email after December 31, 2025.**

Rackspace Email itself will remain available, but due to ongoing reliability issues, MPC Studios will no longer recommend or support it after this date.

To ensure uninterrupted email service, please review your options below and let us know your preferred choice before December 15, 2025.

Your Options

Option 1: Continue Using Rackspace Email

You may continue using **Rackspace Email** and pay Rackspace directly.

- Starting January 1, 2026, all support and troubleshooting will need to be handled directly with Rackspace.

Option 2: Choose Your Own Email Provider

You may select any email provider of your choice.

- You'll handle the setup and migration process.
- Once you've moved your email, MPC Studios will update your domain's DNS records to point to your new provider.

Option 3: Move to Google Workspace (Recommended)

We recommend Google Workspace for its reliability, security, and productivity tools.

You have two setup choices:

A. MPC Studios Managed Plan – We handle everything: setup, migration, and ongoing support.

- $500/year for the first email account
- $250/year for each additional user
  (Includes Google Workspace subscription — no separate billing from Google.)

B. Self-Managed Plan – You handle setup and migration yourself.

- $168/year per user (paid directly to Google)
- Support provided directly by Google

Please Confirm Your Selection

☐ I will stay with Rackspace Email and handle support directly.

☐ I will choose my own email provider and manage the transition.

☐ I would like to move to Google Workspace – MPC Managed Plan ($500 first email / $250 each additional).

☐ I will use the Google Workspace Self-Managed Plan ($168/user/year, paid directly to Google).

Please reply by December 15, 2025 to confirm your selection and ensure a smooth transition before support ends.

If you have any questions, we're happy to help.

Contact us at support@mpcstudios.com
Thank you for being a valued MPC Studios client.

—

MPC Studios Team

Our mailing address is:
MPC Studios Inc
PO BOX 532863
Harlingen, TX 78553

Add us to your address book

11. Tabled Items

12. Discussion and Action: Executive Session: Section 551.087: Economic development negotiations with Project Figuera, Project Garza, Project Kamel, Project M30, Project Food, Project M. Rivera, Project PE, Project Petro, Project More, Project ZIWA, Project Gomez, Project American Legion, Project J. San Miguel, Project Renata Ledesma, Project Stay, Project Kamel, Project ASHTI, Project Arts, Project QSR, Project 150, Project M2, Project Cruz, Project Bert Ogden, Project RGVLS, Project G. Schwarz, Project Coffee, Project Carwash, Project Rios and Project UT, Section 551.072: Acquisition and Sale of Real Estate- BIXBY S735.5'-W862.43' IRR TR -S OF HWY 83 LOT 5 & AN IRR TR E202.58'-S665.51' LOT 6 17.338 AC GR 17.118 AC NET 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.

13. Discussion and Action: item #12

14. Adjournment