



Mayor Oscar D. Montoya
Mayor Pro-Tem Joe Martinez
Commissioner Armando Garcia

Commissioner Jacob Howell
Commissioner Ruben Saldana
City Manager Alberto Perez

MERCEDES CITY COMMISSION
SPECIAL MEETING
SEPTEMBER 13, 2022 – 6:30 P.M.
MERCEDES CITY HALL – COMMISSION CHAMBERS
400 S. OHIO AVE., MERCEDES, TX 78570

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

- 1. **Call Meeting to Order**
- 2. **Establish Quorum**
- 3. **Invocation**
- 4. **Pledge of Allegiance**
- 5. **Open Forum-**

Maximum length of time of forum is forty-five minutes with individual presentations limited to a maximum of five minutes. The City Commission can take no formal action on any city related matter discussed during the open forum. Persons who wish to participate in this portion of the meeting shall sign up as they arrive, indicating the topic about which they wish to speak. No one will be able to sign up **AFTER 5:50 PM**. The information required for signing up must be completed by that time. No public comments will be allowed during any agenda item unless recognized by the Mayor or if the item requires a public hearing. State your name and address before beginning your presentation.

There can be no comments about specific employees. By Charter, the City Manager is exclusively given authority over personnel matters, including complaints against city personnel. All complaints against city personnel will be addressed pursuant to Mercedes Personnel Policies. Comments must not be repeated and the Commission is not required to answer any question from the public. Any person who decides to directly question any member of the City Commission will be asked to discontinue their comments. The City Secretary’s office representative will be responsible for notifying each presenter that their five-minute time limit has expired.

- 6. **Ordinances/Resolutions:** *Present, Discuss, Consider and Possible Take Action Regarding:*
 - a. First Reading of Ordinance No. 2022-19 to adopt the Tax Rate for FY 2022-2023
 - b. First Reading of Ordinance No. 2022-20 to adopt the FY 2022-2023 Budget.
- 7. **Management Items:** *Present, Discuss, Consider and Possible Take Action Regarding:*
 - a. Discussion and Possible Action to extend Depository Services
- 8. **Adjournment**

Notice is hereby given that the City Commissioners of the City of Mercedes, Texas will meet in a **Special Meeting** on Tuesday, September 13, 2022 at 6:30 P.M. Said meeting will be conducted in the Commission Chambers of the City Hall located at 400 S. Ohio, Mercedes, Texas for the purpose of considering and taking formal action regarding the items listed above. This notice is given in accordance with Vernon’s Texas Codes Annotated, Texas Government Code, Section 551.001 et. Seq.

WITNESS MY HAND AND SEAL OF THE CITY THIS THE 9TH DAY OF SEPTEMBER, 2022.

ATTEST:



Joselynn Castillo, City Secretary
Time of Posting: 3:30 P.M.

ACCESSIBILITY STATEMENT

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

ORDINANCE NO. 2022-19

AN ORDINANCE LEVYING AN AD VALOREM TAX OF ZERO DOLLARS AND SEVEN HUNDRED SEVENTY FIVE (\$0.7750) CENTS ON THE ONE HUNDRED DOLLAR (\$100.00) VALUATION OF ALL TAXABLE PROPERTY WITHIN THE CITY OF MERCEDES, TEXAS; REAL, PERSONAL AND MIXED FOR THE YEAR 2022, FOR THE PURPOSE OF PAYING INTEREST ON AND PROVIDING A SINKING FUND FOR THE REDEMPTION OF ITS OUTSTANDING BONDS AND OTHER OBLIGATIONS AND FOR CURRENT EXPENSES AS NECESSARY AND IN THE BEST INTEREST OF THE TAXPAYERS OF SAID CITY. THE TAX RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS; PROVIDING FOR PENALTIES AND INTERST ON DELINQUENT TAXES; AND A DATE SAME SHALL BECOME DELINQUENT; PROVIDING A PERCENTAGE OF DISTRIBUTION OF THE SPECIFIED RATE; PROVIDING FOR A SAVINGS AND REPEAL CLUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

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

SECTION 1: An ad valorem tax of ZERO DOLLARS AND SEVEN HUNDRED SEVENTY FIVE (\$0.7750) CENTS on the One Hundred dollar (\$100.00) valuation based on 100% of actual values, of all taxable property within the City limits of Mercedes, Texas; real, personal and mixed, as said values are fixed and certified by the Chief Appraiser of Hidalgo County be, and the same is hereby levied for and on behalf of said City for the year 2022 for the purpose of paying interest on and providing a Sinking Fund, and for the current expenses as necessary and in the best interest of the taxpayers of the said City.

SECTION 2: If any person fails to pay their taxes on or before the 31st day of January, 2023, penalties and interest will accrue as defined in the Property Tax Code.

SECTION 3: The specified rate of zero dollars and seven hundred seventy five (\$0.7750) cents above levied shall be distributed as follows:

To the special interest and sinking fund for the servicing and redemption of outstanding general obligation bonds and all other obligation of said City of Mercedes, Texas. 0.3132 Cents
To the General Fund of the City of Mercedes, Texas 0.4618 Cents

SECTION 4: If any section, subsection, phrase, sentence, clause or provision of this Ordinance shall be declared invalid for any reason, such invalidity shall not affect the remaining provisions of this Ordinance or their applications to other personal or sets of circumstances, and to this end all provisions of this Ordinance are declared to be severable; and Ordinances or parts of Ordinances in conflict herewith are hereby repealed.

SECTION 5: This Ordinance shall become and be effective in accordance with the City Charter of the City of Mercedes, Texas and the laws of the State of Texas.

PASSED, APPROVED, AND ADOPTED ON FIRST READING THIS THE 13TH DAY OF SEPTEMBER, 2022.

PASSED, APPROVED, AND ADOPTED ON SECOND READING THIS THE 20TH DAY OF SEPTEMBER, 2022.

Oscar D. Montoya, Sr., Mayor

ATTEST:

APPROVED:

Joselynn Castillo, City Secretary

Martie Garcia-Vela, City Attorney

ORDINANCE NO. 2022-20

AN ORDINANCE ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022 AND ENDING SEPTEMBER 30, 2023; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on Monday, August 29, 2022 the City Manager of the City of Mercedes, Texas filed a proposed budget for the fiscal year beginning October 1, 2022 and ending September 30, 2023 with the City Secretary of said City; and

WHEREAS, as required, a public hearing was called and held on September 6, 2022 in reference to said budget;

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

That the proposed budget now on file at City Hall, 400 South Ohio Avenue, Mercedes, Texas be and is hereby approved and adopted as the actual budget for the fiscal year beginning October 1, 2022 and ending September 30, 2023, and that all ordinances or parts of ordinances in conflict herewith are hereby repealed and

That this Ordinance shall become and be effective in accordance with the City Charter of the City of Mercedes, Texas and the laws of the State of Texas.

PASSED, APPROVED, AND ADOPTED ON FIRST READING THIS THE 13TH DAY OF SEPTEMBER, 2022.

PASSED, APPROVED, AND ADOPTED ON SECOND READING THIS THE 20TH DAY OF SEPTEMBER, 2022.

Oscar D. Montoya Sr., Mayor

ATTEST:

APPROVED:

Joselynn Castillo, City Secretary

Martie Garcia-Vela, City Attorney

AGENDA ITEM NO. 7A**CONSENT ITEM : NO**

DATE: September 13, 2022
FROM: Nereida Perez, Finance Director
ITEM: **Discussion and Possible Action to extend Depository Services**

BACKGROUND INFORMATION:

The City of Mercedes went out for bids for depository services back in 2019. Texas National Bank was awarded the bid due to the minimal costs to the City, service and location.

The contract was for three years with the option to renew for another two years, for a total and limit of (5) five years. The contract would remain the same, no changes would be made to the current services or fees.

BOARD REVIEW/CITIZEN FEEDBACK: N/A

ALTERNATIVES/OPTIONS: N/A

FISCAL IMPACT:

Proposed Expenditure/(Revenue):	Account Number(s):

Finance Review by: Nereida Perez, Finance Director

LEGAL REVIEW:**ATTACHMENTS:**

1. Texas National Bank current contract.

DRAFT MOTION: Staff is recommending approval to extend for the two additional years.

CONTRACT EXTENSION #2022/09/13

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MERCEDES, TEXAS, that the contract between the City of Mercedes, Texas and Texas National Bank, Depository Services was evaluated and contract renewals may be extended in accordance with the Mercedes City Charter, and

The City Commission hereby exercises the contract extension option for two years beginning September 18, 2022 and ending September 17, 2024 and that the Mayor or Mayor Pro-Tem is hereby authorized to execute this contract extension and to do all other acts necessary to carry said extension into effect.

PASSED, APPROVED, AND ADOPTED THIS THE 13TH DAY OF SEPTEMBER, 2022.

Oscar D. Montoya Sr., Mayor

ATTEST:

Joselynn Castillo, City Secretary



DEPOSITORY PLEDGE AGREEMENT

City of Mercedes, ("Depositor") has selected Texas National Bank, ("Bank") as a depository for certain of its funds and Bank has agreed to act as the depository for those funds in accordance with applicable laws, which require that Bank secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation ("FDIC"), by pledging securities ("Eligible Securities") of any type (including without limitation surety bonds and investment securities) permitted by the provisions of the Public Funds Collateral Act, Title 10, Chapter 2257 of the Texas Government Code (the "Governing Statutes"). Frost Bank ("Custodian") has agreed to hold the pledged securities in safekeeping pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants in this Agreement, Depositor, Bank and Custodian agree as follows:

1. **Grant of Security Interest; Instructions Regarding Collateral.** Bank hereby grants to Depositor a security interest in all Eligible Securities held by Custodian and reflected on Custodian's records as being pledged to Depositor (the "Collateral"), and Custodian agrees to hold all Collateral deposited with it pursuant to the terms of this Agreement, and to serve as collateral agent for Depositor. Until Depositor has the right to compel sale of the Collateral under Paragraph 6 hereof, Custodian may act only in accordance with the joint instructions of Bank and Depositor, provided that Bank shall be permitted to unilaterally substitute Eligible Securities for the Collateral in accordance with Paragraph 3 hereof. Addendum "A" contains the names and specimen signatures of individuals authorized to act on behalf of Depositor, and Addendum "B" contains the names and specimen signatures of individuals authorized to act on behalf of Bank. Either Depositor or Bank may add or remove authorized representatives without the consent of the other at any time by providing Custodian with a replacement addendum, duly executed by an authorized individual.

2. **Amount of Collateral.** The aggregate market value of Eligible Securities held by a Custodian at all times during the term of this Agreement must be in an amount not less than 102 % of (a) the amount of the collected funds on deposit, increased by (b) the amount of accrued but unaccredited interest, (c) reduced by that portion of the funds insured by the FDIC. Such amount is hereinafter called the "Required Collateral Value". If Depositor requires additional collateral to secure its deposits at the Bank, Depositor must notify the Bank one (1) business day prior, by no later than 3:00pm (deadline), in order to provide ample time for the Bank to acquire additional collateral. Bank will make best efforts to provide additional collateral if Depositor fails to meet this deadline.

3. **Substitutions and Withdrawals of Collateral.** If the aggregate market value or Collateral held by Custodian at any time exceeds the Required Collateral Value, Bank may withdraw any excess Collateral by providing Custodian with a withdrawal notice signed by an authorized representative of both Bank and Depositor. Depositor agrees to promptly sign the withdrawal notice if the market value of the remaining Collateral equals or exceeds the Required Collateral Value. Additionally, Bank may substitute Eligible Securities for any of the Collateral held by Custodian at any time by providing Custodian with a substitution notice signed by an authorized representative of Bank, provided that the market value of the Collateral following such substitution would equal or exceed the Required Collateral Value.

4. **Bank's Obligations.** Bank shall perform all the duties and obligations required of a depository under applicable law with respect to collateralization of the funds of Depositor on deposit with Bank, including the duties and obligations required under the Governing Statutes. At the expiration of the term of this Agreement, Bank shall turn over to any successor depository designated by Depositor all funds held by Bank as depository. Bank will furnish to Depositor a monthly statement listing a description of the Collateral. The statement will specify the par value, market value, and maturity date of each component of the Collateral. Upon request, Bank shall provide to Depositor a copy of Bank's annual financial statement.

5. **Custodian's Obligations.** Custodian shall perform all the duties and obligations required of a custodian under applicable law with respect to the custody and disposition of Eligible Securities, including the duties and obligations required under the Governing Statutes. On receipt of Eligible Securities pledged to Depositor, including Eligible Securities substituted for other Collateral, Custodian shall immediately identify such Eligible Securities on its books and records as being Collateral securing the deposited funds to Depositor, and shall promptly issue and deliver to Bank a receipt for such Collateral together with a duplicate receipt issued to Depositor. Upon receipt, Bank will promptly mail the receipt to Depositor.

6. **Default and Remedies.** If Bank defaults in performing its obligations under Paragraph 4 above, or if Bank is declared insolvent, or if a receiver is appointed for Bank, Depositor may instruct Custodian to sell the Collateral or any part thereof at public or private sale, after providing Bank at least three (3) business days prior written, notice and opportunity to cure the default, and, if Bank fails to cure the default within the required period of time, Custodian shall proceed to sell the specified Collateral in accordance with the Depositor's instructions. The proceeds of any sale shall be applied to satisfy any indebtedness owed by Bank to Depositor, and any excess proceeds shall be returned to Bank. Depositor will also have any other remedies available under applicable law.

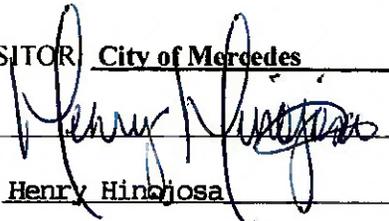
7. **Termination of Agreement.** Any party of this Agreement may terminate this Agreement by giving thirty (30) days prior written notice of termination to other parties.

8. **Applicable Law; Other Agreements.** This Agreement is governed by the laws of the State of Texas. All deposit accounts of Depositor, and cash management services, if any, provided in connection with such accounts, will be subject to Bank's Business Account Terms and Conditions, BEB Agreement, ACH agreement, RDM Agreement, and Positive Pay Agreement, as applicable, in effect from time to time, and as modified in writing by agreement of the parties.

9. **Miscellaneous.** The headings in this agreement are for convenience of reference only and should not be used in interpreting this Agreement. If any provision of this agreement is illegal or unenforceable under applicable law, that provision should be deemed reformed so as to be enforceable to the extent permitted by applicable law, or if that is not possible, then this Agreement should be read as if that provision was never a part of it, and the remainder of the Agreement will be enforceable. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO ORAL AGREEMENTS OF THE PARTIES. Notices given under this Agreement must be addressed as set forth below the signature of each party and will be effective upon actual receipt by the addressee or upon refusal of delivery during the normal business hours of the addressee.

Date of Agreement: September 17, 2019.

DEPOSITOR: City of Mercedes

By: 

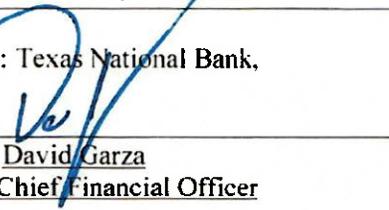
Name: Henry Hinojosa

Title: Mayor

Address for notice: 400 S. Ohio Ave.

Mercedes, TX 78570

BANK: Texas National Bank,

By: 

Name: David Garza

Title: Chief Financial Officer

CUSTODIAN: Frost Bank

By: 

Name: DAVID A. LANE

Title: SE. Vice President

Address for notice: P.O. Box 1600

SAN ANTONIO, TX 78296

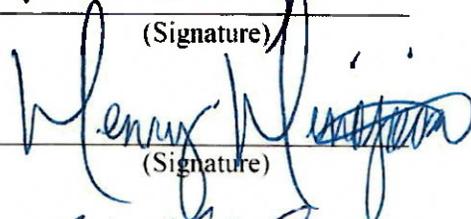
ADDENDUM "A"
(Authorized Officers of Depositor)

One signature of any of the following authorized officers of Depositor is required to authorize actions to be taken pursuant to the foregoing Depository Pledge Agreement:

1. Iacnel Benavidez
(Name)


(Signature)

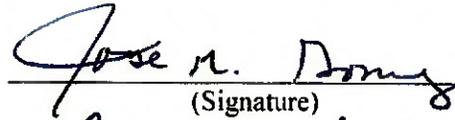
2. Henry Hinojosa
(Name)


(Signature)

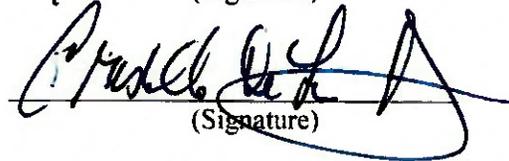
3. Leandro Villarreal
(Name)


(Signature)

4. Jose M. Gomez
(Name)


(Signature)

5. Cristella De Leon Hernandez
(Name)


(Signature)

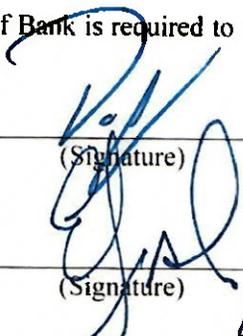
6. _____
(Name)

(Signature)

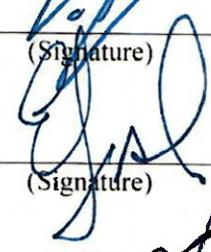
ADDENDUM "B"
(Authorized Officers of Bank)

One signature of any of the following authorized officers of Bank is required to authorize actions to be taken pursuant to the foregoing Depository Pledge Agreement:

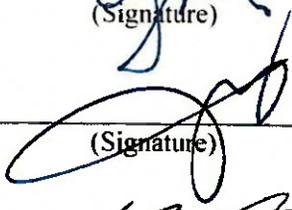
1. David Garza


(Signature)

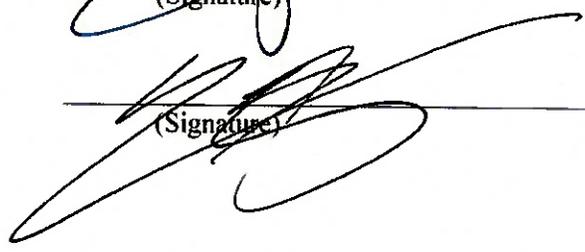
2. Eddie Leal


(Signature)

3. Joe Quiroga


(Signature)

4. Edna Cicero


(Signature)

BANK DEPOSITORY AGREEMENT

This Bank Depository Agreement (the "Agreement") is made and entered into this 17th of September 2019 by and between **The City of Mercedes (the "Depository")** and Texas National Bank (the "Bank") a national chartered Bank.

Section I Designation as Depository

The Depository, through action of its Governing Body, hereby designates the Bank as its depository for banking services for a 3 year period commencing October 1, 2019 through September 30, 2022, with two automatic one year extension unless indicated by Depository Counsel.

Section II Designation of Custodian

The Depository and Bank hereby designate the Frost Bank (the "Custodian") or any other mutually agreeable Bank to hold in trust, according to the terms and conditions of the Depository Request for Proposal, dated July 30, 2019 (the "RFP") all securities pledged as depository collateral in accordance with the Depository's Investment Policy.

Any and all fees from the Custodian associated with the safekeeping of securities pledged to the benefit of the Depository shall be borne by the Bank.

Section III Collateral

Depository time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance shall be secured at all times by collateral, acceptable to the Depository and in accordance with the Public Funds Collateral Act (Texas Government Code 2257), pledged by the Bank and held in trust by the Custodian in an amount equal to at least 102% of the total of those funds. Custodian will provide a monthly report of the collateral directly to the Depository.

Such pledged securities shall be subject only to the joint written instructions of both (a) authorized representatives of the Depository and (b) specifically authorized representatives of the Bank. The Bank shall have the right, (with the prior written consent of the Depository and if substituting securities are received before previously pledged securities are removed from safekeeping), to substitute or replace, any or all of the pledged securities with collateral acceptable to the Depository.

Section IV Financial Position

The Bank will provide an annual statement audited by its independent auditors.

Section V Authorized Depository Representative

For the term of this contract, the Depository and Bank designate the individuals as listed in Exhibit A as authorized to represent and act for the Depository in any and all matters including collateral assignment and substitution, execution of agreements and transfer of funds. Any change in these representatives will be made in writing.

Section VI Scope of Services

The Bank's response to the Depository's RFP, dated July 30, 2019, (the "Response") is incorporated into this Agreement for all purposes, including service charges, time deposit, demand deposit and loan rates, and attached as Exhibit B. If any provisions of the Response and this Agreement are in conflict, this Agreement will control.

The Bank shall faithfully perform all of its duties and obligations required by the laws of the State of Texas for public funds depositories and shall upon presentation pay all checks drawn on it against collected funds on demand deposits, and shall, at the expiration of the Agreement, turn over to its successor all funds, Bank-owned securities, property and things of value held as depository.

The Depository shall have the power to determine and designate the character and amount of the funds to be deposited in the Bank. The Depository may arrange for time deposits and Bank may accept such deposits subject to the terms of the Bank's Response.

This Agreement, along with all Exhibits and other incorporated documents shall constitute the entire Agreement between the parties.

Section VII Bank Compensation

Bank will be compensated for any and all services rendered to **Depository** under this Agreement. Bank agrees to offset monthly service fees against its customary earnings credit for balances in **Depository** deposit accounts. Net insufficiencies in earnings credits will be charged on a monthly basis.

FEE BASIS LANGUAGE

Bank will be compensated for any and all services rendered to **Depository** under this Agreement on a cost per item or monthly charge basis as set forth in the service charges of the Bank's Response.

Section VIII Default

The Bank shall be in default if it fails to pay all or part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including accrued but unpaid interest, at a specified maturity date. The Bank shall also be in default if ruled "bankrupt", "insolvent" or "failed" by a federal or state banking regulator, or if a receiver is appointed for the Bank.

In the event of a default, failure or insolvency of the Bank, the **Depository** shall be deemed to have vested full title to all securities pledged under this Agreement. The **Depository** is empowered to take possession of and transfer and or sell any and all securities. If the security is liquidated, any proceeds over the defaulted amount, plus expenses related to liquidation, shall be returned to the Bank. This power is in addition to other remedies which the **Depository** may have under this Agreement and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the **Depository** under this Agreement.

Section IX Non-Assignability

This Agreement is not assignable in whole or in part but is binding on the parties, their successors and assigns.

Section X Law Governing

All applicable provisions and requirements of the laws of the State of Texas governing depositories for the **Depository** shall be a part of this Agreement.

Section XI Bank Authorization

The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors of the Bank and recorded in the official records of the Bank.

DEPOSITORY

City of Mercedes

Name and Title

ATTEST

Signature

BANK

Texas National Bank

Joe Quiroga, President

Name and Title

ATTEST:

Signature

CUSTODIAN BANK:

FROST BANK

DAVID A. LAW, Sr. Vice President

Name and Title

ATTEST

Signature

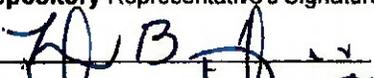
EXHIBIT A

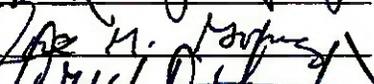
AUTHORIZED REPRESENTATIVES

The following individuals are authorized representatives of the **Depository** empowered to direct the Bank and the Custodian for the Bank, in regard to collateral pledges, releases and substitutions in the joint safekeeping account as well as authorized to represent and act for the **Depository** in any and all matters including execution of agreements and transfer of funds.

Depository Representative's Signature

Name and Title






Leonel Benavidez, Commissioner

Henry Hinojosa, Mayor

Leandro Villarreal, Mayor Pro-Tem

Jose M. Gomez, Commissioner

Bank Representatives Name and Title

Joe Quiroga, President

David Garza, Chief Financial Officer

Eddie Leal, Chief Operations Officer

Edna Cicero, AVP Senior Accountant