

**CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
TUESDAY, JANUARY 2, 2018
5:00 P.M.**

- A. 1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN**
- A. 2. PLEDGE OF ALLEGIANCE LED BY MAYOR DAVID PLYLER**
- A. 3. INVOCATION BY MAYOR DAVID PLYLER**
- A. 4. APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF DECEMBER 18, 2017 AND THE CALLED CITY COUNCIL MEETING OF DECEMBER 22, 2017**

Proclamations

- B. 1. PROCLAMATION**
"School Board Recognition Month" – January 2018

Public Hearing

- C. 1. PUBLIC HEARING**
Proposed Tax Abatement Agreement with J.P. Hart Lumber Co., LLC for Improvements to Property within Industrial Reinvestment Zone, Number 122017-01, City of Sherman, Texas

Close Public Hearing and Consider Resolutions

Resolutions

- D. 1. RESOLUTION NO. 6321**
Authorizing Execution of an Agreement with J.P. Hart Lumber Co., LLC for the Abatement of Ad Valorem Property Taxes for Improvements within Industrial Reinvestment Zone, Number 122017-01, City of Sherman, Texas
- E. CITIZEN REQUESTS**
- F. MEDIA QUESTIONS**
- G. COUNCIL COMMENTS**

Executive Session

H. 1. EXECUTIVE SESSION

In Accordance with Chapter 551, Government Code, V.T.C.S. (Open Meetings Law), "The City Council Will Now Hold a Closed Executive Meeting Pursuant to the Provisions of the Open Meetings Law, Chapter 551, Government Code, Vernon's Texas Codes Annotated, in Accordance with the Authority Contained in the Following Sections:

Section 551.071	Consultation with City Attorney concerning Pending or Contemplated Litigation
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The Council reconvenes into General Session

I. 1. OPEN MEETING

Reconvene into Open Meeting and Consider Action, if any, on items discussed in Executive Session

J. ADJOURNMENT

COUNCIL CALENDAR

CERTIFICATION

I, the undersigned authority, do hereby certify that the above Notice of Regular Meeting of the City Council of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board at City Hall of said City of Sherman, Texas, a place convenient to the public, and said notice was posted on December 28, 2017 at 4:00 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 28th day of December, 2017
City of Sherman, Texas

City Clerk

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.

All agenda items are subject to final action by the City Council.

An unscheduled closed executive session may be held if the discussion of any of the above agenda items concerns the purchase, exchange, lease or value of real property; the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; the deployment or use of security personnel or equipment; or requires consultations with the City Attorney.

At the discretion of the City Council, non-agenda items under the headings of "Citizens Requests", "Media Questions", and "Council Concerns" may be presented to the Council for informational purposes; however, by law, the Council shall not discuss, deliberate, or vote upon such matters except that a statement of specific factual information, a recitation of existing policy, and deliberations concerning the placing of the subject on a subsequent agenda may take place.

The City Attorney has approved the Executive Session items on this agenda.

PERSONS WITH DISABILITIES, WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT LINDA ASHBY AT (903) 892-7204, TWO (2)

Any item on this posted agenda may be discussed in Executive Session provided it is within one of the permitted categories under Chapter 551 of the Texas Government Code

WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

Mayor

David Plyler

Deputy Mayor

Pamela L. Howeth

Council Members

Willie Steele, Council-At-Large, PL #1

Jason Sofey, Council-At-Large, PL #2

Shawn C. Teamann, Council – District #1

Josh Stevenson, Council – District #2

Pamela L. Howeth, Council – District #3

Daron Holland, Council – District #4



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

A.4.

Meeting Date: 01/02/2018

Prepared By: Linda Ashby, City Clerk

Approved By: Robby Hefton, City Manager

Caption:

APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF DECEMBER 18, 2017 AND THE CALLED CITY COUNCIL MEETING OF DECEMBER 22, 2017

Attachments

December 18, 2017

December 22, 2017 - Called Meeting

STATE OF TEXAS §
COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Regular Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Council Chambers of City Hall on December 18, 2017.

**MEMBERS PRESENT: MAYOR DAVID PLYLER; DEPUTY MAYOR PAM HOWETH.
COUNCIL MEMBERS HOLLAND, STEELE, STEVENSON,
TEAMANN.**

MEMBERS ABSENT: COUNCIL MEMBER SOFEY.

CALL TO ORDER

Mayor Plyler called the meeting to order at 5:00 p.m. The Pledge of Allegiance and Invocation were given by Council Member Shawn Teamann.

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of December 4, 2017. Deputy Mayor Howeth moved to approve the Minutes as presented; Second by Council Member Teamann. All present voted AYE. MOTION CARRIED.

INTRODUCTION AND PUBLIC HEARING OF ORDINANCES

Mayor Plyler introduced Ordinance No. 6087 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ACCEPTING AND APPROVING THE PROJECT PLAN AND THE FINANCING PLAN FOR THE SHERMAN TAX INCREMENT REINVESTMENT ZONE NUMBER SEVEN; PROVIDING FOR FINDINGS OF FACT.

Robby Hefton, City Manager, explained that this is the final action on the Tax Increment Reinvestment Zone #7. He said the Board met last week to discuss the project and financing plans.

No citizens appeared before the City Council to discuss Ordinance No. 6087.

Mayor Plyler introduced Ordinance No. 6088 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR A PERMANENT “STOP” SIGN ON RIDGEWAY DRIVE AT MCGEE STREET WITHIN THE CITY LIMITS OF THE CITY OF SHERMAN, TEXAS; PROVIDING FOR A PENALTY PROVISION; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

Clint Philpott, City Engineer, said the stop sign has been up for 90 days and there have been no complaints.

COUNCIL MINUTES – DECEMBER 18, 2017

No citizens appeared before the City Council to discuss Ordinance No. 6088.

Mayor Plyler introduced Ordinance No. 6089 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW TWO-FAMILY, SINGLE-STORY PATIO HOMES WITH NO MORE THAN TWO STRUCTURES ATTACHED IN A GROUPING IN AN R-1 (ONE FAMILY RESIDENTIAL) DISTRICT/COLLEGE PARK OVERLAY DISTRICT AT 605, 609, 613 AND 617 EAST CARTER STREET, BEING LOTS 4, 5, 6 AND 7, BLOCK 1, AUSTIN PARK ADDITION, A REPLAT OF LOTS 13-21, BLOCK 4 OF THE W.P. CARTER'S ADDITION (LAZY L ENTERPRISES, OWNERS; AND UNDERWOOD DRAFTING & SURVEYING, SURVEYOR); PROVIDING FOR A REPEALER; PROVIDING THAT THIS SPECIFIC USE PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00.

**ORD 6089
SUP FOR
PATIO HOMES
(605, 609, 624 & 617
E. CARTER)**

Scott Shadden, Director of Development Services, said the request is to modify the Specific Use Permit to allow two-family, single-story patio homes with no more than two structures attached in a grouping.

No citizens appeared before the City Council to discuss Ordinance No. 6089.

Mayor Plyler introduced Ordinance No. 6090 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW CONSTRUCTION EQUIPMENT SALES, RENTAL, SERVICE AND REPAIR FOR ABC SUPPLY COMPANY IN A C-2 (GENERAL COMMERCIAL) DISTRICT AT 2403 NORTH TRAVIS STREET, BEING 0.055 ACRES IN THE J.B. McANAI SURVEY, ABSTRACT NO. 763 (ROCK ROYALTY, INC., OWNER; AMERICAN BUILDERS & CONTRACTORS SUPPLY COMPANY, INC., SKIP RATH, PROSPECTIVE BUYER/REPRESENTATIVE; AND DEAN GILBERT, REPRESENTATIVE); PROVIDING FOR A REPEALER CLAUSE; PROVIDING THAT THIS SPECIFIC USE PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00.

**ORD 6090
SUP FOR
CONSTRUCTION
EQUIP SALES
(2403 N. TRAVIS)**

Mr. Shadden said the request is to expand the existing ABC Supply Company Specific Use Permit to allow a parking lot for their employees and customers. Travis Street is in the process of being widened and additional right-of-way has been dedicated from ABC Supply.

COUNCIL MINUTES – DECEMBER 18, 2017

No citizens appeared before the City Council to discuss Ordinance No. 6090.

Mayor Plyler introduced Ordinance No. 6091 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 12, ORDINANCE NO. 2280, SO AS TO INCLUDE CERTAIN PROPERTIES WITHIN THE C-2 (GENERAL COMMERCIAL) DISTRICT AT 2403 NORTH TRAVIS STREET, BEING 0.055 ACRES IN THE J.B. McANAI SURVEY, ABSTRACT NO. 763 (ROCK ROYALTY, INC., OWNER; AMERICAN BUILDERS & CONTRACTORS SUPPLY COMPANY, INC., SKIP RATH, PROSPECTIVE BUYER/REPRESENTATIVE; AND DEAN GILBERT, REPRESENTATIVE); PROVIDING FOR A REPEALER.

**ORD 6091
ZONE CHANGE
(2403 N. TRAVIS)**

Mr. Shadden said this zone change is needed to allow the aforementioned Specific Use Permit for the parking lot for ABC Supply Company.

No citizens appeared before the City Council to discuss Ordinance No. 6091.

Mayor Plyler introduced Ordinance No. 6092 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING ARTICLE II OF THE HOME RULE CHARTER, ENTITLED "CITY COUNCIL", AT SECTION 9, ENTITLED "RULES OF PROCEDURE AND MEETINGS"; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

**ORD 6092
AMEND CHARTER**

Brandon Shelby, City Attorney, said the proposed Charter amendment would be to clarify the date of a City Council Meeting if a paid staff holiday falls on the first or third Monday of the month, when the Regular Council Meetings are held.

The Charter would be amended to state that if a City holiday falls on the Monday of a regularly scheduled City Council Meeting, the Council Meeting would automatically be moved to Tuesday and would still be a "regular meeting." He said the current Charter is not clear on this issue.

No citizens appeared before the City Council to discuss Ordinance No. 6092.

The Public Hearing was closed.

ADOPTION OF ORDINANCES

Ordinance 6087

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ACCEPTING AND APPROVING THE PROJECT PLAN AND THE FINANCING PLAN FOR THE

**ORD 6087
TIRZ #7 PROJECT
& FINANCING PLAN**

SHERMAN TAX INCREMENT REINVESTMENT ZONE NUMBER SEVEN; PROVIDING FOR FINDINGS OF FACT.

Council Member Teamann asked if the \$25 million value was for the full development or just Phase I and how it was determined. Mr. Hefton said it was for the initial Phase 1 and was determined based on square footage, estimates, the investments, land, and bricks and mortar.

Ordinance 6088

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR A PERMANENT “STOP” SIGN ON RIDGEWAY DRIVE AT MCGEE STREET WITHIN THE CITY LIMITS OF THE CITY OF SHERMAN, TEXAS; PROVIDING FOR A PENALTY PROVISION; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

ORD 6088
STOP SIGN

Ordinance 6089

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW TWO-FAMILY, SINGLE-STORY PATIO HOMES WITH NO MORE THAN TWO STRUCTURES ATTACHED IN A GROUPING IN AN R-1 (ONE FAMILY RESIDENTIAL) DISTRICT/COLLEGE PARK OVERLAY DISTRICT AT 605, 609, 613 AND 617 EAST CARTER STREET, BEING LOTS 4, 5, 6 AND 7, BLOCK 1, AUSTIN PARK ADDITION, A REPLAT OF LOTS 13-21, BLOCK 4 OF THE W.P. CARTER’S ADDITION (LAZY L ENTERPRISES, OWNERS; AND UNDERWOOD DRAFTING & SURVEYING, SURVEYOR); PROVIDING FOR A REPEALER; PROVIDING THAT THIS SPECIFIC USE PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00.

ORD 6089
SUP FOR
PATIO HOMES
(605, 609, 624 & 617
E. CARTER)

Council Member Stevenson asked why a variance was needed. Mr. Shadden said patio homes with five feet on each side are allowed, but these would be zero on one side and 10 feet on the other.

Ordinance 6090

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW CONSTRUCTION EQUIPMENT SALES, RENTAL, SERVICE AND REPAIR FOR ABC SUPPLY COMPANY IN A C-2 (GENERAL COMMERCIAL) DISTRICT AT 2403 NORTH TRAVIS STREET, BEING 0.055 ACRES IN THE J.B. McANAIR SURVEY, ABSTRACT NO. 763 (ROCK ROYALTY, INC., OWNER; AMERICAN BUILDERS & CONTRACTORS SUPPLY COMPANY, INC., SKIP RATH, PROSPECTIVE BUYER/REPRESENTATIVE; AND DEAN GILBERT, REPRESENTATIVE); PROVIDING FOR A REPEALER CLAUSE; PROVIDING THAT THIS SPECIFIC USE

ORD 6090
SUP FOR
CONSTRUCTION
EQUIP SALES
(2403 N. TRAVIS)

PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00.

Ordinance 6091

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 12, ORDINANCE NO. 2280, SO AS TO INCLUDE CERTAIN PROPERTIES WITHIN THE C-2 (GENERAL COMMERCIAL) DISTRICT AT 2403 NORTH TRAVIS STREET, BEING 0.055 ACRES IN THE J.B. McANAIR SURVEY, ABSTRACT NO. 763 (ROCK ROYALTY, INC., OWNER; AMERICAN BUILDERS & CONTRACTORS SUPPLY COMPANY, INC., SKIP RATH, PROSPECTIVE BUYER/REPRESENTATIVE; AND DEAN GILBERT, REPRESENTATIVE); PROVIDING FOR A REPEALER.

ORD 6091
ZONE CHANGE
(2403 N. TRAVIS)

Ordinance 6092

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING ARTICLE II OF THE HOME RULE CHARTER, ENTITLED "CITY COUNCIL", AT SECTION 9, ENTITLED "RULES OF PROCEDURE AND MEETINGS"; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

ORD 6092
AMEND CHARTER

Council Member Teamann asked what would happen if there was a Planning and Zoning Commission Meeting on the Tuesday after a Monday night meeting was moved. Mr. Shelby said the staff was not aware of any holiday that would fall on the first or third Monday.

Council Member Stevenson expressed concern that this would bind the City Council. Mr. Shelby said this would make moving the Council Meeting automatic unless it is cancelled and would make it a "regular meeting" instead of a "called meeting."

ACTION TAKEN.

Motion by Council Member Teamann to adopt Ordinance Nos. 6087, 6088, 6089, 6090, 6091, and 6092, as presented.

Second by Council Member Stevenson.

VOTING AYE: Holland, Howeth, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

ADOPTION OF ORDINANCE NO. 6084

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING ARTICLE IV OF THE HOME RULE CHARTER, ENTITLED "ADMINISTRATIVE DEPARTMENTS", AT SECTION 4, ENTITLED "MUNICIPAL COURT"; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

ORD 6084
AMEND CHARTER

COUNCIL MINUTES – DECEMBER 18, 2017

ACTION TAKEN.

Motion by Council Member Steele to remove Ordinance No. 6084 from table and to consider its adoption. Second by Deputy Mayor Howeth.

VOTING AYE: Holland, Howeth, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED TO REMOVE FROM TABLE.

Mr. Shelby said this Charter Amendment was to designate how Alternate Municipal Court Judges are appointed, clarifying the language in the City Charter.

ACTION TAKEN.

Motion by Deputy Mayor Howeth to adopt Ordinance No. 6084, as presented. Second by Council Member Teamann.

VOTING AYE: Holland, Howeth, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

CONSENT AGENDA

The Council reviewed the Consent Agenda. Council Member Steele moved to approve the Consent Agenda, as presented. Second by Council Member Stevenson. All Council Members present voted AYE.

CONSENT AGENDA

RESOLUTIONS

RESOLUTION NO. 6314 – AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH VESSELS CONSTRUCTION BASED ON AN INVITATION TO BID FOR CONSTRUCTION OF THE SETTING SUNS DRAINAGE PROJECT PHASE 1

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH VESSELS CONSTRUCTION BASED ON AN INVITATION TO BID FOR CONSTRUCTION OF THE SETTING SUNS DRAINAGE PROJECT PHASE I.

**RES 6314
SETTING SUNS
DRAINAGE PROJECT
PHASE 1**

Mr. Philpott said this was the City's first stormwater project and will help the drainage in Setting Suns Addition. Seven bids were received for the project, with the lowest being \$175,000, from Vessels Construction.

ACTION TAKEN.

Motion by Council Member Stevenson to adopt Resolution No. 6314, as presented. Second by Deputy Mayor Howeth.

VOTING AYE: Holland, Howeth, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

RESOLUTION NO. 6315 – AUTHORIZING THE ACCEPTANCE OF A CONTRACT WITH CONVEYANCE DOCUMENT FROM SCOTT BANDEMIR FOR THE CONVEYANCE AND ACQUISITION OF PROPERTY LOCATED AT 3104 PRESTON

**RES 6315
ACQUISITION OF
PROPERTY AT
3104 PRESTON**

CLUB DRIVE, BEING LOT 25, BLOCK 11 OF PRESTON CLUB, THE LEGENDS SUBDIVISION, PHASE ONE, SAID PROPERTY BEING LOCATED IN THE CITY OF SHERMAN, COUNTY OF GRAYSON, STATE OF TEXAS

CLUB DR.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE ACCEPTANCE OF A CONTRACT AND CONVEYANCE DOCUMENT FROM SCOTT BANDEMIR FOR THE CONVEYANCE AND ACQUISITION OF PROPERTY LOCATED AT 3104 PRESTON CLUB DRIVE, BEING LOT 25, BLOCK 11 OF PRESTON CLUB, THE LEGENDS SUBDIVISION, PHASE ONE, SAID PROPERTY BEING LOCATED IN THE CITY OF SHERMAN, COUNTY OF GRAYSON, STATE OF TEXAS.
CONSENT AGENDA.

RESOLUTION NO. 6316 – AUTHORIZING EXECUTION OF AN ENCROACHMENT EASEMENT TO M&G HOME BUILDERS, LLC FOR THE INSTALLATION OF A SANITARY SEWER SERVICE LATERAL LINE WITHIN THE PLATTED PUBLIC ALLEY RUNNING EAST AND WEST IN BLOCK 1 OF THE HALL & JONES ADDITION FOR SANITARY SEWER SERVICES AT 522 EAST COLLEGE STREET IN THE CITY OF SHERMAN

RES 6316
ENCROACHMENT
EASEMENT FOR
SANITARY SEWER
(522 E. COLLEGE)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN ENCROACHMENT EASEMENT TO M&G HOME BUILDERS, LLC FOR THE INSTALLATION OF A SANITARY SEWER SERVICE LATERAL LINE WITHIN THE PLATTED PUBLIC ALLEY RUNNING EAST AND WEST IN BLOCK 1 OF THE HALL & JONES ADDITION FOR SANITARY SEWER SERVICES AT 522 EAST COLLEGE STREET IN THE CITY OF SHERMAN.
CONSENT AGENDA.

RESOLUTION NO. 6317 – AUTHORIZING THE PURCHASE AND INSTALLATION OF COMMUNICATIONS EQUIPMENT FOR THE SHERMAN POLICE DEPARTMENT FROM MOTOROLA THROUGH SHIPMAN COMMUNICATIONS

RES 6317
POLICE DEPT.
COMMUNICATIONS
EQUIPMENT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE PURCHASE AND INSTALLATION OF COMMUNICATIONS EQUIPMENT FOR THE SHERMAN POLICE DEPARTMENT FROM MOTOROLA THROUGH SHIPMAN COMMUNICATIONS.
CONSENT AGENDA.

RESOLUTION NO. 6318 – AUTHORIZING THE PURCHASE OF A NEW ELGIN EAGLE STANDARD STREET SWEEPER FOR THE STREET MAINTENANCE DEPARTMENT FROM KINLOCH EQUIPMENT & SUPPLY, INC. THROUGH THE TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD)

RES 6318
STREET SWEEPER

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE PURCHASE OF A NEW ELGIN EAGLE STANDARD STREET SWEEPER FOR THE STREET MAINTENANCE DEPARTMENT FROM KINLOCH

EQUIPMENT & SUPPLY, INC. THROUGH THE TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD).
CONSENT AGENDA.

RESOLUTION NO. 6319 – AUTHORIZING THE PURCHASE OF A NEW GOMACO GT-3600 REV C. PAVER FOR THE STREET MAINTENANCE DEPARTMENT FROM ROMCO EQUIPMENT THROUGH THE TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE PURCHASE OF A NEW GOMACO GT-3600 REV C. PAVER FOR THE STREET MAINTENANCE DEPARTMENT FROM ROMCO EQUIPMENT THROUGH THE TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD).
CONSENT AGENDA.

RES 6319
STREET PAVER

RESOLUTION NO. 6320 – AUTHORIZING EXECUTION OF AN AGREEMENT WITH JOSE TOBAR FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 601 SOUTH HAZELWOOD STREET

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH JOSE TOBAR FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 601 SOUTH HAZELWOOD STREET.
CONSENT AGENDA.

RES 6320
RESIDENTIAL TAX
ABATEMENT
(601 S. HAZELWOOD)

REQUEST TO ADVERTISE
ANNUAL SUPPLY OF CHEMICALS

The City Council approved the request to advertise for the annual supply of chemicals that will be used at the Water Treatment Plant and the Wastewater Treatment Plant.
CONSENT AGENDA.

REQ TO ADVERTISE
CHEMICALS

ANNUAL SERVICES FOR RIGHT-OF-WAY FINISH MOWING

The City Council approved the request to advertise for the annual finish mowing of City right-of-way and related City property.
CONSENT AGENDA.

ROW FINISH
MOWING

CHANGE ORDER NO. 2
APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENT TO EXECUTE CHANGE ORDER NO. 2; SHERMAN WATER TREATMENT PLANT EXPANSION PROJECT; MWH CONTRACTORS, INC.; \$521,535.00 INCREASE

Mark Gibson, Director of Utilities, explained that when the project was designed three years ago, they decided to use the existing membrane system. Since that time, the technology has changed and there is no support for the software for the system and they are also unable to replace the hardware as needed.

CHANGE ORDER
WATER TREATMENT
PLANT EXPANSION
PROJECT

The City has negotiated an upgrade of the system in conjunction with the plant expansion. A replacement of the plant's existing system, the Supervisory Control and Data Acquisition (SCADA) System, is required to be able to control and monitor the operation of the new plant from the control room of the existing plant. The upgrade was outside the scope of the original expansion project.

Since the contractor is also the subcontractor for the project, it is in the best interest of the City to combine both projects into one. The contractor has agreed to waive a portion of the fees, and with the same contractor doing both parts, there will be no conflict. The staff felt this was a good solution to the problem.

Mayor Plyler asked what the SCADA System actually does. Mr. Gibson said it monitors each process with the water production and collection system, and maintains the data.

Council Member Teamann asked if there was any alternative. Mr. Gibson said the City could operate the membrane plant as a separate unit from the rest of the system and leave it under the existing system. He said a project was already being planned for the upgrade to keep the system working.

Council Member Teamann asked about a source of funding for the project. Mr. Hefton said the project is being paid for through the Greater Texoma Utility Authority. Drew Satterwhite, GTUA General Manager, said the project has \$2.173 million contingency money for change orders.

Council Member Steele said the first change order was for \$140,075 and he asked about the total contract amount, as well as the timeline. Mr. Satterwhite said the project is approximately 35% to 40% complete.

Council Member Teamann verified that the groundbreaking on the project was in March or April of 2017. The equipment has been purchased, even though some of the construction elements might be unknown.

Deputy Mayor Howeth expressed concern that the equipment was obsolete and might need to be upgraded again. She asked about the benefit of the equipment. Mr. Gibson said the equipment monitors each part of the process. Currently they can't replace the equipment when it breaks.

Council Members verified that the upgrade will increase efficiencies and allow the City to collect and analyze additional data and will result in less down time.

ACTION TAKEN.

Motion by Deputy Mayor Howeth to approve the Greater Texoma Utility Authority's intent to execute Change Order No. 2, to MWH Contractors, Inc., for a \$521,535.00 increase for the Sherman Water Treatment Plant

Expansion Project, as presented. Second by Council Member Stevenson.

VOTING AYE: Holland, Howeth, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

OTHER BUSINESS

RECEIVE QUARTERLY PROGRESS REPORT FROM SHERMAN ECONOMIC DEVELOPMENT CORPORATION BOARD CHAIRMAN JOHN SILD AND SEDCO PRESIDENT JOHN PLOTNIK

SEDCO QUARTERLY PROGRESS REPORT

John Sild, Chairman, Sherman Economic Development Corporation, presented the quarterly progress report for the corporation.

Since the last report, SEDCO has approved several Performance Agreements totaling a capital investment of \$10,860,000 and for 81 jobs. Incentives paid were \$793,100.

On October 10, 2017, SEDCO approved a purchase and sale agreement to sell approximately 23.5 acres in Progress Park II to FedEx Freight, who is planning to invest \$10 million on a new facility and add 45 jobs.

On October 24, 2017, the MEMC building sold to Finisar Corporation, an optical communications company, for approximately \$20 million. The project is expected to bring 500 new jobs to Sherman, in partnership with Apple.

SEDCO also closed on the purchase of 63.6 acres of land located west of Panda Sherman Power, which will be used to extend Progress Park.

Because companies in Sherman need people, SEDCO will also be launching a marketing campaign in January 2018 to assist existing industries in filling their open positions. They also continue to work with the Consortium to create awareness for careers in manufacturing with local students and their parents.

Mr. Sild said there is a lot going on in Sherman and he thanked the SEDCO staff for their hard work. Mayor Plyler congratulated SEDCO on their accomplishments.

FINAL PLAT APPROVAL OF SHERMAN CROSSROADS, PHASE II, BEING 21.5528 ACRES IN THE PRESTON KITCHEN SURVEY, ABSTRACT NO. 667 (SHERMAN CROSSROADS, LTD, OWNERS; AND BROCKETTE/DAVIS/DRAKE, INC., SURVEYOR (2800-3600 BLOCKS OF SOUTH U.S. HIGHWAY 75)

APPROVE FINAL PLAT SHERMAN CROSSROADS PHASE II

The City Council approved the Final Plat of Sherman Crossroads, Phase II, located in the 2800 to 3600 blocks of South U.S. Highway 75. The 21.5528 acre tract is located on the northwest corner of U.S. Highway 75 and F.M. 1417 West, just south of the new West Travis Street extension.

This is the second phase of the Sherman Crossroads development and the owners would like to plat the property into one lot for commercial development and dedicate a new street "Crossroads Boulevard."

The Planning and Zoning Commission recommended approval of the Final Plat, subject to the Staff Review Letter.
CONSENT AGENDA.

FINAL PLAT APPROVAL OF BROOKSTONE GARDEN HOMES ADDITION, BEING 4.085 ACRES IN THE ELIZABETH JONES SURVEY, ABSTRACT NO. 625; JOE GILBERT, OWNER; VILBIG & ASSOCIATES, PLLC, CIVIL ENGINEER; AND PRESTON TRAIL LAND SURVEYING, SURVEYOR [1400-1600 BLOCKS OF SOUTH F.M. 1417 (HERITAGE PARKWAY)]

The City Council approve the Final Plat of Brookstone Garden Homes Addition, locate in the 1400 to 1600 blocks of South F.M. 1417. The tract is 4.085 acres.

APPROVE FINAL PLAT
BROOKSTONE
GARDEN HOMES
ADDITION

The prospective buyer would like to plat the property into 24 lots for residential development of patio homes. The Planning and Zoning Commission recommended approval of the Final Plat, subject to the Staff Review Letter.
CONSENT AGENDA.

FINAL PLAT APPROVAL OF SUNSET CROSSING, BEING 4.742 ACRES IN THE J.B. McANAI SURVEY, ABSTRACT NO. 763; RISEN PROPERTIES, OWNER; AND HELVEY-WAGNER SURVEYING, SURVEYOR (1600 WEST WASHINGTON STREET)

The City Council approved the Final Plat of Sunset Crossing, located at 1600 West Washington Street, at the southwest corner of Washington Street and Sunset Boulevard. The 4.742 acre tract is zoned an R-1 (One Family Residential) District.

APPROVE FINAL PLAT
SUNSET CROSSING

The owners would like to plat the property into 19 lots for residential development. The Planning and Zoning Commission recommended approval of the Final Plat, subject to the Staff Review Letter.
CONSENT AGENDA.

FINAL PLAT APPROVAL OF TERRA BONITA SUBDIVISION LOCATED IN THE EXTRA TERRITORIAL JURISDICTION (ETJ) OF THE CITY OF SHERMAN, BEING 8.974 ACRES IN THE ELIZABETH REHORSE SURVEY, ABSTRACT NO. 1000 AND THE H.H. TUCKER SURVEY, ABSTRACT NO. 1217 (ROBERT PERRY AND DINESH SRIPERAMBUDUR, OWNERS; AND HELVEY-WAGNER SURVEYING, SURVEYOR (1545 BENNETT ROAD)

The City Council approved the Final Plat of Terra Bonita Subdivision in the City's Extra Territorial Jurisdiction. The 8.974 acre tract is located at 1545 Bennett Road.

APPROVE FINAL PLAT
TERRA BONITA
SUBDIVISION

COUNCIL MINUTES – DECEMBER 18, 2017

The owners would like to plat the property into four lots. The Planning and Zoning Commission recommended approval of the Final Plat, subject to the Staff Review Letter.
CONSENT AGENDA.

CITIZENS REQUESTS

There were no citizen's requests.

CITIZENS REQUESTS

MEDIA QUESTIONS

There were no media questions.

MEDIA QUESTIONS

APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO
BOARDS AND COMMISSIONS

PARKS AND RECREATION ADVISORY BOARD

ACTION TAKEN.

Motion by Council Member Teamann to reappoint Michael Waitt and Ben Crouse to serve on the Parks and Recreation Advisory Board for a term from November 17, 2017 to November 17, 2019; and to appoint Michael Kelly for a term from December 19, 2017 to December 19, 2019.

Second by Deputy Mayor Howeth.

VOTING AYE: Holland, Howeth, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

PARKS &
RECREATION
ADVISORY BOARD

COUNCIL COMMENTS

REPORT FROM SEDCO

Council Member Holland congratulated SEDCO on their hard work.

REPORT FROM
SEDCO

REPORT FROM SEDCO

Council Member Teamann said it was a great thing SEDCO was doing and it was great to be a part of it.

REPORT FROM
SEDCO

MERRY CHRISTMAS AND HAPPY HOLIDAYS

Deputy Mayor Howeth wished everyone a Merry Christmas and happy holidays.

MERRY CHRISTMAS
& HAPPY HOLIDAYS

MERRY CHRISTMAS

Council Member Steele wished everyone a Merry Christmas.

MERRY CHRISTMAS

REPORT FROM SEDCO

Council Member Stevenson reiterated the 2,300 new jobs mentioned by SEDCO and commended them on their hard work.

REPORT FROM
SEDCO

MERRY CHRISTMAS AND HAPPY HOLIDAYS

Council Member Stevenson wished everyone a Merry Christmas and Happy New Year.

MERRY CHRISTMAS
& HAPPY NEW YEAR

ANNOUNCEMENTS

Mayor Plyler announced the following:

- Welcomed Finisar to Sherman and gave a "big thanks" to everyone involved.

ANNOUNCEMENTS

COUNCIL MINUTES – DECEMBER 18, 2017

- Sherman Public Library will hold a Special Afternoon Winter Storytime from 3:00 p.m. to 4:00 p.m. on December 20, 2017 at the MLK Building.
- Parks and Recreation Department will hold an “input meeting” on the Skate Park on January 11, 2018, at the Glennie O. Ham Center.
- Thanked public servants for working through the holidays.
- There will be no trash pick-up on December 25, 2017, Tuesday’s pick-up will be moved to Wednesday. There will be no other changes and no change in the regular schedule for New Year’s Day.
- Wished everyone a Merry Christmas and a Happy New Year, and urged them to watch out for the flu.

EXECUTIVE SESSION – IN ACCORDANCE WITH CHAPTER 551, GOVT. CODE, V.T.C.S., (OPEN MEETINGS LAW)
THE CITY COUNCIL WILL NOW HOLD AN EXECUTIVE SESSION PURSUANT TO THE PROVISIONS OF THE OPEN MEETINGS LAW, CHAPTER 551, GOVERNMENT CODE, VERNONS TEXAS CODES ANNOTATED, IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN THE FOLLOWING SECTIONS.

EXECUTIVE SESSION

SECTION 551.071 –	CONSULTATION WITH CITY ATTORNEY CONCERNING PENDING OR CONTEMPLATED LITIGATION
SECTION 551.074 --	PERSONNEL MATTERS: CONSIDER THE QUALIFICATIONS, APPOINTMENT AND REMOVAL OF MEMBERS TO BOARDS AND COMMISSIONS GREATER TEXOMA UTILITY AUTHORITY BOARD OF DIRECTORS (2)
SECTION 551.087 --	DELIBERATE REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS: DELIBERATE REGARDING COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT AND DELIBERATE ANY OFFERS OR INCENTIVES TO THE BUSINESS PROSPECT

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 5:35 p.m.

COUNCIL MINUTES – DECEMBER 18, 2017

On Motion duly made and carried, the Executive Session recessed at 6:10 p.m. and reconvened in Open Meeting.

OPEN MEETING

OPEN MEETING

Reconvene into Open Meeting and take action, if any, on items discussed in Executive Session.

GREATER TEXOMA UTILITY AUTHORITY BOARD OF DIRECTORS (2)

GTUA

ACTION TAKEN.

Motion by Council Member Stevenson to reappoint Donald Johnston to the Greater Texoma Utility Authority Board of Directors, for a term from December 31, 2017 to December 31, 2019. Second by Council Member Steele.

VOTING AYE: Holland, Howeth, Steele, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

ADJOURNMENT

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at 6:11 p.m.

MAYOR

CITY CLERK

STATE OF TEXAS

§

December 22, 2017

COUNTY OF GRAYSON

§

BE IT REMEMBERED THAT A Called Meeting of the Sherman City Council was begun and held in the City Council Chambers on December 22, 2017.

COUNCIL MEMBERS PRESENT: Mayor David Plyler.
Council Members Holland, Sofey, Steele, Stevenson.

COUNCIL MEMBERS ABSENT: Deputy Mayor Pam Howeth.
Council Member Teamann.

CITY STAFF PRESENT: Robby Hefton, City Manager; Brandon Shelby, City Attorney;
Steve Ayers, Assistant City Manager; Terrence Steele,
Director of Administration; Mary Lawrence, Director of
Finance; Linda Ashby, City Clerk.

PURPOSE: Call to Order, Quorum Determined, Meeting Declared Open

Invocation by Council Member Daron Holland

Introduction and Public Hearing of Ordinance No. 6093
Designating a Certain Area as Industrial Reinvestment Zone, Number
122017-01, City of Sherman, Texas, Providing for the Establishment of
Agreements within the Zone, and Other Matters Relating Thereto;
Providing Findings of Fact; Providing an Effective Date for the
Commencement of the Reinvestment Zone and this Ordinance

Adoption of Ordinances
Consider Adoption of Ordinance Number: 6093

Council Comments

Executive Session
Section 551.071 – Consultation with City Attorney Concerning Pending
or Contemplated Litigation

Adjournment

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

Mayor Plyler called the meeting to order at 12:00 p.m., declared a quorum present, and opened the
Called City Council Meeting.

INVOCATION BY COUNCIL MEMBER DARON HOLLAND

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6093
DESIGNATING A CERTAIN AREA AS INDUSTRIAL REINVESTMENT ZONE, NUMBER 122017-01,
CITY OF SHERMAN, TEXAS, PROVIDING FOR THE ESTABLISHMENT OF AGREEMENTS
WITHIN THE ZONE, AND OTHER MATTERS RELATING THERETO; PROVIDING FINDINGS OF
FACT; PROVIDING AN EFFECTIVE DATE FOR THE COMMENCEMENT OF THE
REINVESTMENT ZONE AND THIS ORDINANCE

COUNCIL MINUTES – DECEMBER 22, 2017

Mayor Plyler introduced Ordinance No. 6093 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DESIGNATING A CERTAIN AREA AS INDUSTRIAL REINVESTMENT ZONE, NUMBER 122017-01, CITY OF SHERMAN, TEXAS, PROVIDING FOR THE ESTABLISHMENT OF AGREEMENTS WITHIN THE ZONE, AND OTHER MATTERS RELATING THERETO; PROVIDING FINDINGS OF FACT; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE FOR THE COMMENCEMENT OF THE REINVESTMENT ZONE AND THIS ORDINANCE.

Robby Hefton, City Manager, explained that this ordinance establishes a Reinvestment Zone. The Committee met over the last couple of weeks to consider a tax abatement. The proposed Tax Abatement Agreement will be on the January 2, 2018 Council Agenda for consideration.

No citizens appeared before the City Council to discuss Ordinance No. 6093.

The Public Hearing was closed.

ADOPTION OF ORDINANCES

Ordinance 6093

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DESIGNATING A CERTAIN AREA AS INDUSTRIAL REINVESTMENT ZONE, NUMBER 122017-01, CITY OF SHERMAN, TEXAS, PROVIDING FOR THE ESTABLISHMENT OF AGREEMENTS WITHIN THE ZONE, AND OTHER MATTERS RELATING THERETO; PROVIDING FINDINGS OF FACT; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE FOR THE COMMENCEMENT OF THE REINVESTMENT ZONE AND THIS ORDINANCE.

ACTION TAKEN.

Motion by Council Member Stevenson to adopt Ordinance No. 6093, as presented.

Second by Council Member Sofey.

VOTING AYE: Holland, Sofey, Steele, Stevenson.

VOTING NAY: None.

MOTION CARRIED.

COUNCIL COMMENTS

MERRY CHRISTMAS

Council Member Sofey and Mayor Plyler wished everyone a Merry Christmas.

EXECUTIVE SESSION – IN ACCORDANCE WITH CHAPTER 551, GOVT. CODE, V.T.C.S., (OPEN MEETINGS LAW)

THE CITY COUNCIL WILL NOW HOLD AN EXECUTIVE SESSION PURSUANT TO THE PROVISIONS OF THE OPEN MEETINGS LAW, CHAPTER 551, GOVERNMENT CODE, VERNONS TEXAS CODES ANNOTATED, IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN THE FOLLOWING SECTIONS.

SECTION 551.071 – CONSULTATION WITH CITY ATTORNEY CONCERNING PENDING OR CONTEMPLATED LITIGATION

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 12:05 p.m.

On Motion duly made and carried, the Executive Session recessed at 12:13 p.m. and reconvened in Open Meeting.

COUNCIL MINUTES – DECEMBER 22, 2017

OPEN MEETING

Reconvene into Open Meeting and take action, if any, on items discussed in Executive Session.

ADJOURNMENT

There being no further business to come before the City Council, motion was duly made and approved to adjourn the Called Meeting at 12:14 p.m.

MAYOR

ATTEST

CITY CLERK



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

B.1.

Meeting Date: 01/02/2018

Prepared By: Linda Ashby, City Clerk

Approved By: Robby Hefton, City Manager

Caption:

PROCLAMATION

"School Board Recognition Month" – January 2018

Issue:

To present a proclamation designating January 2018 as "School Board Recognition Month" in Sherman and to recognize the dedicated citizens that serve on this very important board.

Background:

Each year the Texas Association of School Boards designates January as "School Board Recognition Month" to focus on the crucial role an elected Board of Trustees plays in our communities and schools. These board members are recognized for their commitment, dedication, and sacrifice in tackling the enormous job of governing local school districts. Their actions and decisions affect the present and future lives of our children.

Origination:

The request originated with the Sherman Independent School District.

Financial Consideration:

There is no financial consideration to the request.

Staff Recommendation:

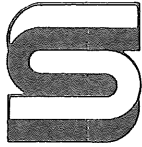
It is the staff recommendation that a proclamation be presented designating January 2018 as "School Board Recognition Month" in the City of Sherman.

Alternatives:

The Council could choose not to present the proclamation.

Attachments

"School Board Recognition Month" Proclamation



Proclamation

- WHEREAS, the mission of the public schools is to meet the diverse educational needs of all children and to empower them to become competent, productive contributors to a democratic society and an ever-changing world, and
- WHEREAS, local school board members are committed to children and believe that all children can be successful learners and that the best education is tailored to the individual needs of the child, and
- WHEREAS, local school board members work closely with parents, educational professionals, and other community members to create the educational vision we want for our students, and
- WHEREAS, local school board members are responsible for ensuring the structure that provides a solid foundation for our school system, and
- WHEREAS, local school board members are strong advocates for public education and are responsible for communicating the needs of the school district to the public and the public's expectations to the district.

NOW THEREFORE, I, David Plyler, Mayor of the City of Sherman, Texas, by the authority vested in me, do hereby proclaim January, 2018

SCHOOL BOARD RECOGNITION MONTH

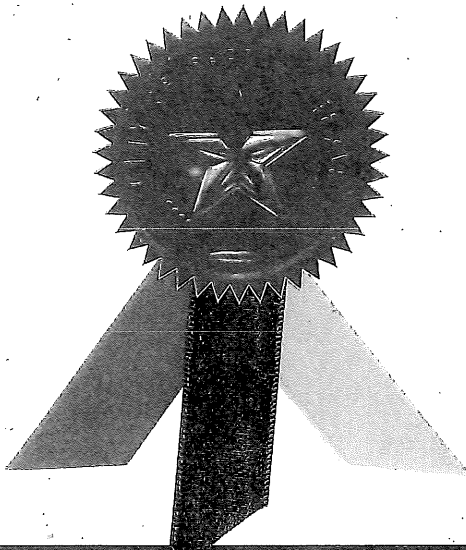
in the City of Sherman and urge all citizens to recognize the dedication and hard work of the Sherman Independent School District Board Members, and in working with them, to mold an education system that meets the needs of both today's and tomorrow's children.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Sherman to be affixed, this the 2nd day of January, 2018.

Mayor

ATTEST:

Sinda Ashby
City Clerk





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

C.1.

Meeting Date: 01/02/2018

Prepared By: Mary Lawrence, Director of Finance

Approved By: Robby Hefton, City Manager

Caption:

PUBLIC HEARING

Proposed Tax Abatement Agreement with J.P. Hart Lumber Co., LLC for Improvements to Property within Industrial Reinvestment Zone, Number 122017-01, City of Sherman, Texas

Issue:

Holding a public hearing for a proposed property tax abatement agreement between the City of Sherman and J.P. Hart Lumber Co., LLC (JP Hart)

Background:

On Wednesday, December 13, 2017, the Tax Reinvestment Committees of the City of Sherman, the Sherman Independent School District, Grayson County, and Grayson College (the "Committee") met to consider a request from JP Hart for a tax abatement involving a project to invest \$8 million in land and facilities and \$1.6 million in personal property in Sherman. The taxable value of JP Hart's property before improvements was about \$140,000. The project began at the end of 2017 and is expected to employ 29 people by June 2018 and a total of 37 people by June of 2019.

The Committee voted to recommend an abatement and the creation of the Zone to the City Council and other taxing entities. The law requires that a reinvestment zone be established prior to a tax abatement being granted for eligible projects. Ordinance No. 6093, the first step in accomplishing the creation of a new commercial/industrial reinvestment zone, which would cover only JP Hart's property, was adopted following public hearing at the December 22, 2017 called meeting. The proposed Tax Abatement Agreement calls for a five (5) year abatement of 50%, 50%, 50%, 25%, 25% in accordance with the City's current tax abatement matrix. As is the case with all tax abatements, none of the proposed property considered under this abatement agreement is currently on the tax rolls, so the benefit from this abatement is that the City will see a net increase in property tax revenues.

Origination:

J.P. Hart Lumber Co., LLC, Applicant
Tax Reinvestment Committee

Financial Consideration:

At the minimum taxable value of \$8 million each year, this project would generate \$171,000 in property tax revenues for the City over the first five (5) years at the current tax rate before any abatement is applied; and the abatement will provide an estimated benefit to the taxpayer of \$68,000 over the same time frame.

Staff Recommendation:

It is recommended that the City Council hold a public hearing for the proposed tax abatement agreement.

Alternatives:

The City Council could deny the tax abatement agreement.

Attachments

JP Hart Tax Abatement Agreement

TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS §
COUNTY OF GRAYSON §
CITY OF SHERMAN §

THIS TAX ABATEMENT AGREEMENT (“Agreement”) is made and entered into as of the ____ day of _____, 2018 (the “Effective Date”), by and among the City of Sherman, Texas, a home rule city and municipal corporation of Grayson County, Texas, duly acting herein by and through its Mayor (“City”); and J.P. Hart Lumber Co., LLC, acting by and through its authorized officers (“JP Hart”), for the purposes and considerations stated below:

W I T N E S S E T H:

WHEREAS, on the 22nd day of December, 2017 the City Council of the City (“City Council”) passed Ordinance No. 6093 (“Ordinance”) establishing Industrial Reinvestment Zone, Number 122017-01, City of Sherman, Texas (“Zone”), for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, as amended (“Code”); and

WHEREAS, the City has adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“Guidelines”), by the passage of Resolution No. 6080, on the 16th day of May, 2016; and

WHEREAS, the City’s current Guidelines are attached as **Exhibit A** hereto; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Code; and

WHEREAS, the City has adopted a resolution stating that it elects to be eligible to participate in tax abatement; and

WHEREAS, JP Hart currently owns the Premises, as hereinafter defined, and JP Hart expects to invest \$8 million in facility (“The Improvements”) and land with an additional \$1.6 million investment in personal property on the Premises. The Improvements and use of the Premises is expected to significantly enhance the economic base of the City; and

WHEREAS, the City Council also finds that the improvements sought are feasible and practical and would be of benefit to the land to be included in the Zone and to the City after expiration of this Agreement; and

WHEREAS, the City Council finds that the terms of this Agreement and the Premises and proposed Qualified Facilities, as hereinafter defined, meet the applicable guidelines and criteria heretofore adopted by the City Council; and

WHEREAS, a copy of this Agreement has been furnished, in the manner prescribed by the Code, to the presiding officers of the governing bodies of each of the taxing units in which the Premises is located;

NOW, THEREFORE, the City, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the attraction of major investment in the Zone that contributes to the economic development of the City and enhancement of the tax base in the City and Grayson County, Texas; and

JP Hart, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the tax abatement set forth herein below, as authorized by Sections 312.201 through 312.211 of the Code, does hereby contract, covenant and agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following capitalized terms shall have the meanings ascribed to them:

- A. “JP HART AFFILIATE” shall mean any Person, directly or indirectly controlling, controlled by, or under common control with JP Hart. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.
- B. “EFFECTIVE DATE” shall have the meaning given it in the introductory paragraph of this Agreement.
- C. “ELIGIBLE PROPERTY VALUE” shall mean (i) with respect to each Qualified Facility for a particular tax year, the value of such Qualified Facility on the tax rolls of the Grayson Appraisal District as of such tax year; and (ii) with respect to business personal property located on the Premises for a particular tax year, the value of such business personal property on the tax rolls of the Grayson Appraisal District as of such tax year.
- D. “FORCE MAJEURE” shall mean, without limitation, acts of God, or the public enemy, war, terrorism, criminal acts by unrelated third parties, riot, civil commotion, insurrection, governmental or de facto governmental action other than the City’s legislative zoning authority, fire, explosions, floods, strikes, adverse weather, or any other extraordinary event beyond the control of JP Hart (including, without limitation, broad based extraordinary economic events) that makes it reasonably impracticable to accomplish a desired objective.
- E. “PERSON” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- F. “PREMISES” shall mean all that parcel of land owned by JP Hart as hereinafter described in **Exhibit B** attached hereto.

- G. “QUALIFIED FACILITIES” shall mean any building, improvement, structure, fixture, parking or paving constructed on the Premises.
- H. “REAL PROPERTY” and “PERSONAL PROPERTY” shall, for the purposes of this agreement, be defined by the Texas Tax Code.

II. GENERAL PROVISIONS

- A. All procedures followed by the City shall conform to the requirements of the Code, and shall be undertaken in coordination with JP Hart’s corporate, public, employee, and business relations requirements.
- B. The Premises will be owned by JP Hart or a JP Hart Affiliate, which Premises are located solely within the city limits of the City and solely within the Zone.
- C. The Premises are not in an improvement project financed by tax increment bonds.
- D. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Premises or Qualified Facilities in favor of such holders of outstanding bonds of the City.
- E. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- F. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- G. During the period of the tax abatement herein authorized, JP Hart shall be subject to all applicable City taxation not specifically abated or exempted, including but not limited to, sales tax and ad valorem taxation on land, inventory and supplies.

III. CONDITION PRECEDENT TO TAX ABATEMENT

As a condition precedent to a tax abatement under this Agreement, JP Hart or a JP Hart Affiliate must substantially locate all Improvements to the Premises by January 1, 2018.

IV. TERM AND ABATEMENT PERIOD

A five (5) year tax abatement period permitted by law is hereby granted with respect to all Improvements located therein or otherwise on the Premises, as indicated in Section VI below. The tax abatement period shall commence to run beginning no later than January 1, 2018.

V.
INITIAL AND MINIMUM TAX LIABILITY

- A. For the purposes of this Agreement, the Improvements shall reflect a minimum original acquisition cost of \$8 million.
- B. During the period of tax abatement herein authorized, JP Hart shall be liable to the City for a minimum taxable value assigned under Sec. V.A. for all property covered under this Agreement.

VI.
RATE, SCOPE, CONDITIONS AND COVENANTS

The rate and scope and additional conditions of tax abatement shall be as follows:

- A. Annual Rates of Abatement – The following shall be the annual rates of tax abatement on the Improvements for the real property and the business personal property located therein and subject to this Agreement:

REAL AND BUSINESS PERSONAL PROPERTY	
Year	Percentage of City Property Taxes Abated
1	50%
2	50%
3	50%
4	25%
5	25%

- B. Operation Covenant. JP Hart shall operate the Facility in accordance with prudent industry standards and applicable law.
- C. Property Tax Covenant. Throughout the term of this Agreement, JP Hart shall timely pay all property taxes for the Premises and real and business personal property located therein due and owing by it to all relevant taxing jurisdictions.
- D. Management Change Notice Covenant. During the term of this Agreement, JP Hart shall notify the City in writing of any change of the manager of JP Hart within seven (7) days of such change.

VII. REPORTING AND MONITORING

JP Hart agrees to the following reporting and monitoring provisions, and failure to fully and timely comply with any one requirement shall constitute an event of default:

A. Not later than January 31 of each applicable year, JP Hart shall submit to the City a certification from JP Hart as to the conditions set forth in Section VI.B., C., and D.

B. JP Hart shall provide to the City a semi-annual report certifying the status of compliance through the life of the Agreement of new investments and any other relevant information.

C. JP Hart, during normal business hours, at its headquarters or at the Sherman plant location, shall allow to the City, its agents and employees, reasonable access to its books and records that are related to the described economic development consideration and incentives, to verify records related to economic development considerations and incentives, but the confidentiality of such records will be maintained.

D. JP Hart further covenants and agrees that the City, its agents and employees, shall have a continuing and reasonable right of access to the real property, together with all Premises, Qualified Facilities and Improvements, at reasonable times and with reasonable notice to JP Hart, and in accordance with JP Hart's visitor access and security policies, in order to inspect the Premises, Qualified Facilities and Improvements to insure that the installation of the Improvements is in accordance with this Agreement and that all applicable state and local laws, ordinances and regulations are being followed. City, its agents and employees, shall defend, indemnify, and hold harmless JP Hart from any damages or liability to persons or property arising from City, its agents and employees, entry upon JP Hart's Property, unless such injury is caused by the sole negligence of JP Hart, to the extent permitted by law.

E. The Premises at all times shall be used in a manner that is consistent with the general purpose of encouraging development within the Zone.

VIII. BREACH/FAILURE TO MEET CERTAIN CONDITIONS

In the event that JP Hart breaches any of the terms or conditions of this Agreement, then JP Hart shall be in default of this Agreement. In the event JP Hart defaults in its performance, the City shall give JP Hart written notice of such default/failure of condition and, if JP Hart has not cured such default/failure of condition within sixty (60) days of said written notice, then this Agreement may be terminated by the City; provided, however, that if such default is not reasonably susceptible of cure within such sixty (60) day period and JP Hart has commenced and is pursuing the cure of same, then, after first advising the City Council of JP Hart's efforts to cure same, JP Hart may utilize an additional ninety (90) days for such purposes. Additional time, i.e., time in addition to the foregoing one hundred fifty (150) days, may be authorized by the City Council. City's sole and exclusive remedy against any Person for any breach or failure of condition under this Agreement, in the event of default after the expiration of the applicable notice and cure periods, shall be that this Agreement shall terminate and all future tax abatements under this Agreement

shall be void (it being understood that the City shall not be entitled to any repayment of tax abatements under this Agreement, except as provided in Section IX below, and it being further understood that the failure to meet a covenant set forth in Section VI.B., C. or D. for any year is not a breach and results only in the loss to the right to abatement for such year). Notwithstanding any provision in this Agreement to the contrary, neither JP Hart nor any other Person shall be required to pay any amounts to the City under this Agreement, with the only remedy being the loss of future tax abatements.

IX. CONTINUITY OF OPERATIONS

Notwithstanding Section VI.A. above, if for any reason operations are suspended or cease at any point during the term of this Agreement, then no tax abatements under this Agreement shall be provided. Further, in the event of any cessation of operations, or abandonment of Premises by JP Hart, all previously abated taxes are immediately due to the City.

X. EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the Parties and all JP Hart Affiliates, their respective successors and assigns. Neither Party may assign its rights and duties hereunder, in whole or in part, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided, that JP Hart may assign this Agreement and all of its rights hereunder to any Affiliate. In addition, this Agreement and all rights hereunder may be assigned for the benefit of any Financing Party including, but not limited to, an assignment to such Parties upon a foreclosure. Any assignment in violation of this Section X shall not affect any rebates with respect to which JP Hart or any JP Hart Affiliate is already entitled.

XI. NOTICE

All notices called for or required by this Agreement shall be addressed to the following, or such other Party or address as either Party designates in writing, by certified mail, postage prepaid or by hand delivery:

JP Hart:
Duane Sanders
Division President
J.P. Hart Lumber Co., LLC
9810 Ball Street
San Antonio, Texas 78217

City:
City Manager
City of Sherman
220 West Mulberry Street
P. O. Box 1106
Sherman, Texas 75091-1106

XII.
CITY COUNCIL AUTHORIZATION

This Agreement was authorized by resolution of the City Council that was approved by the affirmative vote of a majority of the City Council at its regularly scheduled City Council meeting on the 22nd day of December, 2017 authorizing the Mayor to execute this Agreement on behalf of the City.

XIII.
JP HART AUTHORIZATION

An authorized representative of JP Hart entered into this Agreement.

XIV.
SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word is held invalid, illegal, or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the Parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

XV.
ESTOPPEL CERTIFICATE

Any Party hereto may request an estoppel certificate from another Party hereto so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which will upon request be addressed to a subsequent purchaser or assignee of JP Hart, shall include, but not necessarily be limited to, statements (to the actual knowledge of the Party providing such) that this Agreement is in full force and effect without default (or if default exists, the nature of default and curative action, which should be undertaken to cure same), the remaining term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the Party(ies) to receive the certificate. The City Manager for the City shall provide any such certificate on behalf of the City.

XVI.
APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in a court located in Grayson County, Texas.

XVII.
INDEMNIFICATION

A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, JP HART SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER "CITY'S INDEMNIFIED

PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) JP HART’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.

B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify JP Hart of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Section XVII. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.

C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, JP Hart shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at JP Hart’s sole cost and expense, resist and defend the same with legal counsel selected by JP Hart; provided, however, that JP Hart shall not admit liability in any such matter on behalf of the City’s Indemnified Party. JP Hart’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely or concurrently negligent. Nothing herein shall be deemed to prevent the City’s Indemnified Party at its election and at its own expense from cooperating with JP Hart and participating in the defense of any litigation by their own counsel. If JP Hart fails to retain defense counsel within seven (7) business days after receipt of City’s Indemnified Party written notice that the City’s Indemnified Party is invoking its right to indemnification under this Agreement, the City’s Indemnified Party shall have the right to retain defense counsel on their own behalf, and JP Hart shall be liable for all usual and customary defense costs incurred by the City’s Indemnified Party.

D. Limitation on Indemnity. The amount owing to an Indemnified Party will be the amount of the Indemnified Party’s Losses net of any insurance proceeds received by the indemnified Party following a reasonable effort by the Indemnified Party to obtain such insurance proceeds.

XVIII. ENTIRE AGREEMENT

This Agreement constitutes the entire Tax Abatement Agreement between the Parties, supersedes any prior understanding or written or oral tax abatement agreements or representations between the Parties, and can be modified only by written instrument subscribed to by all Parties. Notwithstanding the foregoing provision, this Agreement does not modify, alter, or amend any other agreement or instrument among the City and JP Hart relating to matters other than the abatement of real property taxes with respect to the Premises and the Qualified Facilities and business personal property located on the Premises. This Agreement may be executed in multiple counterparts (and may be delivered by telecopy, in addition to other means, with originals to follow), each of which shall be considered an original.

EXECUTED the _____ day of _____, 2018.

CITY OF SHERMAN, TEXAS

By: _____
David Plyler
Mayor

ATTEST:

By: _____
Linda Ashby
City Clerk

CITY OF SHERMAN, TEXAS
APPROVED AS TO FORM:

By: _____
Brandon S. Shelby
City Attorney

J.P. HART LUMBER CO., LLC

By: _____
Name: Duane Sanders
Title: Division President
Address: 9810 Ball Street
San Antonio, Texas 78217

MAYOR'S ACKNOWLEDGEMENT

THE STATE OF TEXAS §
COUNTY OF GRAYSON §
CITY OF SHERMAN §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared David Plyler, Mayor of the City of Sherman, Texas, a municipal corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said City of Sherman, Texas, a municipal corporation, that he was duly authorized to perform the same by appropriate resolution of the City Council for the City of Sherman and that he executed the same as the act of the said City for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, A.D., 2018.

Notary Public in and for the State of Texas

(Typed/Printed Name of Notary)

My Commission Expires:

JP HART ACKNOWLEDGEMENT

**THE STATE OF TEXAS §
COUNTY OF GRAYSON §
CITY OF SHERMAN §**

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Max Gorman, General Manager for J.P. Hart Lumber Co., LLC, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me he executed the same as a duly authorized officer of such corporation, and as the act and deed of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, A.D., 2018.

Notary Public in and for the State of Texas

(Typed/Printed Name of Notary)

My Commission Expires:

**EXHIBIT A
TO TAX ABATEMENT AGREEMENT**

Comprehensive Guidelines

[Attached]

RESOLUTION NO. 5862

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, RENEWING GUIDELINES AND CRITERIA FOR THE CITY OF SHERMAN'S INDUSTRIAL TAX ABATEMENT PROGRAM TO PROMOTE DEVELOPMENT/REDEVELOPMENT IN CERTAIN AREAS OF THE CITY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, by Resolution No. 5676, passed and approved on June 4, 2012, the City of Sherman declared its eligibility and intention to participate in the Tax Abatement Program to promote development/redevelopment in certain areas of the City and adopted Tax Abatement Guidelines and Criteria for use in all Tax Abatement Programs; and

WHEREAS, the City of Sherman is required to renew the guidelines and criteria adopted for this program every two years;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Council of the City of Sherman, Texas, hereby renews the following Tax Abatement Guidelines and Criteria for use in all Tax Abatement Programs, as required by law:

**CITY OF SHERMAN'S
RENEWED TAX ABATEMENT GUIDELINES AND CRITERIA**

1. A tax abatement agreement must be reasonably likely to contribute to the retention or expansion of primary employment or to attract a primary employer to make a major capital investment that will benefit the City of Sherman's economic development. Primary employers are those companies whose sales, service and shipments are ultimately used in statewide, national or international markets.
2. A tax abatement agreement will not be entered into where a company is only changing its location within Grayson County, without increasing the number of employees, significantly expanding the facilities, or unless failure to grant such abatement would mean the loss of the business operation in Grayson County.
3. Tax abatement agreements will be considered for both new facilities and structures and for the expansion or modernization of existing facilities and structures.
4. The City Council of the City of Sherman will approve or deny a tax abatement request

based upon the subjective evaluation of the following guidelines and criteria. The Council may consider any advisory recommendations received from the Tax Reinvestment Advisory Committee as it may choose:

- Employment Impact

How many jobs will be created by this project?

How many current jobs will be retained by this project?

What types of jobs will be created or retained?

What will the annual total payroll of the created and/or retained jobs be, in current dollars and projected for each of the next five years?

- Fiscal Impact

How much real and personal property will be added to the tax rolls, for each tax year covered by the abatement agreement?

What is the economic life to the additional property?

What effect will this project have on existing businesses or facilities?

What is the total budget for this project, projected for each year covered by the abatement agreement?

What capital expenditures will the project require of the City of Sherman?

- Community Impact

What effect would the project have on the local housing market?

Is the project compatible with existing long-range or comprehensive plans?

What is the environmental impact of the project?

SECTION 2. That these Renewed Tax Abatement Guidelines and Criteria shall be effective immediately upon the passage of this resolution.

SECTION 3. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of

said meeting was given as required by law.

PASSED AND APPROVED on this the 2nd day of June, 2014.

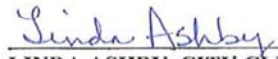
CITY OF SHERMAN, TEXAS

BY:


CAROLYN S. WACKER, MAYOR

ATTEST:

BY:


LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY:

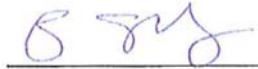

BRANDON S. SHELBY,
CITY ATTORNEY

EXHIBIT B
TO TAX ABATEMENT AGREEMENT

The Premises

Hart Lumber



Field Notes

Tract 1:

Being a tract or parcel of land situated in the County of Grayson, State of Texas and being a part of the Sherrod Dunman Survey, Abstract No. 329, being a called 45.93 acre tract referred to as "Tract One" as conveyed to JP Hart Aluminum and Chemical Corporation by Deed recorded in Volume 3868, Page 348, Deed Records, Grayson County, Texas (D.R.G.C.T.) containing 45.938 acres of land, more or less, and being more particularly described by metes and bounds as follows:

Beginning at a concrete monument on the West right-of-way (R.O.W.) line of U.S. Highway No. 75 (a variable width R.O.W.) and East line of said JP Hart Tract with said point being at the Northeast corner of said JP Hart Tract and Southeast corner of a called 24.05 acre tract conveyed to the State of Texas in Grayson County Clerk Document No. 0013451 as filed with Grayson County Clerk on May 15, 2003 A.D.;

Thence South 09 degrees 48 minutes 00 seconds East along the West R.O.W. line of said U.S. Highway 75 and East line of said JP Hart Tract, for a distance of 497.88 feet to a 5/8 inch iron rebar rod with plastic cap stamped "JLS 5577" set for corner (JLS Point);

Thence South 06 degrees 44 minutes 26 seconds East along the West R.O.W. line of said U.S. Highway 75 and East line of said JP Hart Tract, for a distance of 469.80 feet to a concrete monument found for corner;

Thence South 05 degrees 59 minutes 00 seconds East along the West R.O.W. line of said U.S. Highway 75 and East line of said JP Hart Tract, for a distance of 272.68 feet to a 5/8 inch iron rebar rod with plastic cap stamped "JLS 5577" set for corner (JLS Point);

Thence South 75 degrees 14 minutes 17 seconds West (called South 75 degrees 16 minutes 00 seconds West by JP Hart Deed) departing the West R.O.W. line of said U.S. Highway 75 and East line of said JP Hart Tract and along the South line of said Tract One of said JP Hart Tract and North line of "Tract Two" as conveyed to JP Hart Aluminum and Chemical Corporation by Deed recorded in Volume 3868, Page 348, D.R.G.C.T. for a distance of 1,557.98 feet (called 1,557.25 feet by JP Hart Deed) to a nail found in concrete for corner at the apparent centerline of Howe Drive;

Thence North 13 degrees 13 minutes 06 seconds West (called North 13 degrees 13 minutes 44 seconds West by JP Hart Deed) along the apparent centerline of said Howe Drive and West line of said JP Hart Tract for a distance of 1,231.16 feet (called 1,231.21 feet by JP Hart Deed) to an "X" found in concrete for corner at the apparent centerline of Howe Drive and being at the North West corner of said JP Hart Tract and Southwest corner of said State of Texas Tract;

Thence North 75 degrees 14 minutes 18 seconds East (called North 75 degrees 16 minutes 00 seconds East by JP Hart Deed) departing the apparent centerline of said Howe Drive and West line of said JP Hart Tract and along the North line of said JP Hart Tract and South line of said

State of Texas Tract for a distance of 1,675.05 feet (called 1,674.54 feet by JP Hart Deed and 1,675.67 feet by State of Texas Deed) to the point of beginning of the herein described tract of land and containing within the metes recited 45.94 acres (2,001,059 square feet) of land, more or less.

Tract Two:

Being a tract or parcel of land situated in the County of Grayson, State of Texas and being a part of the Sherrod Dunman Survey, Abstract No. 329, being a called 11.694 acre tract referred to as "Tract Two" as conveyed to JP Hart Aluminum and Chemical Corporation by Deed recorded in Volume 3868, Page 348, D.R.G.C.T. containing 11.78 acres of land, more or less, and being more particularly described by metes and bounds as follows:

Beginning at a 1/2 inch iron rebar rod found at the intersection of the West R.O.W. line of U.S. Highway No. 75 and the North line of Dorset Drive with said point marking the Southeast corner of the herein described tract;

Thence South 75 degrees 16 minutes 00 seconds West departing the West R.O.W. line of said U.S. Highway No. 75 and along the North line of said Dorset Drive and South line of said "Tract Two" JP Hart Tract for a distance of 578.35 feet (called 573.00 feet by the JP Hart Deed) to a 1/2 inch iron rebar rod found for corner at the Southwest corner of said "Tract Two" JP Hart Tract and the Southeast corner of a called 5.034 acre tract of land conveyed to Yellow Equipment & Terminals, Inc. in Volume 1217, Page 304, D.R.G.C.T.;

Thence North 14 degrees 44 minutes 00 seconds West departing the North R.O.W. line of said Dorset Drive and along the West line of said "Tract Two" JP Hart Tract and East line of said Yellow Equipment Tract and generally along a fence for a distance of 510.00 feet to a chain link fence post found for corner;

Thence South 75 degrees 16 minutes 00 seconds West along the most northerly South line of said "Tract Two" JP Hart Tract and North line of said Yellow Equipment Tract and generally along a fence for a distance of 430.00 feet to a chain link fence post found for corner at the most northerly Southwest corner of said "Tract Two" JP Hart Tract and Northwest corner of said Yellow Equipment Tract and also being at the Southeast corner of a called 1.036 acre tract of land conveyed to 416 Interchange Business Park, L.P. as "Tract II" in Volume 3788, Page 919, D.R.G.C.T.;

Thence North 14 degrees 44 minutes 00 seconds West along the most westerly West line of said "Tract Two" JP Hart Tract East line of said "Tract II" 416 Interchange Business Park Tract and generally along a fence for a distance of 179.44 feet (called 180.00 feet by JP Hart Deed and 416 Interchange Business Park Deed) to a 1/2 inch iron rebar rod found for corner with said point being in the South line of "Tract One" of said JP Hart Deed;

Thence North 75 degrees 14 minutes 17 seconds East (called North 75 degrees 16 minutes 00 seconds East by JP Hart Deed) along the North line of said "Tract Two" JP Hart Tract and South line of "Tract One" JP Hart Tract and generally along a fence for a distance of 1,114.55 feet (called

1,109.20 feet by JP Hart Deed) to a 5/8 inch iron rebar rod with plastic cap stamped "JLS 5577" set for corner (JLS Point) with said point being on the westerly R.O.W. line of said U.S. Highway No. 75;

Thence South 05 degrees 59 minutes 00 seconds East along the westerly R.O.W. line of said U.S. Highway No. 75 and East line of said "Tract Two" JP Hart Deed for a distance of 698.13 feet to the point of beginning and containing within the metes recited 11.73 acres (512,802 square feet) of land, more or less.



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D.1.

Meeting Date: 01/02/2018

Prepared By: Mary Lawrence, Director of Finance

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6321

Authorizing Execution of an Agreement with J.P. Hart Lumber Co., LLC for the Abatement of Ad Valorem Property Taxes for Improvements within Industrial Reinvestment Zone, Number 122017-01, City of Sherman, Texas

Issue:

Approval of a proposed property tax abatement agreement between the City of Sherman and J.P. Hart Lumber Co., LLC (JP Hart)

Background:

On Wednesday, December 13, 2017, the Tax Reinvestment Committees of the City of Sherman, the Sherman Independent School District, Grayson County, and Grayson College (the "Committee") met to consider a request from JP Hart for a tax abatement involving a project to invest \$8 million in land and facilities and \$1.6 million in personal property in Sherman. The taxable value of JP Hart's property before improvements was about \$140,000. The project began at the end of 2017 and is expected to employ 29 people by June 2018 and a total of 37 people by June of 2019.

The Committee voted to recommend an abatement and the creation of the Zone to the City Council and other taxing entities. The law requires that a reinvestment zone be established prior to a tax abatement being granted for eligible projects. Ordinance No. 6093, the first step in accomplishing the creation of a new commercial/industrial reinvestment zone, which would cover only JP Hart's property, was adopted following public hearing at the December 22, 2017 called meeting. The proposed Tax Abatement Agreement is to be addressed at the City Council's regular meeting on Tuesday, January 2, 2018, in the form of a resolution. The proposed agreement calls for a five (5) year abatement of 50%, 50%, 50%, 25%, 25% in accordance with the City's current tax abatement matrix. As is the case with all tax abatements, none of the proposed property considered under this abatement agreement is currently on the tax rolls, so the benefit from this abatement is that the City will see a net increase in property tax revenues.

Origination:

J.P. Hart Lumber Co., LLC, Applicant
Tax Reinvestment Committee

Financial Consideration:

At a minimum taxable value of \$8 million each year, this project would generate \$171,000 in property tax revenues for the City over the first five (5) years at the current tax rate before any abatement is applied; and the abatement will provide an estimated benefit to the taxpayer of \$68,000 over the same time frame.

Staff Recommendation:

It is recommended that the City Council approve the proposed tax abatement agreement.

Alternatives:

The City Council could deny the tax abatement agreement.

Attachments

Resolution No. 6321

JP Hart Lumber Tax Abatement Agreement

RESOLUTION NO. 6321

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH J.P. HART LUMBER CO., LLC FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR IMPROVEMENTS WITHIN INDUSTRIAL REINVESTMENT ZONE, NUMBER 122017-01, CITY OF SHERMAN, TEXAS; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the Mayor be and is hereby authorized and directed, subject to receipt of a fully-executed agreement from J.P. Hart Lumber Co., LLC and subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an agreement with J.P. Hart Lumber Co., LLC for the abatement of ad valorem property taxes for a period of five (5) years, for improvements within Industrial Reinvestment Zone, Number 122017-01, City of Sherman, Texas, consisting of the construction of a 44,000 square foot building and related manufacturing equipment, in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED AND APPROVED on this the ____ day of _____, 2018.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

BY: _____
DAVID PLYLER, MAYOR

**APPROVED AS TO FORM
AND CONTENT:**

BY: _____
**BRANDON S. SHELBY,
CITY ATTORNEY**

TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS §
COUNTY OF GRAYSON §
CITY OF SHERMAN §

THIS TAX ABATEMENT AGREEMENT (“Agreement”) is made and entered into as of the ____ day of _____, 2018 (the “Effective Date”), by and among the City of Sherman, Texas, a home rule city and municipal corporation of Grayson County, Texas, duly acting herein by and through its Mayor (“City”); and J.P. Hart Lumber Co., LLC, acting by and through its authorized officers (“JP Hart”), for the purposes and considerations stated below:

W I T N E S S E T H:

WHEREAS, on the 22nd day of December, 2017 the City Council of the City (“City Council”) passed Ordinance No. 6093 (“Ordinance”) establishing Industrial Reinvestment Zone, Number 122017-01, City of Sherman, Texas (“Zone”), for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, as amended (“Code”); and

WHEREAS, the City has adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“Guidelines”), by the passage of Resolution No. 6080, on the 16th day of May, 2016; and

WHEREAS, the City’s current Guidelines are attached as **Exhibit A** hereto; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Code; and

WHEREAS, the City has adopted a resolution stating that it elects to be eligible to participate in tax abatement; and

WHEREAS, JP Hart currently owns the Premises, as hereinafter defined, and JP Hart expects to invest \$8 million in facility (“The Improvements”) and land with an additional \$1.6 million investment in personal property on the Premises. The Improvements and use of the Premises is expected to significantly enhance the economic base of the City; and

WHEREAS, the City Council also finds that the improvements sought are feasible and practical and would be of benefit to the land to be included in the Zone and to the City after expiration of this Agreement; and

WHEREAS, the City Council finds that the terms of this Agreement and the Premises and proposed Qualified Facilities, as hereinafter defined, meet the applicable guidelines and criteria heretofore adopted by the City Council; and

WHEREAS, a copy of this Agreement has been furnished, in the manner prescribed by the Code, to the presiding officers of the governing bodies of each of the taxing units in which the Premises is located;

NOW, THEREFORE, the City, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the attraction of major investment in the Zone that contributes to the economic development of the City and enhancement of the tax base in the City and Grayson County, Texas; and

JP Hart, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the tax abatement set forth herein below, as authorized by Sections 312.201 through 312.211 of the Code, does hereby contract, covenant and agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following capitalized terms shall have the meanings ascribed to them:

- A. “JP HART AFFILIATE” shall mean any Person, directly or indirectly controlling, controlled by, or under common control with JP Hart. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.
- B. “EFFECTIVE DATE” shall have the meaning given it in the introductory paragraph of this Agreement.
- C. “ELIGIBLE PROPERTY VALUE” shall mean (i) with respect to each Qualified Facility for a particular tax year, the value of such Qualified Facility on the tax rolls of the Grayson Appraisal District as of such tax year; and (ii) with respect to business personal property located on the Premises for a particular tax year, the value of such business personal property on the tax rolls of the Grayson Appraisal District as of such tax year.
- D. “FORCE MAJEURE” shall mean, without limitation, acts of God, or the public enemy, war, terrorism, criminal acts by unrelated third parties, riot, civil commotion, insurrection, governmental or de facto governmental action other than the City’s legislative zoning authority, fire, explosions, floods, strikes, adverse weather, or any other extraordinary event beyond the control of JP Hart (including, without limitation, broad based extraordinary economic events) that makes it reasonably impracticable to accomplish a desired objective.
- E. “PERSON” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- F. “PREMISES” shall mean all that parcel of land owned by JP Hart as hereinafter described in **Exhibit B** attached hereto.

- G. “QUALIFIED FACILITIES” shall mean any building, improvement, structure, fixture, parking or paving constructed on the Premises.
- H. “REAL PROPERTY” and “PERSONAL PROPERTY” shall, for the purposes of this agreement, be defined by the Texas Tax Code.

II. GENERAL PROVISIONS

- A. All procedures followed by the City shall conform to the requirements of the Code, and shall be undertaken in coordination with JP Hart’s corporate, public, employee, and business relations requirements.
- B. The Premises will be owned by JP Hart or a JP Hart Affiliate, which Premises are located solely within the city limits of the City and solely within the Zone.
- C. The Premises are not in an improvement project financed by tax increment bonds.
- D. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Premises or Qualified Facilities in favor of such holders of outstanding bonds of the City.
- E. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- F. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- G. During the period of the tax abatement herein authorized, JP Hart shall be subject to all applicable City taxation not specifically abated or exempted, including but not limited to, sales tax and ad valorem taxation on land, inventory and supplies.

III. CONDITION PRECEDENT TO TAX ABATEMENT

As a condition precedent to a tax abatement under this Agreement, JP Hart or a JP Hart Affiliate must substantially locate all Improvements to the Premises by January 1, 2018.

IV. TERM AND ABATEMENT PERIOD

A five (5) year tax abatement period permitted by law is hereby granted with respect to all Improvements located therein or otherwise on the Premises, as indicated in Section VI below. The tax abatement period shall commence to run beginning no later than January 1, 2018.

V.
INITIAL AND MINIMUM TAX LIABILITY

- A. For the purposes of this Agreement, the Improvements shall reflect a minimum original acquisition cost of \$8 million.
- B. During the period of tax abatement herein authorized, JP Hart shall be liable to the City for a minimum taxable value assigned under Sec. V.A. for all property covered under this Agreement.

VI.
RATE, SCOPE, CONDITIONS AND COVENANTS

The rate and scope and additional conditions of tax abatement shall be as follows:

- A. Annual Rates of Abatement – The following shall be the annual rates of tax abatement on the Improvements for the real property and the business personal property located therein and subject to this Agreement:

REAL AND BUSINESS PERSONAL PROPERTY	
Year	Percentage of City Property Taxes Abated
1	50%
2	50%
3	50%
4	25%
5	25%

- B. Operation Covenant. JP Hart shall operate the Facility in accordance with prudent industry standards and applicable law.
- C. Property Tax Covenant. Throughout the term of this Agreement, JP Hart shall timely pay all property taxes for the Premises and real and business personal property located therein due and owing by it to all relevant taxing jurisdictions.
- D. Management Change Notice Covenant. During the term of this Agreement, JP Hart shall notify the City in writing of any change of the manager of JP Hart within seven (7) days of such change.

VII. REPORTING AND MONITORING

JP Hart agrees to the following reporting and monitoring provisions, and failure to fully and timely comply with any one requirement shall constitute an event of default:

A. Not later than January 31 of each applicable year, JP Hart shall submit to the City a certification from JP Hart as to the conditions set forth in Section VI.B., C., and D.

B. JP Hart shall provide to the City a semi-annual report certifying the status of compliance through the life of the Agreement of new investments and any other relevant information.

C. JP Hart, during normal business hours, at its headquarters or at the Sherman plant location, shall allow to the City, its agents and employees, reasonable access to its books and records that are related to the described economic development consideration and incentives, to verify records related to economic development considerations and incentives, but the confidentiality of such records will be maintained.

D. JP Hart further covenants and agrees that the City, its agents and employees, shall have a continuing and reasonable right of access to the real property, together with all Premises, Qualified Facilities and Improvements, at reasonable times and with reasonable notice to JP Hart, and in accordance with JP Hart's visitor access and security policies, in order to inspect the Premises, Qualified Facilities and Improvements to insure that the installation of the Improvements is in accordance with this Agreement and that all applicable state and local laws, ordinances and regulations are being followed. City, its agents and employees, shall defend, indemnify, and hold harmless JP Hart from any damages or liability to persons or property arising from City, its agents and employees, entry upon JP Hart's Property, unless such injury is caused by the sole negligence of JP Hart, to the extent permitted by law.

E. The Premises at all times shall be used in a manner that is consistent with the general purpose of encouraging development within the Zone.

VIII. BREACH/FAILURE TO MEET CERTAIN CONDITIONS

In the event that JP Hart breaches any of the terms or conditions of this Agreement, then JP Hart shall be in default of this Agreement. In the event JP Hart defaults in its performance, the City shall give JP Hart written notice of such default/failure of condition and, if JP Hart has not cured such default/failure of condition within sixty (60) days of said written notice, then this Agreement may be terminated by the City; provided, however, that if such default is not reasonably susceptible of cure within such sixty (60) day period and JP Hart has commenced and is pursuing the cure of same, then, after first advising the City Council of JP Hart's efforts to cure same, JP Hart may utilize an additional ninety (90) days for such purposes. Additional time, i.e., time in addition to the foregoing one hundred fifty (150) days, may be authorized by the City Council. City's sole and exclusive remedy against any Person for any breach or failure of condition under this Agreement, in the event of default after the expiration of the applicable notice and cure periods, shall be that this Agreement shall terminate and all future tax abatements under this Agreement

shall be void (it being understood that the City shall not be entitled to any repayment of tax abatements under this Agreement, except as provided in Section IX below, and it being further understood that the failure to meet a covenant set forth in Section VI.B., C. or D. for any year is not a breach and results only in the loss to the right to abatement for such year). Notwithstanding any provision in this Agreement to the contrary, neither JP Hart nor any other Person shall be required to pay any amounts to the City under this Agreement, with the only remedy being the loss of future tax abatements.

IX. CONTINUITY OF OPERATIONS

Notwithstanding Section VI.A. above, if for any reason operations are suspended or cease at any point during the term of this Agreement, then no tax abatements under this Agreement shall be provided. Further, in the event of any cessation of operations, or abandonment of Premises by JP Hart, all previously abated taxes are immediately due to the City.

X. EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the Parties and all JP Hart Affiliates, their respective successors and assigns. Neither Party may assign its rights and duties hereunder, in whole or in part, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided, that JP Hart may assign this Agreement and all of its rights hereunder to any Affiliate. In addition, this Agreement and all rights hereunder may be assigned for the benefit of any Financing Party including, but not limited to, an assignment to such Parties upon a foreclosure. Any assignment in violation of this Section X shall not affect any rebates with respect to which JP Hart or any JP Hart Affiliate is already entitled.

XI. NOTICE

All notices called for or required by this Agreement shall be addressed to the following, or such other Party or address as either Party designates in writing, by certified mail, postage prepaid or by hand delivery:

JP Hart:

Duane Sanders
Division President
J.P. Hart Lumber Co., LLC
9810 Ball Street
San Antonio, Texas 78217

City:

City Manager
City of Sherman
220 West Mulberry Street
P. O. Box 1106
Sherman, Texas 75091-1106

XII.
CITY COUNCIL AUTHORIZATION

This Agreement was authorized by resolution of the City Council that was approved by the affirmative vote of a majority of the City Council at its regularly scheduled City Council meeting on the 22nd day of December, 2017 authorizing the Mayor to execute this Agreement on behalf of the City.

XIII.
JP HART AUTHORIZATION

An authorized representative of JP Hart entered into this Agreement.

XIV.
SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word is held invalid, illegal, or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the Parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

XV.
ESTOPPEL CERTIFICATE

Any Party hereto may request an estoppel certificate from another Party hereto so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which will upon request be addressed to a subsequent purchaser or assignee of JP Hart, shall include, but not necessarily be limited to, statements (to the actual knowledge of the Party providing such) that this Agreement is in full force and effect without default (or if default exists, the nature of default and curative action, which should be undertaken to cure same), the remaining term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the Party(ies) to receive the certificate. The City Manager for the City shall provide any such certificate on behalf of the City.

XVI.
APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in a court located in Grayson County, Texas.

XVII.
INDEMNIFICATION

A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, JP HART SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER "CITY'S INDEMNIFIED

PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) JP HART’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.

B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify JP Hart of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Section XVII. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.

C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, JP Hart shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at JP Hart’s sole cost and expense, resist and defend the same with legal counsel selected by JP Hart; provided, however, that JP Hart shall not admit liability in any such matter on behalf of the City’s Indemnified Party. JP Hart’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely or concurrently negligent. Nothing herein shall be deemed to prevent the City’s Indemnified Party at its election and at its own expense from cooperating with JP Hart and participating in the defense of any litigation by their own counsel. If JP Hart fails to retain defense counsel within seven (7) business days after receipt of City’s Indemnified Party written notice that the City’s Indemnified Party is invoking its right to indemnification under this Agreement, the City’s Indemnified Party shall have the right to retain defense counsel on their own behalf, and JP Hart shall be liable for all usual and customary defense costs incurred by the City’s Indemnified Party.

D. Limitation on Indemnity. The amount owing to an Indemnified Party will be the amount of the Indemnified Party’s Losses net of any insurance proceeds received by the indemnified Party following a reasonable effort by the Indemnified Party to obtain such insurance proceeds.

XVIII. ENTIRE AGREEMENT

This Agreement constitutes the entire Tax Abatement Agreement between the Parties, supersedes any prior understanding or written or oral tax abatement agreements or representations between the Parties, and can be modified only by written instrument subscribed to by all Parties. Notwithstanding the foregoing provision, this Agreement does not modify, alter, or amend any other agreement or instrument among the City and JP Hart relating to matters other than the abatement of real property taxes with respect to the Premises and the Qualified Facilities and business personal property located on the Premises. This Agreement may be executed in multiple counterparts (and may be delivered by telecopy, in addition to other means, with originals to follow), each of which shall be considered an original.

EXECUTED the _____ day of _____, 2018.

CITY OF SHERMAN, TEXAS

By: _____
David Plyler
Mayor

ATTEST:

By: _____
Linda Ashby
City Clerk

CITY OF SHERMAN, TEXAS
APPROVED AS TO FORM:

By: _____
Brandon S. Shelby
City Attorney

J.P. HART LUMBER CO., LLC

By: _____
Name: Duane Sanders
Title: Division President
Address: 9810 Ball Street
San Antonio, Texas 78217

MAYOR'S ACKNOWLEDGEMENT

**THE STATE OF TEXAS §
COUNTY OF GRAYSON §
CITY OF SHERMAN §**

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared David Plyler, Mayor of the City of Sherman, Texas, a municipal corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said City of Sherman, Texas, a municipal corporation, that he was duly authorized to perform the same by appropriate resolution of the City Council for the City of Sherman and that he executed the same as the act of the said City for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, A.D., 2018.

Notary Public in and for the State of Texas

(Typed/Printed Name of Notary)

My Commission Expires:

JP HART ACKNOWLEDGEMENT

THE STATE OF TEXAS §
COUNTY OF GRAYSON §
CITY OF SHERMAN §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Max Gorman, General Manager for J.P. Hart Lumber Co., LLC, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me he executed the same as a duly authorized officer of such corporation, and as the act and deed of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, A.D., 2018.

Notary Public in and for the State of Texas

(Typed/Printed Name of Notary)

My Commission Expires:

**EXHIBIT A
TO TAX ABATEMENT AGREEMENT**

Comprehensive Guidelines

[Attached]

RESOLUTION NO. 5862

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, RENEWING GUIDELINES AND CRITERIA FOR THE CITY OF SHERMAN'S INDUSTRIAL TAX ABATEMENT PROGRAM TO PROMOTE DEVELOPMENT/REDEVELOPMENT IN CERTAIN AREAS OF THE CITY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, by Resolution No. 5676, passed and approved on June 4, 2012, the City of Sherman declared its eligibility and intention to participate in the Tax Abatement Program to promote development/redevelopment in certain areas of the City and adopted Tax Abatement Guidelines and Criteria for use in all Tax Abatement Programs; and

WHEREAS, the City of Sherman is required to renew the guidelines and criteria adopted for this program every two years;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Council of the City of Sherman, Texas, hereby renews the following Tax Abatement Guidelines and Criteria for use in all Tax Abatement Programs, as required by law:

**CITY OF SHERMAN'S
RENEWED TAX ABATEMENT GUIDELINES AND CRITERIA**

1. A tax abatement agreement must be reasonably likely to contribute to the retention or expansion of primary employment or to attract a primary employer to make a major capital investment that will benefit the City of Sherman's economic development. Primary employers are those companies whose sales, service and shipments are ultimately used in statewide, national or international markets.
2. A tax abatement agreement will not be entered into where a company is only changing its location within Grayson County, without increasing the number of employees, significantly expanding the facilities, or unless failure to grant such abatement would mean the loss of the business operation in Grayson County.
3. Tax abatement agreements will be considered for both new facilities and structures and for the expansion or modernization of existing facilities and structures.
4. The City Council of the City of Sherman will approve or deny a tax abatement request

based upon the subjective evaluation of the following guidelines and criteria. The Council may consider any advisory recommendations received from the Tax Reinvestment Advisory Committee as it may choose:

- Employment Impact

How many jobs will be created by this project?

How many current jobs will be retained by this project?

What types of jobs will be created or retained?

What will the annual total payroll of the created and/or retained jobs be, in current dollars and projected for each of the next five years?

- Fiscal Impact

How much real and personal property will be added to the tax rolls, for each tax year covered by the abatement agreement?

What is the economic life to the additional property?

What effect will this project have on existing businesses or facilities?

What is the total budget for this project, projected for each year covered by the abatement agreement?

What capital expenditures will the project require of the City of Sherman?

- Community Impact

What effect would the project have on the local housing market?

Is the project compatible with existing long-range or comprehensive plans?

What is the environmental impact of the project?

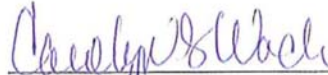
SECTION 2. That these Renewed Tax Abatement Guidelines and Criteria shall be effective immediately upon the passage of this resolution.

SECTION 3. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of

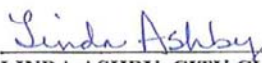
said meeting was given as required by law.

PASSED AND APPROVED on this the 2nd day of June, 2014.

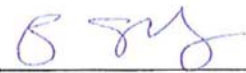
CITY OF SHERMAN, TEXAS

BY: 
CAROLYN S. WACKER, MAYOR

ATTEST:

BY: 
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY: 
BRANDON S. SHELBY,
CITY ATTORNEY

**EXHIBIT B
TO TAX ABATEMENT AGREEMENT**

The Premises

Hart Lumber



1 inch = 1,000 feet

Field Notes

Tract 1:

Being a tract or parcel of land situated in the County of Grayson, State of Texas and being a part of the Sherrod Dunman Survey, Abstract No. 329, being a called 45.93 acre tract referred to as "Tract One" as conveyed to JP Hart Aluminum and Chemical Corporation by Deed recorded in Volume 3868, Page 348, Deed Records, Grayson County, Texas (D.R.G.C.T.) containing 45.938 acres of land, more or less, and being more particularly described by metes and bounds as follows:

Beginning at a concrete monument on the West right-of-way (R.O.W.) line of U.S. Highway No. 75 (a variable width R.O.W.) and East line of said JP Hart Tract with said point being at the Northeast corner of said JP Hart Tract and Southeast corner of a called 24.05 acre tract conveyed to the State of Texas in Grayson County Clerk Document No. 0013451 as filed with Grayson County Clerk on May 15, 2003 A.D.;

Thence South 09 degrees 48 minutes 00 seconds East along the West R.O.W. line of said U.S. Highway 75 and East line of said JP Hart Tract, for a distance of 497.88 feet to a 5/8 inch iron rebar rod with plastic cap stamped "JLS 5577" set for corner (JLS Point);

Thence South 06 degrees 44 minutes 26 seconds East along the West R.O.W. line of said U.S. Highway 75 and East line of said JP Hart Tract, for a distance of 469.80 feet to a concrete monument found for corner;

Thence South 05 degrees 59 minutes 00 seconds East along the West R.O.W. line of said U.S. Highway 75 and East line of said JP Hart Tract, for a distance of 272.68 feet to a 5/8 inch iron rebar rod with plastic cap stamped "JLS 5577" set for corner (JLS Point);

Thence South 75 degrees 14 minutes 17 seconds West (called South 75 degrees 16 minutes 00 seconds West by JP Hart Deed) departing the West R.O.W. line of said U.S. Highway 75 and East line of said JP Hart Tract and along the South line of said Tract One of said JP Hart Tract and North line of "Tract Two" as conveyed to JP Hart Aluminum and Chemical Corporation by Deed recorded in Volume 3868, Page 348, D.R.G.C.T. for a distance of 1,557.98 feet (called 1,557.25 feet by JP Hart Deed) to a nail found in concrete for corner at the apparent centerline of Howe Drive;

Thence North 13 degrees 13 minutes 06 seconds West (called North 13 degrees 13 minutes 44 seconds West by JP Hart Deed) along the apparent centerline of said Howe Drive and West line of said JP Hart Tract for a distance of 1,231.16 feet (called 1,231.21 feet by JP Hart Deed) to an "X" found in concrete for corner at the apparent centerline of Howe Drive and being at the North West corner of said JP Hart Tract and Southwest corner of said State of Texas Tract;

Thence North 75 degrees 14 minutes 18 seconds East (called North 75 degrees 16 minutes 00 seconds East by JP Hart Deed) departing the apparent centerline of said Howe Drive and West line of said JP Hart Tract and along the North line of said JP Hart Tract and South line of said

State of Texas Tract for a distance of 1,675.05 feet (called 1,674.54 feet by JP Hart Deed and 1,675.67 feet by State of Texas Deed) to the point of beginning of the herein described tract of land and containing within the metes recited 45.94 acres (2,001,059 square feet) of land, more or less.

Tract Two:

Being a tract or parcel of land situated in the County of Grayson, State of Texas and being a part of the Sherrod Dunman Survey, Abstract No. 329, being a called 11.694 acre tract referred to as "Tract Two" as conveyed to JP Hart Aluminum and Chemical Corporation by Deed recorded in Volume 3868, Page 348, D.R.G.C.T. containing 11.78 acres of land, more or less, and being more particularly described by metes and bounds as follows:

Beginning at a 1/2 inch iron rebar rod found at the intersection of the West R.O.W. line of U.S. Highway No. 75 and the North line of Dorset Drive with said point marking the Southeast corner of the herein described tract;

Thence South 75 degrees 16 minutes 00 seconds West departing the West R.O.W. line of said U.S. Highway No. 75 and along the North line of said Dorset Drive and South line of said "Tract Two" JP Hart Tract for a distance of 578.35 feet (called 573.00 feet by the JP Hart Deed) to a 1/2 inch iron rebar rod found for corner at the Southwest corner of said "Tract Two" JP Hart Tract and the Southeast corner of a called 5.034 acre tract of land conveyed to Yellow Equipment & Terminals, Inc. in Volume 1217, Page 304, D.R.G.C.T.;

Thence North 14 degrees 44 minutes 00 seconds West departing the North R.O.W. line of said Dorset Drive and along the West line of said "Tract Two" JP Hart Tract and East line of said Yellow Equipment Tract and generally along a fence for a distance of 510.00 feet to a chain link fence post found for corner;

Thence South 75 degrees 16 minutes 00 seconds West along the most northerly South line of said "Tract Two" JP Hart Tract and North line of said Yellow Equipment Tract and generally along a fence for a distance of 430.00 feet to a chain link fence post found for corner at the most northerly Southwest corner of said "Tract Two" JP Hart Tract and Northwest corner of said Yellow Equipment Tract and also being at the Southeast corner of a called 1.036 acre tract of land conveyed to 416 Interchange Business Park, L.P. as "Tract II" in Volume 3788, Page 919, D.R.G.C.T.;

Thence North 14 degrees 44 minutes 00 seconds West along the most westerly West line of said "Tract Two" JP Hart Tract East line of said "Tract II" 416 Interchange Business Park Tract and generally along a fence for a distance of 179.44 feet (called 180.00 feet by JP Hart Deed and 416 Interchange Business Park Deed) to a 1/2 inch iron rebar rod found for corner with said point being in the South line of "Tract One" of said JP Hart Deed;

Thence North 75 degrees 14 minutes 17 seconds East (called North 75 degrees 16 minutes 00 seconds East by JP Hart Deed) along the North line of said "Tract Two" JP Hart Tract and South line of "Tract One" JP Hart Tract and generally along a fence for a distance of 1,114.55 feet (called

1,109.20 feet by JP Hart Deed) to a 5/8 inch iron rebar rod with plastic cap stamped "JLS 5577" set for corner (JLS Point) with said point being on the westerly R.O.W. line of said U.S. Highway No. 75;

Thence South 05 degrees 59 minutes 00 seconds East along the westerly R.O.W. line of said U.S. Highway No. 75 and East line of said "Tract Two" JP Hart Deed for a distance of 698.13 feet to the point of beginning and containing within the metes recited 11.73 acres (512,802 square feet) of land, more or less.



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

Meeting Date: 01/02/2018

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

COUNCIL CALENDAR

Attachments

2018 Council Calendar

2018

JANUARY						
S	M	T	W	T	F	S
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7	8	9	10	11	12	13
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FEBRUARY						
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MARCH						
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NOVEMBER						
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DECEMBER						
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