

**CITY OF SHERMAN  
CITY COUNCIL REGULAR MEETING AGENDA  
COUNCIL CHAMBERS OF THE CITY HALL  
220 WEST MULBERRY STREET  
SHERMAN, TEXAS  
MONDAY, MAY 18, 2026  
5:00 PM**

- A.1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN**
- A.2. PLEDGE OF ALLEGIANCE AND INVOCATION LED BY COUNCIL MEMBER JUSTON DOBBS.**
- A.3. APPROVE MINUTES OF THE CALLED CITY COUNCIL BUDGET PLANNING MEETING OF APRIL 10, 2026 AND THE REGULAR CITY COUNCIL MEETING OF MAY 04, 2026.**

**Citizen Comments**

**B.1. CITIZEN COMMENTS**

During this meeting, the City Council welcomes public comment only on agenda items listed under the Open Meeting portion of the agenda, in accordance with Texas Government Code Section 551.007. For items not listed on the agenda, those matters may be discussed with City staff during regular business hours, or with the Mayor or any Council member by contacting them at times other than at City Council meetings.

**Consent Agenda**

**C.1. CONSENT AGENDA**

Asterisked (\*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

**Public Hearing**

**D.1. PUBLIC HEARING**

Consider Appeal for a Variance to Allow Mixed Beverage Sales within 300 feet of a Church (4800 Texoma Parkway Suite 300); Leidy Ibanez, Owner, Leidy's Kitchen LLC (4800 Texoma Parkway B704)

**D.2. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6936**

Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14, To Rezone A Tract Of Land Being Lots 3 And 4, Block 18, College Park Addition, City Of Sherman, Grayson County, Texas, Located At 506 North Grand Avenue, Heretofore Zoned MF-30 (Multifamily Residential) District; Rezoning And Placing The Tract In The R-6 (Single-Family Residential) District Zoning Classification, Michael And Heather Putnam (Owner) And Helvey-Wagner Surveying, Inc (Surveyor) Providing For A Penalty Not To Exceed \$2,000.00; Providing A Repealing/Savings Clause, Severability Clause And An Effective Date

**D.3. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6937**

Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14, To Rezone A Tract Of Land Being Lots C And D, Texas Nursery Company's Replat Of Blocks 23, 47 And 48, South Side Addition, City Of Sherman, Grayson County, Texas, Located In The 1901 Block South Inwood Street, Heretofore Zoned M-2 (Heavy Manufacturing) District; Rezoning And Placing The Tract In The R-6 (Single-Family Residential) District Zoning Classification, Douglass Distributing CO (Owner) And Helvey-Wagner Surveying, Inc (Surveyor) Providing For A Penalty Not To Exceed \$2,000.00; Providing A Repealing/Savings Clause, Severability Clause And An Effective Date

**D.4. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6938**

Amending Sherman’s Zoning Ordinance/Code Of Ordinances Chapter 14 And Granting A Specific Use Permit To Allow An Automobile, Motorcycle, Boat Or Trailer Sales, New Or Used On A Tract Of Land Zoned C-2 (General Commercial) District Located At 4111 Texoma Parkway, Consisting Of 1.001 Acres Being In The W.F. Patterson Survey, Abstract No. 969, City Of Sherman, Grayson County, Texas Saeid Taghvaci, Owner; And Copley Land Surveying, (Surveyor); Prescribing Conditions To The Specific Use Permit; Providing A Penalty Not To Exceed \$2,000.00

**Close Public Hearing and Consider Adoption of Ordinances**

**E.1. CLOSE PUBLIC HEARING**

Consider Adoption of Ordinances 6936, 6937 & 6938.

**Resolutions**

**F.1. RESOLUTION NO. 7646**

Authorizing Execution of a Restated Agreement with Rayburn Electric Cooperative, Inc. for Water Services

**F.2. \* RESOLUTION NO. 7647**

Adopting a Low Income Housing Tax Credit Policy

**F.3. \* RESOLUTION NO. 7648**

Approving the Greater Texoma Utility Authority's Intention to Approve the Cost Share Agreement for the Lake Texoma Pump Station Improvements and Texoma Raw Water Pipeline No. 2 Projects

**OTHER BUSINESS**

**G.1. OTHER BUSINESS**

Consider Appeal for a Variance to Allow Mixed Beverage Sales within 300 feet of a Church (4800 Texoma Parkway Suite 300); Leidy Ibanez, Owner, Leidy's Kitchen LLC (4800 Texoma Parkway B704)

**Consider Board/Commission Appointments**

**H.1. BOARD/COMMISSION APPOINTMENT**

Historical Preservation Board (1)

**COUNCIL COMMENTS**

**EXECUTIVE SESSION**

In accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:

**J.1. TEX. GOV'T CODE § 551.071**

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

- a) PHT Hospitality LLC v. The Zoning Board of Adjustment of the City of Sherman, Texas, Cause No. CV-26-1056, in the 397th District Court of Grayson County, Texas
- b) Donald Raymond Baird III v. City of Sherman, Texas, et al., Cause No. CV-26-1231, in the 397th District of Grayson County Texas

**J.2. TEX. GOV.'T CODE § 551.072**

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

Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

**J.3. TEX. GOV'T CODE § 551.073**

Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

**J.4. TEX. GOV'T CODE § 551.074**

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing

**J.5. TEX. GOV'T CODE § 551.076**

Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit.

**J.6. TEX. GOV'T CODE § 551.087**

Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect.

**J.7. TEX. GOV'T CODE § 551.089**

Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices.

**The Council reconvenes into General Session**

**Adjournment**

**Tax Payer Impact Statement**

**M.1. FY 2026 TAX PAYER IMPACT STATEMENT**

HB 1522, effective as of September 1, 2025, requires that a notice of a meeting discussing or adopting a budget must include a taxpayer impact statement showing, for the median-valued homestead property, a comparison of the property tax bill in dollars pertaining to the property for the current fiscal year to an estimate of the property tax bill in dollars for the same property for the upcoming fiscal year if the proposed budget is adopted.

<b>Taxpayer Impact Statement</b>	<b>FY2026 (Upcoming Fiscal Year)</b>	<b>FY2026 No-New Revenue</b>
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<b>Total tax rate (per \$100 of value)</b>	\$0.508000/\$100	\$0.619404/\$100
<b>Median homestead taxable value</b>	\$231,004	\$251,138
<b>Tax on median-valued homestead</b>	\$1,174	\$1,556

**COUNCIL CALENDAR**

**N.1. 2026 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 Tuesday, May 12, 2026 at or before 11:59 p.m., and said time of posting was three business days before said meeting was convened or called to order.

Dated this 12th day of May 2026, City of Sherman, Texas



\_\_\_\_\_  
Teri Fine, 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

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

**PERSONS WITH DISABILITIES, WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT THE CLERKS OFFICE AT (903) 892-7206, TWO (2) WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.**

Mayor

Shawn C.  
Teamann

Deputy Mayor

Henry Marroquin

Council Members

Henry Marroquin, Council-At-Large, PL #1  
Juston Dobbs, Council-At-Large, PL #2  
Clay Barnett, Council – District #1

Josh Stevenson, Council – District #2  
Pamela L. Howeth, Council – District #3  
Daron Holland, Council – District #4



## ACTION MINUTES

The City Council of the City of Sherman held a regular meeting on Friday, April 10, 2026 at 11:00 A.M. in the Council Chambers at 220 W. Mulberry Street to consider the following:

The City Council meetings are Video and Audio recorded and can be viewed at:

<https://www.ci.sherman.tx.us/701/Agendas-and-Minutes>

### A.1. **CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN**

*Bookmarked at 00:00:01*

Mayor Teamann called the meeting to order at 11:01 am

#### **Council Members Present:**

Mayor Shawn Teamann  
Council Member Juston Dobbs  
Council Member Pam Howeth  
Council Member Daron Holland  
Council Member Clay Barnett  
Council Member Josh Stevenson

#### **Council Members Absent:**

Deputy Mayor Henry Marroquin

### A.2. **PLEDGE OF ALLEGIANCE AND INVOCATION LED BY COUNCIL MEMBER JOSH STEVENSON**

*Bookmarked at 00:00:09*

#### **Citizen Comments**

### B.1. **CITIZEN COMMENTS**

*Bookmarked at 00:00:46*

#### **Budget Planning**

### C.1. **BUDGET PLANNING**

Financial Update and Council Input for 2026-2027 Budget Year

*Bookmarked at 00:13:27*

- **Financial Update Summary - FY2025 and FY2026 Operations and Reserves**

*Bookmarked at 00:13:36 – No Audio*

Mary Lawrence, CFO, began presentation with a high-level summary of the General Fund, Utility Fund, and Solid Waste Fund. The last solid waste increase was in fiscal year 2025. Commercial solid waste increased 5% and residential solid waste was 20% from \$12.75 to \$15.30. Last fiscal year, 2025, all three funds were within the target days of reserve funds. Currently in fiscal year 2026, all three funds are suffering this year due to revenue. The General Fund will end the year below our target range of 60-90 days due to poor sales tax performance. We had budgeted for a base increase of 6% based on our historical trends. However, our big five retailers are down slightly, as well as the sales tax collected from online sales.

*Bookmarked at 00:16:46 – Audio Restarts*

- **Value and Growth in Existing Property**

*Bookmarked at 00:25:41*

- **Property Tax Rates**

*Bookmarked at 00:27:25*

- **Sales Tax**

*Bookmarked at 00:31:39*

- **Utility Fund**  
*Bookmarked at 00:32:31*
- **Solid Waste Fund**  
*Bookmarked at 00:35:23*
- **Health Claims History**  
*Bookmarked at 00:39:41*
- **Capital Improvement Plans (CIPs)**  
*Bookmarked at 00:40:22*
- **Major Takeaways Through 2031**  
*Bookmarked at 00:50:10*

**COUNCIL COMMENTS**

*Bookmarked at 00:51:52*

**Adjournment**

*Bookmarked at 01:09:11*

**Council Member Stevenson made a motion to adjourn. Second made by Council Member Barnett.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, DOBBS AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

**Mayor Teamann adjourned the meeting at 12:09 pm**

**Tax Payer Impact Statement**

**H.1. FY 2026 TAX PAYER IMPACT STATEMENT**

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<b>Taxpayer Impact Statement</b>	<b>FY2026 (Upcoming Fiscal Year)</b>	<b>FY2026 No-New Revenue</b>
<b>Total tax rate (per \$100 of value</b>	\$0.508000/\$100	\$0.619404/\$100
<b>Median homestead taxable value</b>	\$231,004	\$251,138
<b>Tax on median-valued homestead</b>	\$1,174	\$1,556

**COUNCIL CALENDAR**

**J.1.** 2026 Council Calendar

\_\_\_\_\_  
**MAYOR**

\_\_\_\_\_  
**CITY CLERK OR DESIGNEE**

A close-up, blue-tinted photograph of a financial chart on a document. A silver pen is positioned at the top right, pointing towards the chart. The chart features a jagged line graph with several peaks and troughs. Faint numbers are visible on the chart, including '5' on the left and '2,47' on the right. The overall scene suggests a professional or analytical context.

# Financial Update - Operations

# Financial Update Summary – FY2025 Operations and Reserves



## General Fund

FY2025 ending reserves  
\$2.9 million below FY2024

78 days at 9/30/25



## Utility Fund

FY2025 ending reserves up  
\$5.8 million from FY2024

133 days at 9/30/25



## Solid Waste Fund

FY2025 ending reserves up  
about 356k

75 days at 9/30/25

# Financial Update Summary – FY 2026

## Operations and Reserves

- **General Fund**
  - Projected Reserves – \$10.5 million
    - About \$3.5 million less than FY26 adjusted budget
    - \$6.1M below FY2025
    - 55 days reserves
  - Revenues – Sales Tax below budget (\$3.6 million)
  - Expenses -\$0.6 million over budget – Pool repair, mowing

# Financial Update Summary – FY 2026 Operations and Reserves (continued)

- **Utility Fund – With April Rate Change Ordinance**
  - Projected Reserves - \$16 million
    - About \$1.6 million above FY2026 adjusted budget
    - \$2 million above FY2025
    - 102 days reserves
  - Revenues – \$4.4 million below budget
  - Expenses - \$6.7 million below budget – chemicals, utilities, debt service
- **Utility Fund – No Rate Change**
  - Projected Reserves - \$5.6 million
    - Ending reserves \$10 million below budget
    - \$9 million less than FY2025
    - 35 days reserves
  - Revenues - \$15 million below budget
  - Expenses – \$6.7 million below budget

# Financial Update Summary – FY 2026 Operations and Reserves (continued)

- **Solid Waste Fund – no FY2026 change**
  - Projected Reserves - \$1.4 million
    - Ending reserves \$800k below budget
    - \$900k less than FY2025
    - 44 days reserves
  - Revenues - CSW projected \$1.6 million below budget
  - Expenses – CSW disposal fees down by \$700k
- **Solid Waste Fund – June 2026 change**
  - Projected Reserves - \$2 million
    - Ending reserves \$200 below budget
    - \$240k less than FY2025
    - 64 days reserves
  - Revenues - CSW projected \$1.6 million below budget
  - Expenses – CSW disposal fees down by \$700k

**City of Sherman  
GENERAL FUND**

	Actual 2024-2025	Adjusted Budget 2025-2026	Projected 2025-2026
<b>Beginning Fund Balance</b>	\$ 19,516,740	\$ 15,736,398	\$ 16,644,995
<b>Revenues</b>			
Property Tax	25,370,051	19,064,700	19,239,000
Sales Tax	28,663,532	27,970,000	24,410,000
Franchise Tax	3,379,958	3,301,000	3,520,000
Other Taxes	176,003	173,100	175,725
Fines & Penalties	976,540	1,027,650	1,100,000
Recreation	383,148	441,000	441,000
Licenses & Permits	2,287,388	1,975,700	1,400,000
Rentals	3,311	5,200	5,200
Cemetery	289,590	251,700	251,700
Sales & Service	1,458,228	1,298,500	1,298,500
Ambulance Service	1,945,791	2,228,100	2,228,100
Interest Income	1,384,470	1,300,000	1,030,000
Grant Revenue	73,556	12,000	50,000
Intergovernmental	838,469	837,704	837,704
Debt Proceeds	268,773	-	-
Miscellaneous Revenue	879,319	326,100	400,000
<b>Total Revenues</b>	<b>68,378,129</b>	<b>60,212,454</b>	<b>56,386,929</b>
Transfers In	6,479,484	8,002,863	8,002,863
<b>Total Revenues and Transfers In</b>	<b>74,857,612</b>	<b>68,215,317</b>	<b>64,389,792</b>
<b>Total Funds Available</b>	<b>94,374,353</b>	<b>83,951,715</b>	<b>81,034,787</b>
<b>Expenditures</b>			
Personnel	45,161,260	46,834,180	46,684,180
Supplies	2,673,652	3,149,377	3,149,377
Repair & Maintenance	1,915,204	2,494,334	3,094,334
Utilities	1,458,411	1,617,260	1,617,260
Information Technology	1,572,803	1,919,595	1,919,595
Services & Charges	9,325,013	9,214,010	9,214,010
Vehicle Usage	3,345,002	3,199,140	3,199,140
Capital Expenses	1,374,020	835,788	835,788
Debt Service	90,259	-	-
Fleet Services & Charges	1,813,732	482,199	482,199
Transfers Out	9,000,000	150,000	285,000
<b>Total Expenditures</b>	<b>77,729,358</b>	<b>69,895,882</b>	<b>70,480,882</b>
<b>Excess Revenues over Expenditures</b>	<b>(2,871,745)</b>	<b>(1,680,565)</b>	<b>(6,091,090)</b>
<b>Ending Fund Balance</b>	<b>\$ 16,644,995</b>	<b>\$ 14,055,833</b>	<b>\$ 10,553,905</b>

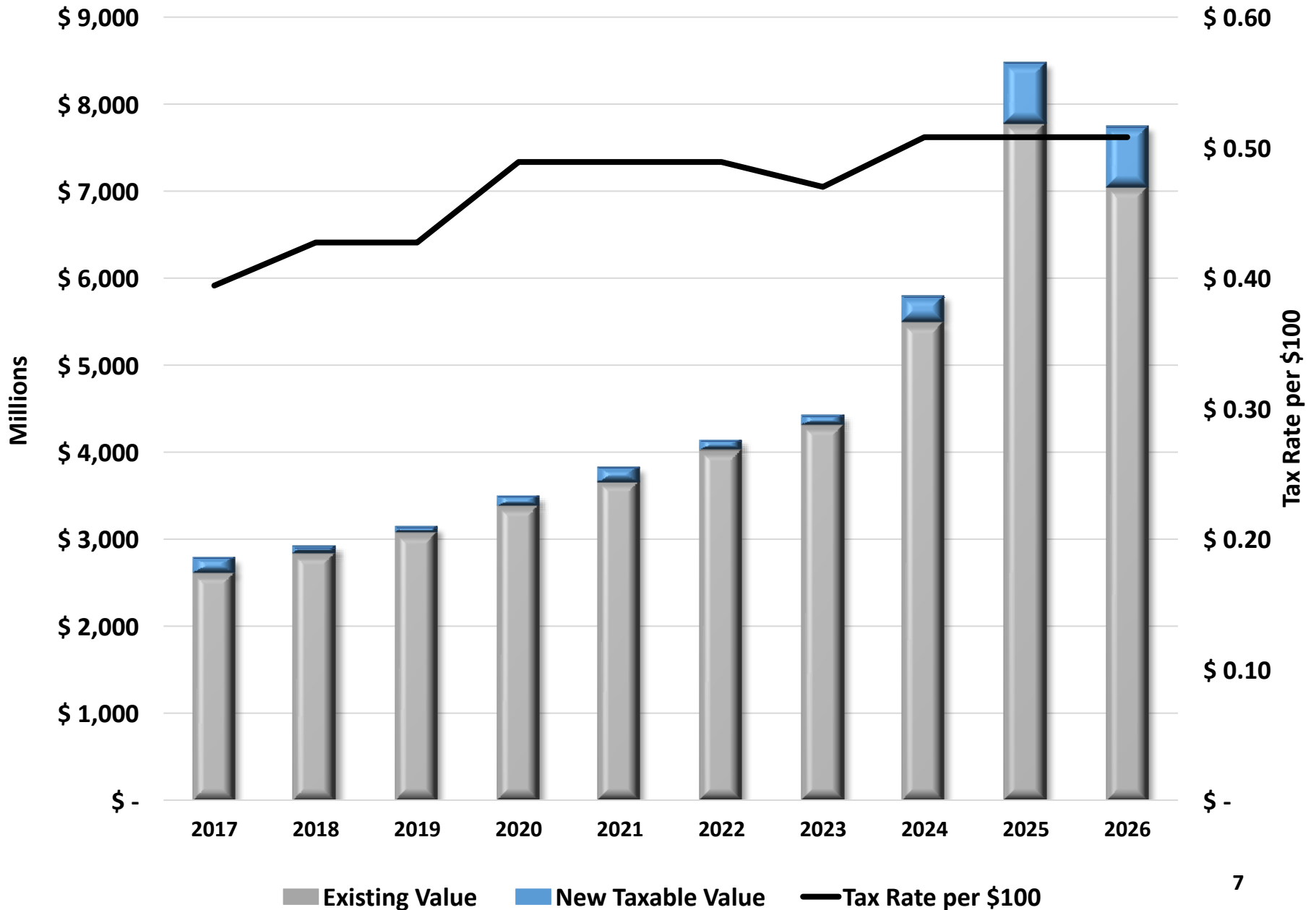
Days in Fund Balance

78

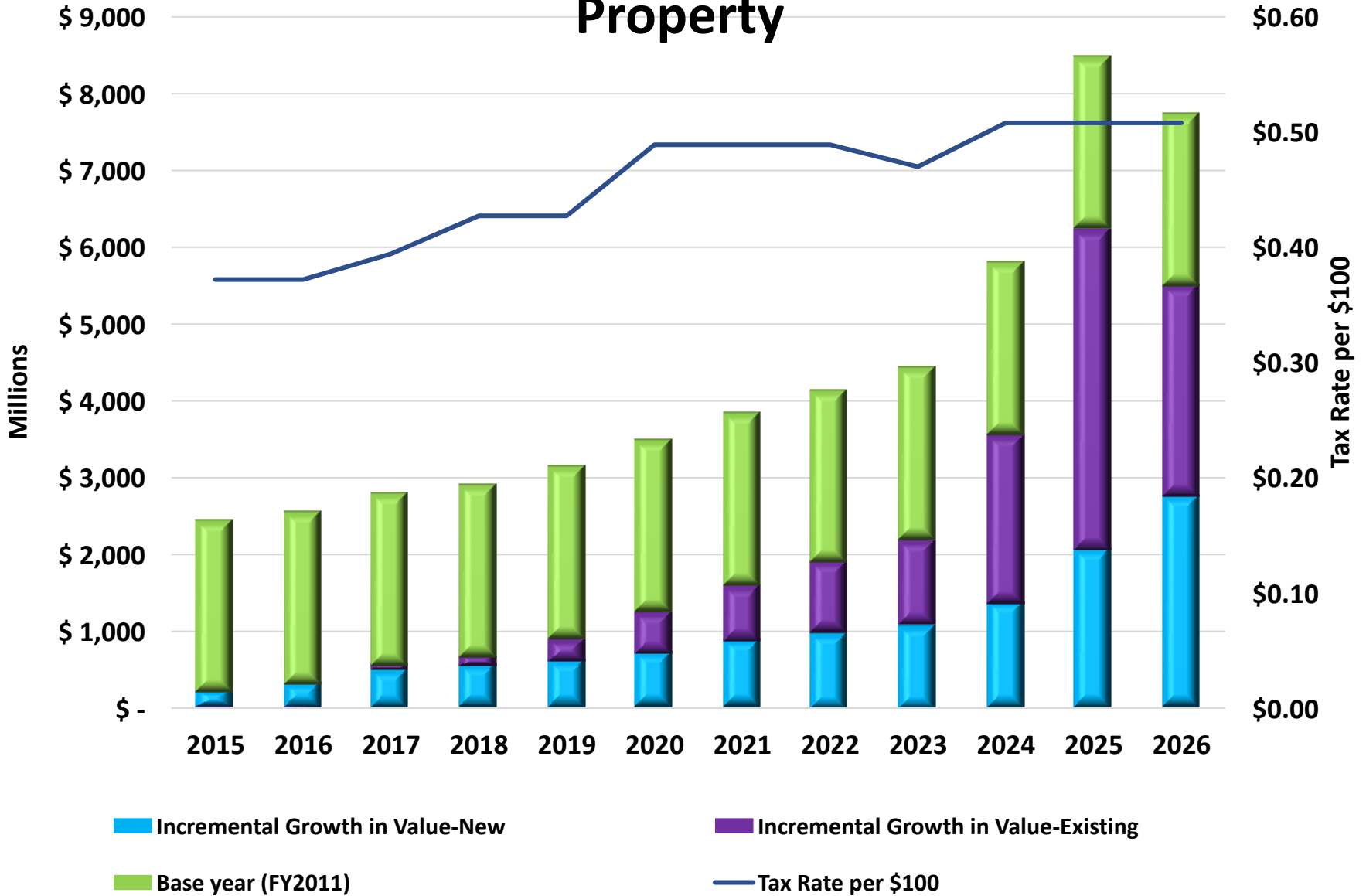
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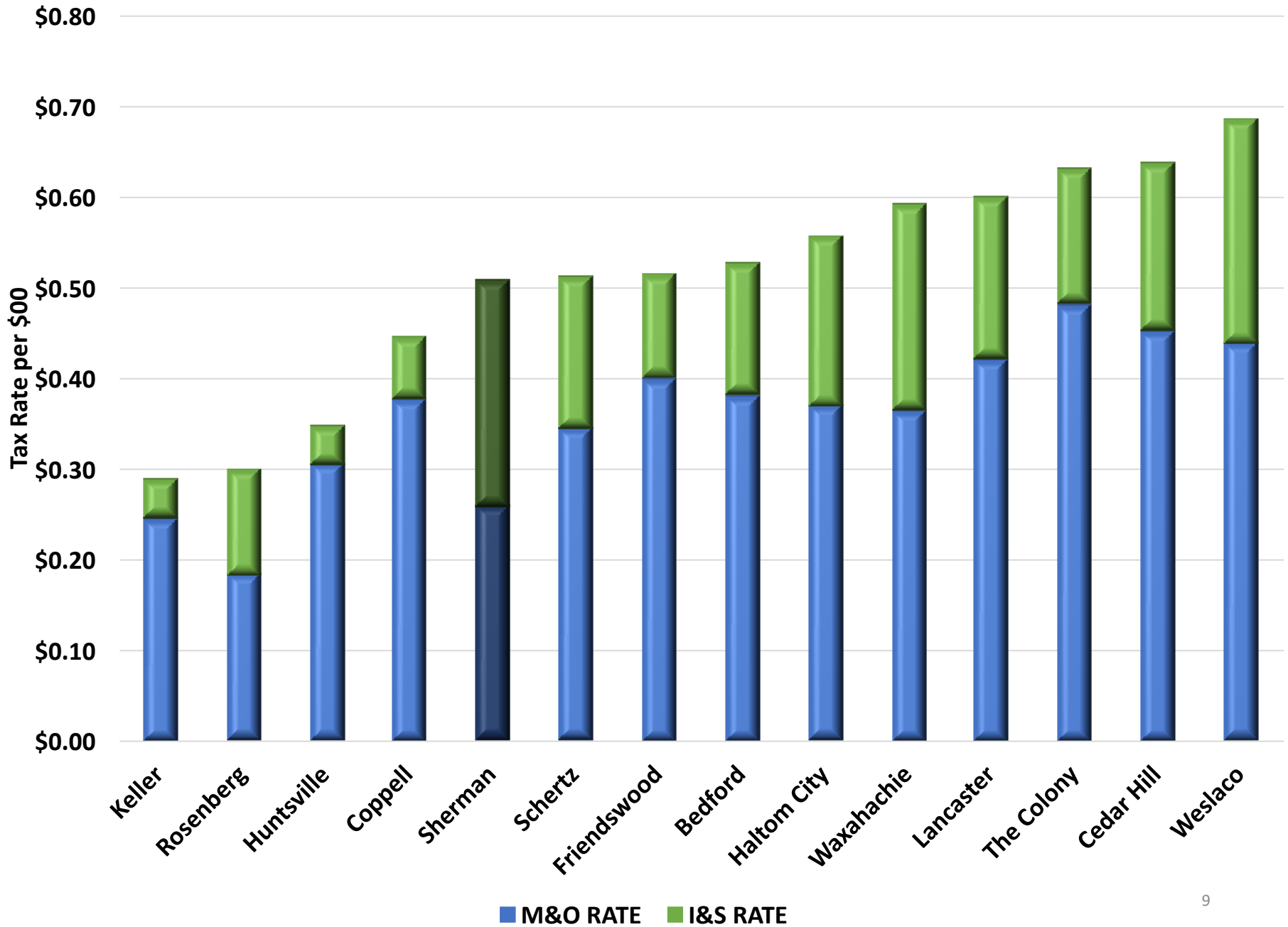
# New Value and Growth in Existing Property



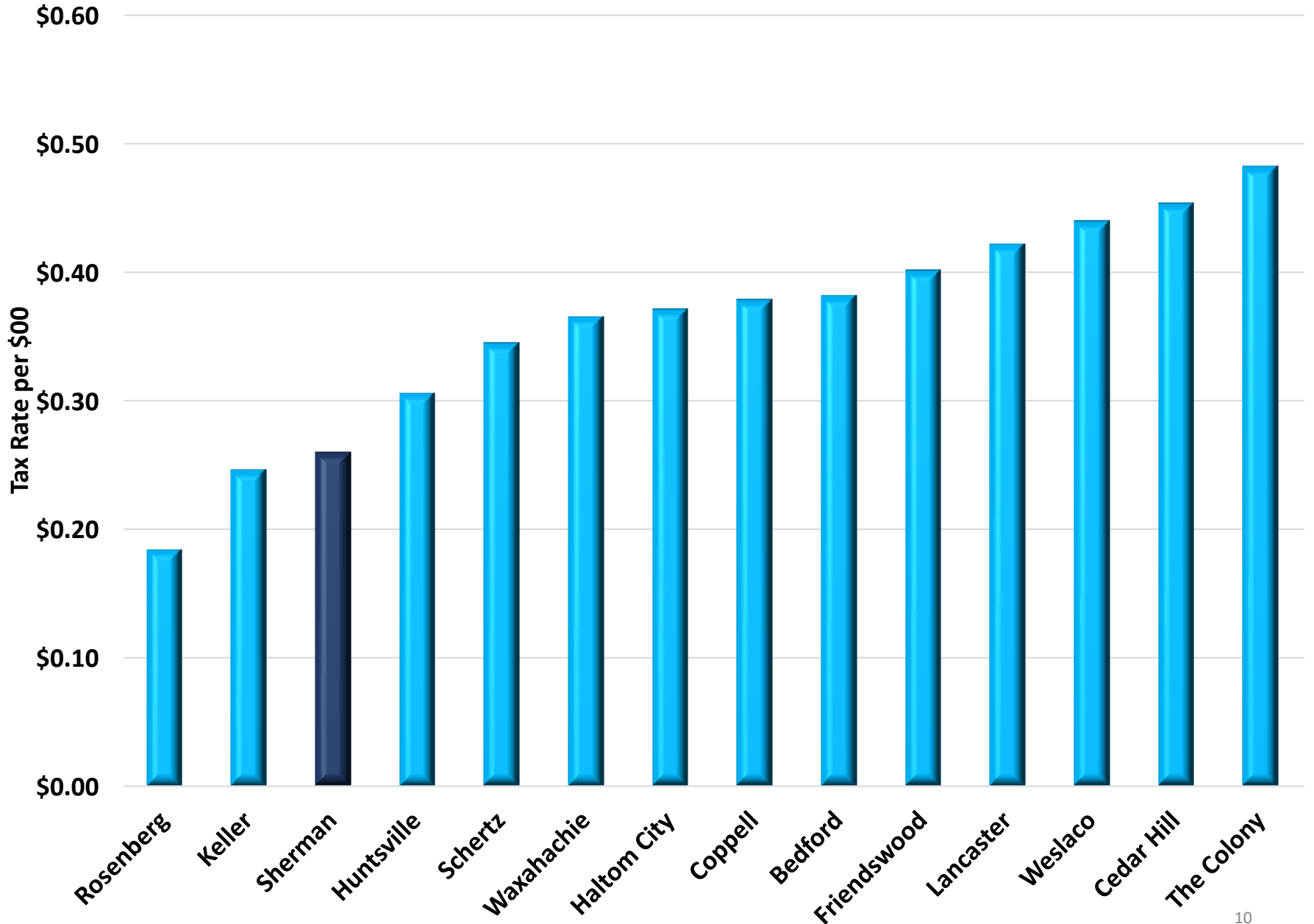
# Cumulative New Value and Growth in Existing Property



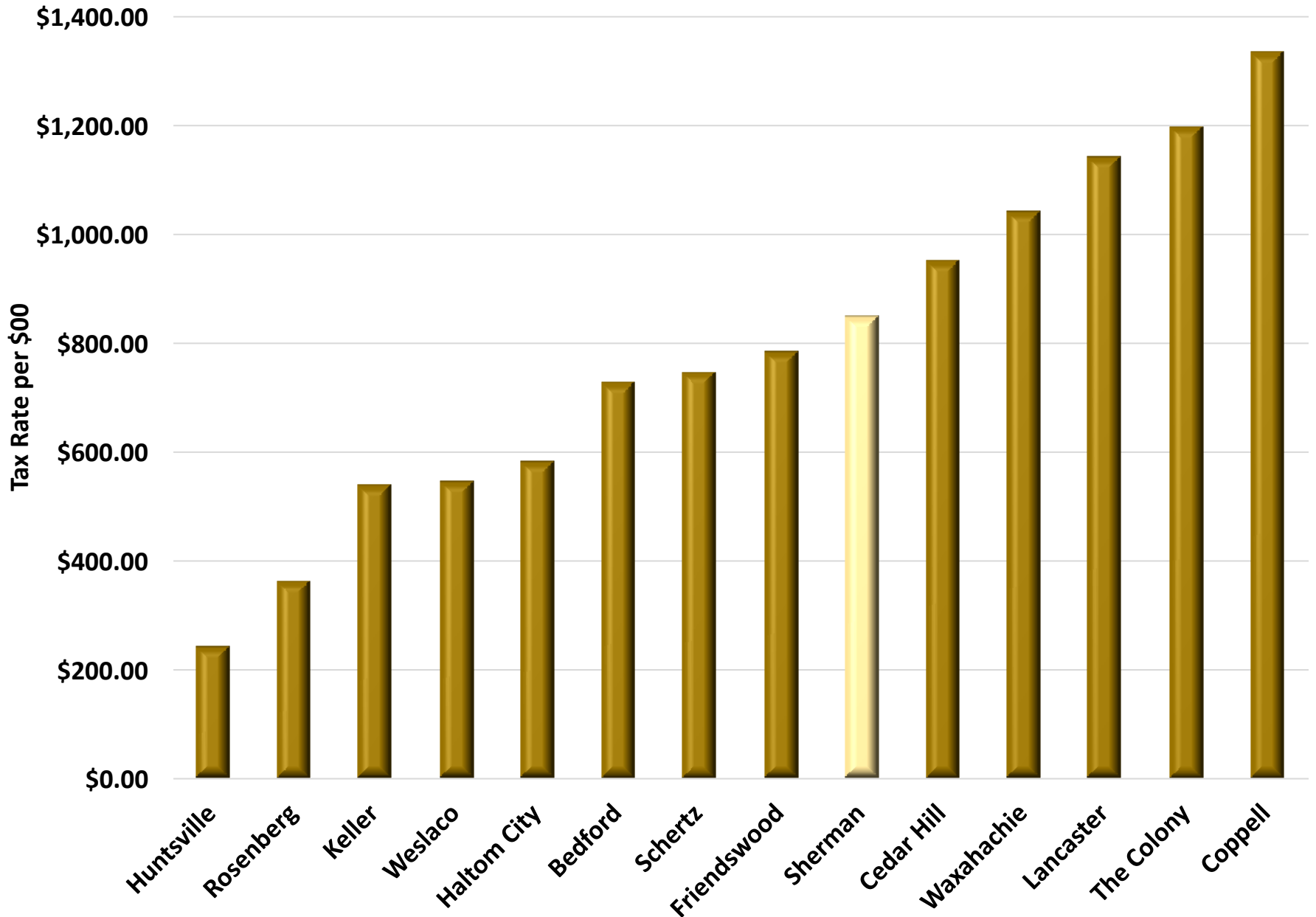
## Property Tax Rates of Cities 40,000 - 50,000 Population by Total Tax Rate



Property Tax Rates of Cities 40,000 - 50,000 population by M&O Tax Rate



Property Tax Rates of Cities 40,000 - 50,000 population by Property Taxes per Capita



# Property Tax Assessed Value

	FY2024	FY2025	FY2026	<i>FY2027 Est</i>
<b>Beginning Tax Roll</b>	4,918,058,459	5,778,423,011	8,467,325,806	7,732,674,138
<b>Growth in Beginning Tax Roll Properties</b>	566,700,936	446,909,581	203,969,239	463,960,448
<b>TI - net</b>	125,000,000	1,500,110,643	(1,064,561,826)	(99,792,830)
<b>GW - net</b>	-	450,000,000	(225,800,991)	(33,625,139)
<b>New Value</b>	168,663,617	291,882,571	351,741,910	166,255,791
<b>January 1, Tax Roll for Levy</b>	<u>5,778,423,012</u>	<u>8,467,325,806</u>	<u>7,732,674,138</u>	<u>8,229,472,408</u>

# Property Tax Rates

	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b><i>FY2027 est.</i></b>
<b>M&amp;O Rate</b>	<b>0.2638</b>	<b>0.3075</b>	<b>0.2584</b>	<b><i>0.265109</i></b>
<b>Debt Rate</b>	<b>0.2442</b>	<b>0.2005</b>	<b>0.2496</b>	<b><i>0.242891</i></b>
<b>M&amp;O Taxes</b>	<b>15,443,396</b>	<b>25,956,591</b>	<b>19,841,269</b>	<b><i>21,897,796</i></b>
<b>Debt Taxes</b>	<b>12,335,342</b>	<b>15,203,154</b>	<b>17,500,091</b>	<b><i>17,710,000</i></b>

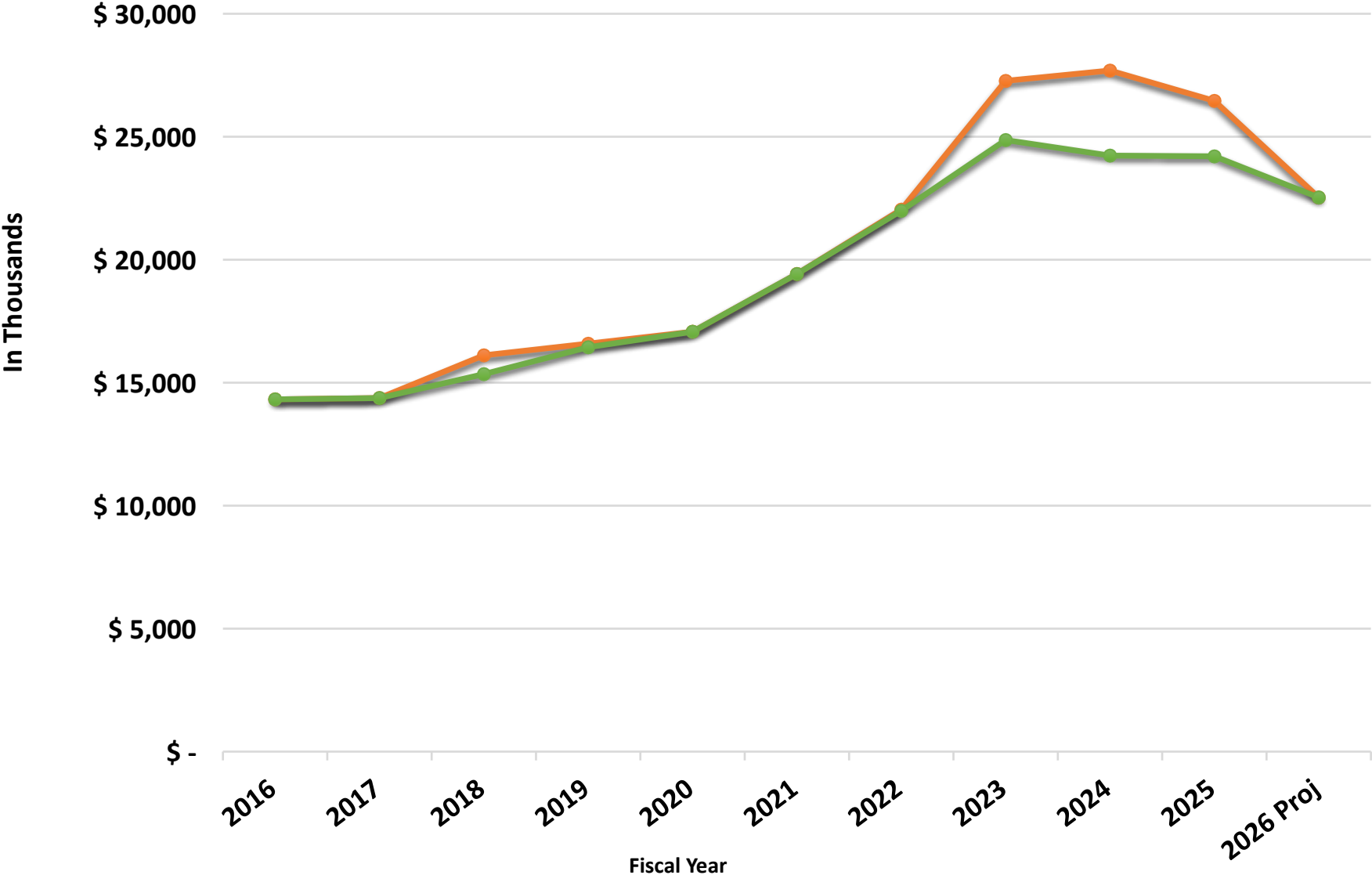
***(assumes adopted rate is .508)***

**Voter-  
approval**

<b>Rate</b>	<b>0.5293</b>	<b>0.5235</b>	<b>0.6615</b>	<b><i>0.6657</i></b>
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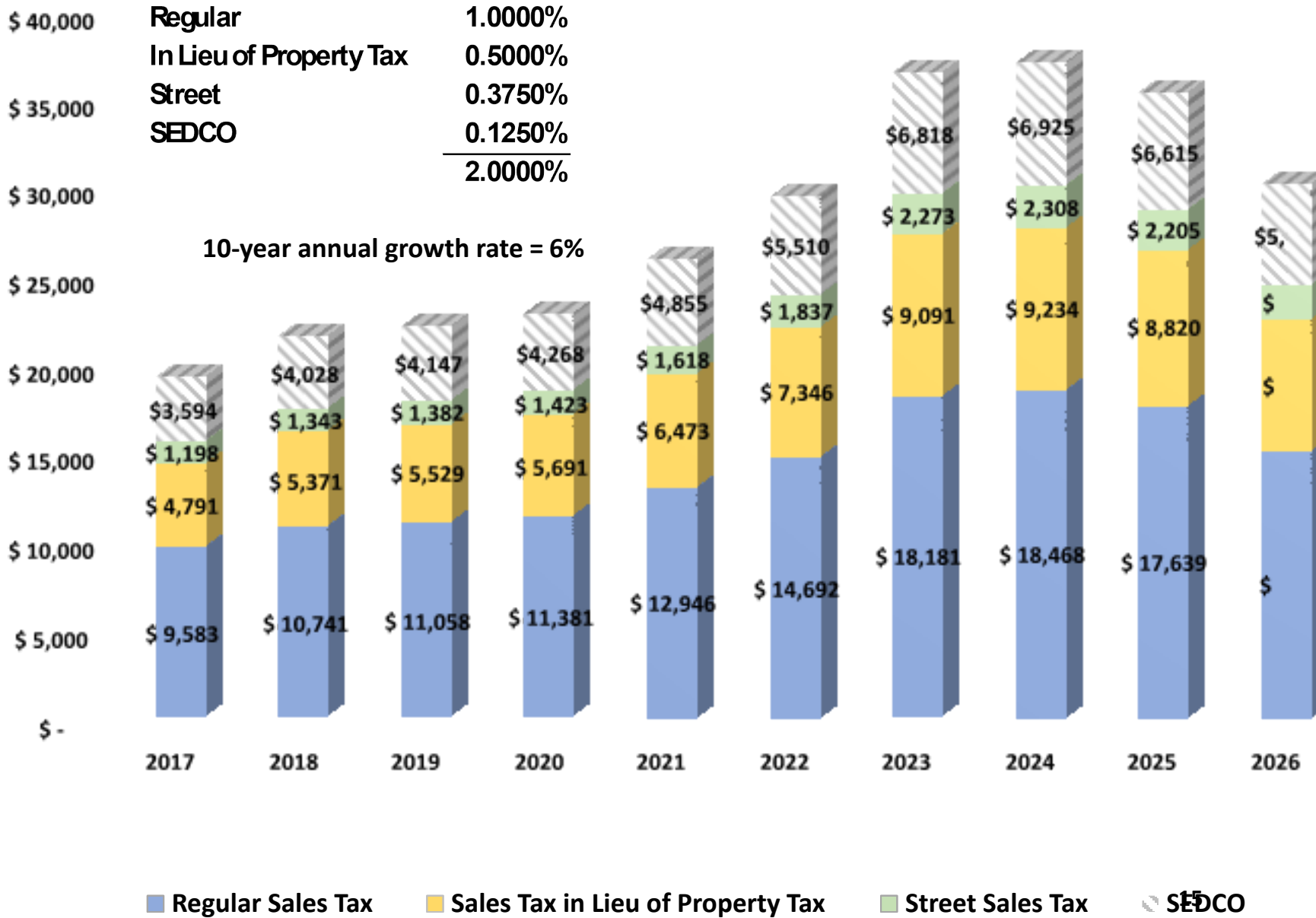
# Sales Tax History

(excluding Street tax)



—●— Total    —●— Without Finisar, TI & GW

## Sales Tax



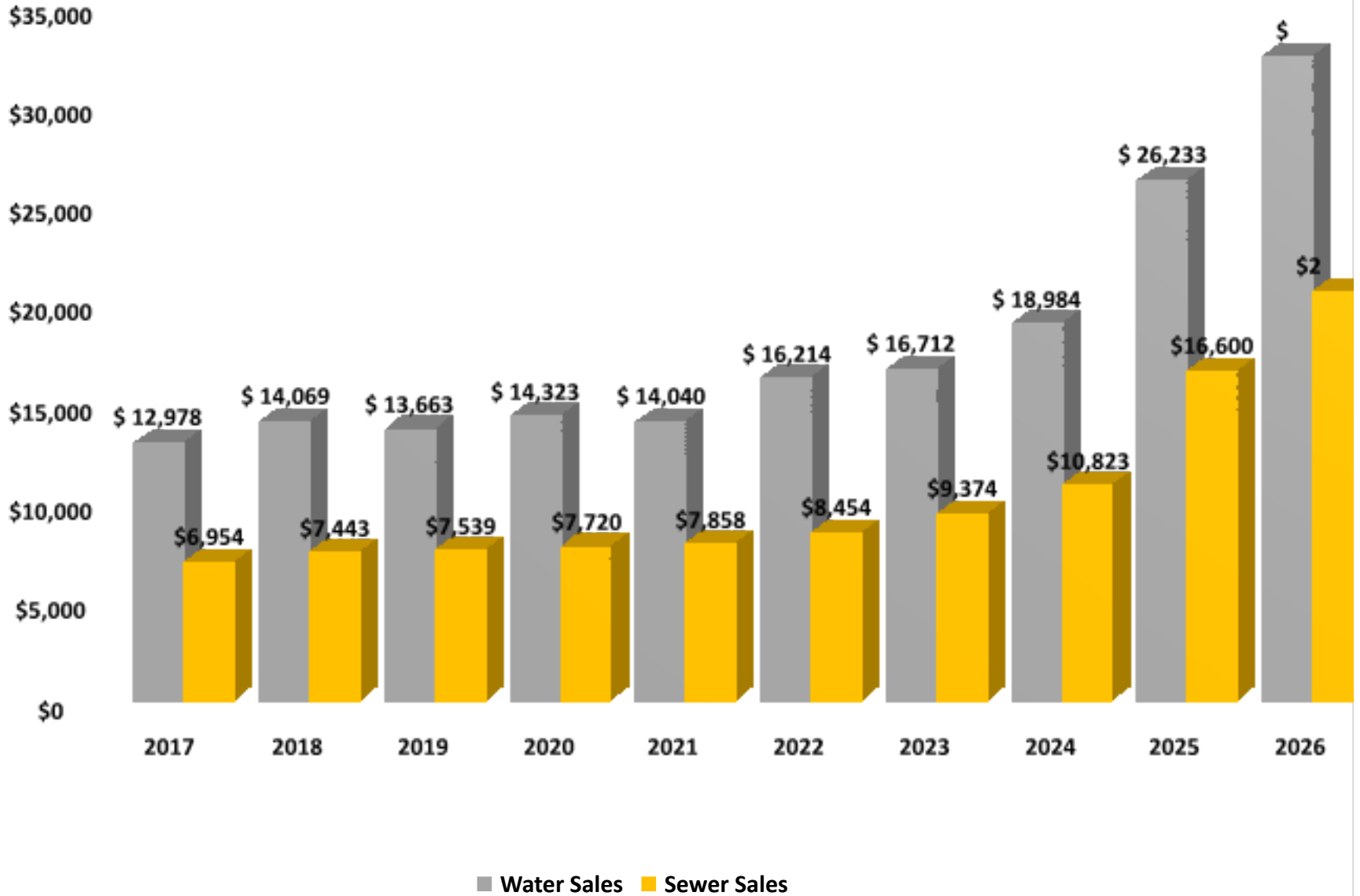
**City of Sherman**  
**UTILITY FUND**  
**With Rate Change Ordinance Adoption in April**

	Actual 2024-2025	Adjusted Budget 2025-2026	Projected 2025-2026
<b>Beginning Reserve</b>	\$ 8,738,762	\$ 15,793,073	\$ 14,574,242
<b>Revenues</b>			
Water Sales	26,233,291	35,833,358	32,494,153
Sewer Sales	16,599,841	23,098,548	20,621,012
Laboratory	175,212	176,000	176,000
Service Charges & Penalties	732,273	700,000	840,000
Charges for Services	242,407	250,000	300,000
Interest Income	238,418	180,000	320,000
Intergovernmental	417,870	1,416,085	2,416,085
Miscellaneous Revenue	671,774	55,000	150,000
<b>Total Revenues</b>	<b>45,311,085</b>	<b>61,708,991</b>	<b>57,317,250</b>
Transfers In	474,000	3,641,000	3,641,000
<b>Total Revenues and Transfers In</b>	<b>45,785,085</b>	<b>65,349,991</b>	<b>60,958,250</b>
<b>Total Funds Available</b>	<b>54,523,847</b>	<b>81,143,064</b>	<b>75,532,492</b>
<b>Expenditures</b>			
Personnel	10,235,194	11,539,230	11,389,230
Supplies	2,905,468	6,808,921	3,850,721
Repair & Maintenance	5,096,276	5,025,098	5,025,098
Utilities	2,973,109	3,371,960	3,071,960
Information Technology	456,720	529,540	529,540
Debt Service	10,204,238	28,149,364	25,055,814
Services & Charges	1,989,892	3,169,964	2,969,964
Vehicle Usage	918,462	808,300	808,300
Fleet Services & Charges	142,547	590,644	590,644
Capital Expenses	293,130	179,103	179,103
<b>Total Expenditures</b>	<b>35,215,036</b>	<b>60,172,125</b>	<b>53,470,375</b>
Transfers Out	4,734,569	5,523,358	5,523,358
<b>Total Expenditures and Transfers Out</b>	<b>39,949,605</b>	<b>65,695,483</b>	<b>58,993,733</b>
<b>Excess Revenues over Expenditures</b>	<b>5,835,480</b>	<b>(345,492)</b>	<b>1,964,517</b>
<b>Ending Reserve</b>	<b>\$ 14,574,242</b>	<b>\$ 15,447,581</b>	<b>\$ 16,538,759</b>
<b>Days in Fund Balance</b>	<b>133</b>	<b>86</b>	<b>102</b>

**City of Sherman**  
**UTILITY FUND**  
**No Mid-year Rate Change**

	Actual 2024-2025	Adjusted Budget 2025-2026	Projected 2025-2026
<b>Beginning Reserve</b>	\$ 8,738,762	\$ 15,793,073	\$ 14,574,242
<b>Revenues</b>			
Water Sales	26,233,291	35,833,358	27,782,586
Sewer Sales	16,599,841	23,098,548	14,448,352
Laboratory	175,212	176,000	176,000
Service Charges & Penalties	732,273	700,000	840,000
Charges for Services	242,407	250,000	300,000
Interest Income	238,418	180,000	320,000
Intergovernmental	417,870	1,416,085	2,416,085
Miscellaneous Revenue	671,774	55,000	150,000
<b>Total Revenues</b>	<b>45,311,085</b>	<b>61,708,991</b>	<b>46,433,023</b>
Transfers In	474,000	3,641,000	3,641,000
<b>Total Revenues and Transfers In</b>	<b>45,785,085</b>	<b>65,349,991</b>	<b>50,074,023</b>
<b>Total Funds Available</b>	<b>54,523,847</b>	<b>81,143,064</b>	<b>64,648,265</b>
<b>Expenditures</b>			
Personnel	10,235,194	11,539,230	11,389,230
Supplies	2,905,468	6,808,921	3,850,721
Repair & Maintenance	5,096,276	5,025,098	5,025,098
Utilities	2,973,109	3,371,960	3,071,960
Information Technology	456,720	529,540	529,540
Debt Service	10,204,238	28,149,364	25,055,814
Services & Charges	1,989,892	3,169,964	2,969,964
Vehicle Usage	918,462	808,300	808,300
Fleet Services & Charges	142,547	590,644	590,644
Capital Expenses	293,130	179,103	179,103
<b>Total Expenditures</b>	<b>35,215,036</b>	<b>60,172,125</b>	<b>53,470,375</b>
Transfers Out	4,734,569	5,523,358	5,523,358
<b>Total Expenditures and Transfers Out</b>	<b>39,949,605</b>	<b>65,695,483</b>	<b>58,993,733</b>
<b>Excess Revenues over Expenditures</b>	<b>5,835,480</b>	<b>(345,492)</b>	<b>(8,919,710)</b>
<b>Ending Reserve</b>	<b>\$ 14,574,242</b>	<b>\$ 15,447,581</b>	<b>\$ 5,654,532</b>
<b>Days in Fund Balance</b>	<b>133</b>	<b>86</b>	<b>35</b>

## Water and Sewer Revenues



**City of Sherman**  
**SOLID WASTE FUND**  
 No RSW Rate Increase

	Actual 2024-2025	Adjusted Budget 2025-2026	Projected 2025-2026
<b>Beginning Fund Balance</b>	\$ 1,879,417	\$ 2,278,244	\$ 2,235,775
<b>Revenues</b>			
Solid Waste Service	9,751,510	10,417,000	8,922,300
Service Charges & Penalties	125,492	150,000	125,000
Interest Income	77,834	70,000	55,000
Miscellaneous Revenue	1,275,503	1,170,000	1,310,000
<b>Total Revenues</b>	<b>11,230,339</b>	<b>11,807,000</b>	<b>10,412,300</b>
<b>Total Funds Available</b>	<b>13,109,756</b>	<b>14,085,244</b>	<b>12,648,075</b>
<b>Expenditures</b>			
Personnel	2,780,157	2,933,170	2,883,170
Supplies	439,695	478,631	478,631
Repair & Maintenance	119,788	97,507	97,507
Utilities	42,368	56,400	56,400
Information Technology	122,978	153,280	153,280
Services & Charges	3,514,813	3,681,001	3,101,477
Vehicle Usage	1,665,442	1,879,670	1,879,670
Capital Expenses	114,525	-	-
Fleet Services & Charges	40,000	25,000	25,000
Transfers Out	2,034,215	2,611,661	2,611,661
<b>Total Expenditures</b>	<b>10,873,981</b>	<b>11,916,320</b>	<b>11,286,796</b>
<b>Excess Revenues over Expenditures</b>	<b>356,358</b>	<b>(109,320)</b>	<b>(874,496)</b>
<b>Ending Fund Balance</b>	<b>\$ 2,235,775</b>	<b>\$ 2,168,924</b>	<b>\$ 1,361,279</b>
<b>Days in Fund Balance</b>	<b>75</b>	<b>66</b>	<b>44</b>

**City of Sherman  
SOLID WASTE FUND**

RSW Rate Increase June 2026 for 70 Days Reserve Target in FY2027

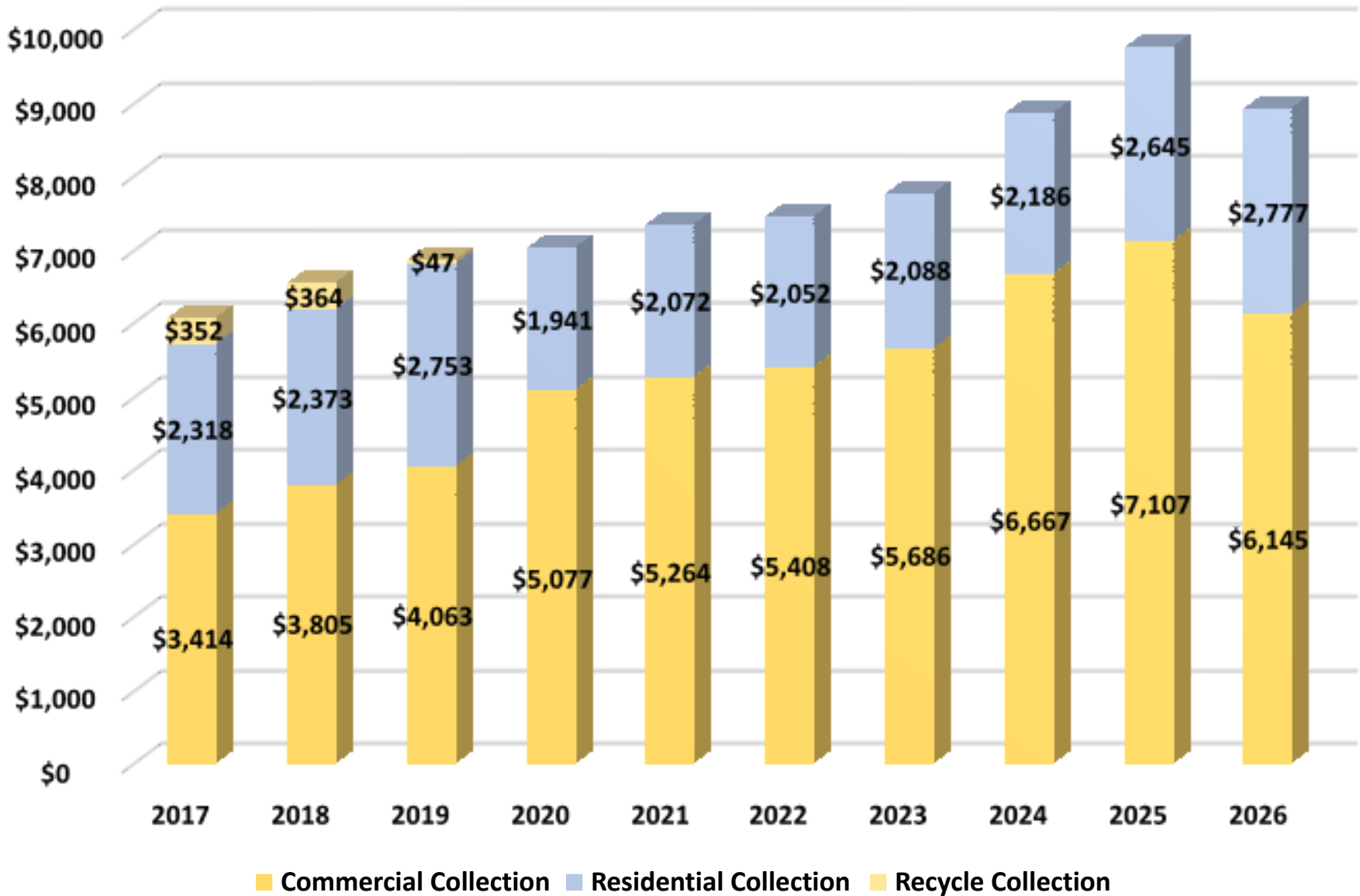
	Actual 2024-2025	Adjusted Budget 2025-2026	Projected 2025-2026
<b>Beginning Fund Balance</b>	\$ 1,879,417	\$ 2,278,244	\$ 2,235,775
<b>Revenues</b>			
Solid Waste Service	9,751,510	10,417,000	9,553,300
Service Charges & Penalties	125,492	150,000	125,000
Interest Income	77,834	70,000	55,000
Miscellaneous Revenue	1,275,503	1,170,000	1,310,000
<b>Total Revenues</b>	<b>11,230,339</b>	<b>11,807,000</b>	<b>11,043,300</b>
<b>Total Funds Available</b>	<b>13,109,756</b>	<b>14,085,244</b>	<b>13,279,075</b>
<b>Expenditures</b>			
Personnel	2,780,157	2,933,170	2,883,170
Supplies	439,695	478,631	478,631
Repair & Maintenance	119,788	97,507	97,507
Utilities	42,368	56,400	56,400
Information Technology	122,978	153,280	153,280
Services & Charges	3,514,813	3,681,001	3,101,477
Vehicle Usage	1,665,442	1,879,670	1,879,670
Capital Expenses	114,525	-	-
Fleet Services & Charges	40,000	25,000	25,000
Transfers Out	2,034,215	2,611,661	2,611,661
<b>Total Expenditures</b>	<b>10,873,981</b>	<b>11,916,320</b>	<b>11,286,796</b>
<b>Excess Revenues over Expenditures</b>	<b>356,358</b>	<b>(109,320)</b>	<b>(243,496)</b>
<b>Ending Fund Balance</b>	<b>\$ 2,235,775</b>	<b>\$ 2,168,924</b>	<b>\$ 1,992,279</b>
<b>Days in Fund Balance</b>	<b>75</b>	<b>66</b>	<b>64</b>
<b>New Rate</b>			<b>25.86</b>

# Residential Solid Waste Information

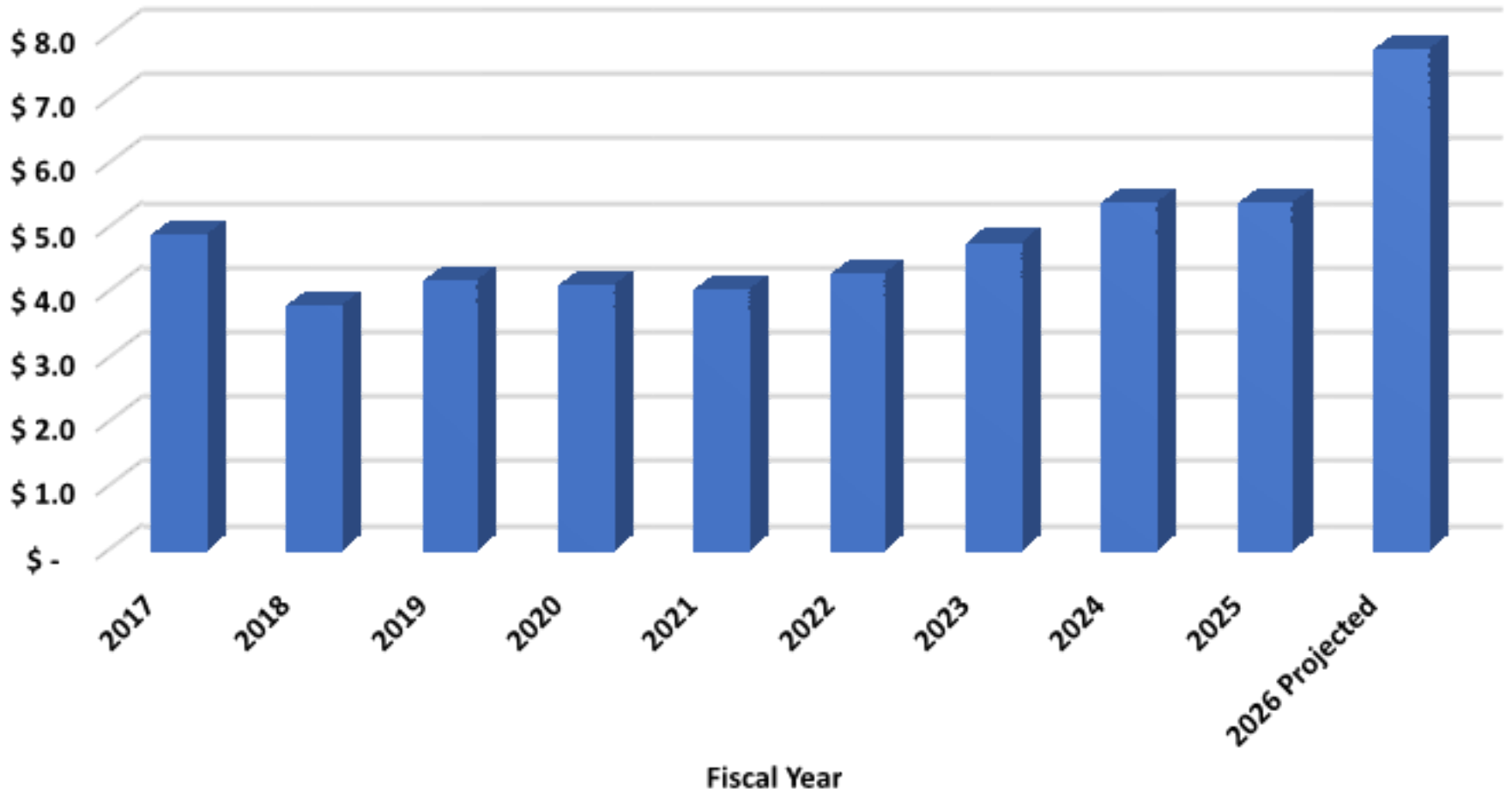
- RSW rates are half of other peer cities
- Every 1% increase in RSW fee is about \$28,000
- TASWA distribution is equal to a 40% increase in RSW rate
- CSW subsidizes RSW by about \$1.7 million per year
- RSW only pays for about half the cost of its operations
- Costs
  - New RSW truck = \$460k
  - Driver = \$60k/year



# Solid Waste Revenues



## Group Health Claims History



**City of Sherman**  
**EMPLOYEE INSURANCE FUND**

	Actual 2024-2025	Budget 2025-2026	Projected 2025-2026
Beginning Fund Balance	\$ 1,408,446	\$ 1,031,840	\$ 1,604,350
<b>Revenues</b>			
Employer Contributions	5,279,966	5,384,810	5,711,000
Employee Contributions	1,236,930	1,150,000	1,320,000
Retiree Contributions	96,653	100,000	80,000
COBRA Contributions	1,792	1,000	6,000
Miscellaneous Revenue	-	350,000	350,000
Interest Income	67,441	60,000	40,000
Transfers In	-	-	-
<b>Total Revenues</b>	<b>6,682,782</b>	<b>7,045,810</b>	<b>7,507,000</b>
<b>Total Funds Available</b>	<b>8,091,228</b>	<b>8,077,650</b>	<b>9,111,350</b>
<b>Expenditures</b>			
Health Insurance Claims	5,361,963	6,696,000	7,760,000
Administration & Premiums	1,062,787	1,256,000	1,250,000
Life Insurance Premiums	62,129	69,000	73,200
Transfers Out	-	-	-
<b>Total Expenditures</b>	<b>6,486,878</b>	<b>8,021,000</b>	<b>9,083,200</b>
<b>Excess Revenues over Expenditures</b>	<b>195,904</b>	<b>(975,190)</b>	<b>(1,576,200)</b>
<b>Ending Fund Balance</b>	<b>\$ 1,604,350</b>	<b>\$ 56,650</b>	<b>\$ 28,150</b>

# CIPs

**City of Sherman**  
**GENERAL IMPROVEMENT FUND – City Funds**

	Actual 2024-2025	Total Budget as of 9/30/26	Project-to-Date 3/31/2026
<b>Transportation</b>			
<b>Projects</b>			
(2) Street Material	1,949,771	2,558,807	2,558,195
(2) Grand Ave Solar Lights	108,392	110,000	108,392
(1) Signal FM1417 and Quail Run	27,419	27,420	27,419
Total	2,085,583	2,696,227	2,694,007
<b>Funding Sources</b>			
(1) General Fund transfers		27,420	
(2) Tax Notes		2,668,807	
		2,696,227	
<b>Facility Maintenance</b>			
<b>Projects</b>			
(2) Municipal Bldg 3-ton Splits (3)	32,700	32,700	32,700
(2) Municipal Bldg ADA Approaches	22,900	22,900	22,900
(2) Muni Bldg Auditorium (plaster, balcony,	3,800	3,800	3,800
(2) Muni Bldg Ballroom (floor, stage)	62,081	62,081	62,081
(2) Muni Bldg Drop Ceiling	2,125	2,125	2,125
(2) Muni Bldg EMS System	44,000	44,000	44,000
(2) Muni Bldg Main Entry Front	18,941	18,941	18,941
(2) Kerr East Exterior Repair	8,000	8,000	8,000
(2) Animal Shelter HVAC	20,800	20,800	20,800
(2) Animal Shelter Lobby	61,995	100,000	95,929
(2) Columbarium	-	47,350	47,350
(2) Mausoleum repair	36,489	200,000	36,489
(2) Senior Center Renovation	25,800	25,800	25,800
(2) Muni Bldg Bathroom Remodel	-	200,000	-
(2) Muni Building Exterior Stairs	-	100,000	-
Total	339,631	888,497	420,915
<b>Funding Sources</b>			
(1) General Fund transfers		-	
(2) Tax Notes		888,497	
(3) General CIP Fund 222 transfer		-	
		888,497	

**City of Sherman**  
**GENERAL IMPROVEMENT FUND – City Funds**

	Actual 2024-2025	Total Budget as of 9/30/26	Project-to-Date 3/31/2026
<b>Transportation</b>			
<b>Projects</b>			
(2) Street Material	1,949,771	2,558,807	2,558,195
(2) Grand Ave Solar Lights	108,392	110,000	108,392
(1) Signal FM1417 and Quail Run	27,419	27,420	27,419
<b>Total</b>	2,085,583	2,696,227	2,694,007
<b>Funding Sources</b>			
(1) General Fund transfers		27,420	
(2) Tax Notes		2,668,807	
		2,696,227	
<b>Facility Maintenance</b>			
<b>Public Safety</b>			
<b>Projects</b>			
(1) Watchguard video evidence platform	134,000	97,722	97,722
<b>Total</b>	134,000	97,722	97,722
<b>Funding Sources</b>			
(1) General Fund transfers		97,722	
		97,722	
<b>Other</b>			
<b>Projects</b>			
(1) Airport Pavement Maintenance-City	24,405	382,000	24,405
(1) Energov Implementation	87,315	430,000	87,315
(1) Kidd Key Fountain	73,449	74,000	73,449
<b>Total</b>	185,169	886,000	185,169
<b>Funding Sources</b>			
(1) General Fund transfers	-	886,000	
(2) Tax Notes	-	-	
		886,000	
<b>Total Expenditures</b>			
	\$ 2,744,382	\$ 4,568,446	\$ 3,397,813

**City of Sherman**  
**GENERAL IMPROVEMENT FUND – Bond Funds**

	Actual 2024-2025	Total Budget as of 9/30/26	Project-to-Date 3/31/2026
<b>Transportation</b>			
<b>Projects</b>			
FM 1417 Engineering & ROW - SH 82 to SH 56	22	5,450,000	5,448,020
Bridges-Center/McGee/Travis	8,822	805,871	805,690
Flanary Rd and Progress Rd Engineering	28,311	219,300	215,627
Moore Street	304,146	14,800,000	7,933,236
FM 1417 design/ROW - SH 56 to W. Travis	2,792,082	4,600,000	4,435,830
Shepherd Dr	4,337,576	18,200,000	17,577,744
Bel Air Blvd Ph II/Beach Club/London Ln	4,708,387	9,400,000	9,349,569
Major Street Rebuilds-Washington & Sunset	2,278,550	2,500,000	2,422,805
Sherman St Improvements	3,697	200,000	184,530
Lamberth & Friendship-Shady Oaks thur Hickory Hill	1,093,156	4,000,000	3,603,496
Progress Drive & Tortilla Way	-	5,780,000	100
Flanary Road	114	5,400,000	114
Center St Bridge at Post Oak Creek	468,965	1,378,366	1,245,592
OB Groner - west of FM 1417 Design	500,000	1,500,000	508,250
Pebblebrooke Phase IV Drainage	889	546,000	538,679
FM 1417 signal at Bel Air Blvd Design	70,500	400,000	80,000
Heritage Ranch Ramps -Eng	72,042	410,000	360,577
Heritage Ranch Phase I	5,433,667	7,400,000	6,572,412
Heritage Ranch Utilities for SISD	413,102	1,100,000	434,844
Wells St Rebuild/Extension	62,914	200,000	132,483
Crossroads Infrastructure (includes TxDOT participat	550,988	14,400,000	7,152,630
Cherry St Rebuild	1,117,974	3,100,000	1,439,625
Travis Heights/Bel Air Blvd	209	2,400,000	2,023
Traffic signal - Luella Rd & FM 1417	70,500	400,000	80,000
TxDOT Hwy 75 and Taylor-move manhole	-	120,000	109,792
Retaining Wall on FM 1417	100	90,000	80,582
<b>Total</b>	<b>24,316,712</b>	<b>104,799,537</b>	<b>70,714,251</b>

**City of Sherman**  
**GENERAL IMPROVEMENT FUND – Bond Funds (continued)**

	Actual 2024-2025	Total Budget as of 9/30/26	Project-to-Date 3/31/2026
<b>Parks and Recreation</b>			
Projects			
Asphalt Pump Track at Binkley Park	136,593	500,000	498,793
Master Plan Trail Construction	62	750,000	277,227
Northcreek Subdivision Park	21,800	500,000	451,902
Trail Lighting and Restroom and PGE	1,239,371	2,000,000	1,353,469
OSP Lighting - Phase I	27,122	1,500,000	50,535
Fairview Park playground	1,296,923	6,400,000	2,286,011
Hawn Park playground	47,184	2,200,000	130,755
MLK Park/Mt Carmel Property Purchase	1,722	-	64,201
Pebblebrook Phase IV Park	1,462	2,500	6,350
Hickory Hill Park	403	403	403
Fairview Tennis Courts	-	210,600	200,786
<b>Total</b>	<b>2,772,640</b>	<b>14,063,503</b>	<b>5,320,432</b>
<b>Downtown</b>			
Projects			
Texas Laundry property for parking lot	1,500	-	1,500
Downtown Lighting and Electrical	7,875	600,000	7,875
<b>Total</b>	<b>9,375</b>	<b>600,000</b>	<b>9,375</b>
<b>Facilities</b>			
Projects			
City Hall Renovation	4,560,322	6,400,000	6,319,376
West Hill Cemetery Creek Erosion	532,581	1,000,000	966,502
Public Works Facility - Design	11,140	1,000,000	46,784
Fleet Maintenance Facility	-	900,000	342,289
<b>Total</b>	<b>5,104,043</b>	<b>9,300,000</b>	<b>7,674,951</b>

**City of Sherman**  
**GENERAL IMPROVEMENT FUND – Bond Funds (continued)**

	Actual 2024-2025	Total Budget as of 9/30/26	Project-to-Date 3/31/2026
<b>Public Safety</b>			
Projects			
Combine Fire Sta. 1 & 2	2,737,075	8,050,000	7,757,237
Fire Station #4 Training Tower	287,222	1,000,000	506,463
Public Safety Trunking System	66,460	3,500,000	3,466,201
Fire Station #5 Land	7,325	500,000	7,325
Fire Station #3 Remodel	156,237	4,300,000	375,190
Total	3,254,320	17,350,000	12,112,417
<b>Drainage</b>			
Projects			
Blanton St Drainage (Birge to McGee)	46,630	2,500,000	46,630
McGee St Bridge Erosion	209,162	1,430,000	680,650
Setting Suns Drainage Phase III	1,750	245,000	231,312
Lamberth Rd Post Oak Creek Crossing	179,960	2,100,000	838,164
Hills of Sherman Drainage	-	500,000	500,000
Total	437,502	6,775,000	2,296,756
<hr/>			
Total Expenditures	\$ 35,894,592	\$ 152,888,040	\$ 98,128,182

# Tax-Supported Debt

# Outstanding CO/GO Debt - Current

	Interest	Principal	Total
2016 CO	\$ 719,925	\$ 4,435,000	\$ 5,154,925
2017 A Stormwater	577,869	2,665,000	3,242,869
2017 CO General Imp	1,482,718	6,293,076	7,775,794
2017 CO TIRZ #5	660,114	2,801,712	3,461,826
2017 CO TIRZ #6	516,243	2,191,082	2,707,326
2017 CO TIRZ #7	406,224	1,724,130	2,130,355
2017 Refunding Auditorium	38,394	498,769	537,163
2017 Refunding General Imp	278,453	2,853,437	3,131,891
2017 Refunding TIF #1	6,903	67,794	74,697
2018 CO General Improvements	5,723,631	15,780,000	21,503,631
2019 CO General Imp	5,921,300	16,170,000	22,091,300
2021 CO General Imp	8,672,319	26,745,000	35,417,319
2021 Tax Notes	14,000	350,000	364,000
2022 Tax Notes	56,000	740,000	796,000
2023 General Imp	62,465,250	71,025,000	133,490,250
2023 Tax Notes	165,750	1,630,000	1,795,750
2024 CO	13,925,919	18,705,000	32,630,919
2024 Tax Notes	326,000	2,545,000	2,871,000
2025 Tax Notes	882,500	5,695,000	6,577,500
2025 CO	23,213,800	24,750,000	47,963,800
2026 Tax Notes	641,979	4,045,000	4,686,979
	<u>\$ 126,695,292</u>	<u>\$ 211,710,000</u>	<u>\$ 338,405,292</u>

# Outstanding CO/GO Debt - Current

	Final Maturity	Avg Annual Debt Service	Total
2016 CO	8/15/2036	468,280	5,154,925
2017 A Stormwater	8/15/2037	270,054	3,242,869
2017 CO General Imp	8/15/2037	647,539	7,775,794
2017 CO TIRZ #5	8/15/2037	288,288	3,461,826
2017 CO TIRZ #6	8/15/2037	225,456	2,707,326
2017 CO TIRZ #7	8/15/2037	177,408	2,130,355
2017 Refunding Auditorium	8/15/2029	134,199	537,163
2017 Refunding General Imp	8/15/2029	782,437	3,131,891
2017 Refunding TIF #1	8/15/2026	74,697	74,697
2018 CO General Improvements	8/15/2043	1,193,919	21,503,631
2019 CO General Imp	8/15/2044	1,161,862	\$ 22,091,300
2021 CO General Imp	8/15/2051	1,361,344	35,417,319
2021 Tax Notes	8/15/2026	364,000	364,000
2022 Tax Notes	8/15/2027	398,000	796,000
2023 General Imp	8/15/2043	7,411,613	133,490,250
2023 Tax Notes	8/15/2028	598,037	1,795,750
2024 CO	8/15/2054	1,124,460	32,630,919
2024 Tax Notes	8/15/2029	717,259	2,871,000
2025 Tax Notes	8/15/2030	1,314,780	6,577,500
2025 CO	8/15/2055	1,597,772	47,963,800
2026 Tax Notes	8/15/2031	780,807	4,686,979
		\$ 21,092,210	\$ 338,405,292

# CO Bond Summary

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	2024 CO	2025 CO	Total Issued
<b>TXDOT Projects</b>									
TxDOT 1417 & W. Travis Intersection	\$ -	\$ -	\$ -	\$ 1.68	\$ -	\$ -	\$ -	\$ -	\$ 1.68
TxDOT-Hwy 75 Gap Project	-	-	-	8.20	-	-	-	-	8.20
* TXDOT Ramp Reversal at 75/1417	-	2.50	-	-	-	-	-	-	2.50
TxDOT-FM 1417 - US 82 to SH 56 Eng + ROW	1.70	-	2.40	1.35	-	-	-	-	5.45
TxDOT - FM 1417 56 to W. Travis ROW/Eng	-	-	0.90	0.60	0.10	3.00	-	-	4.60
							-	-	
<b>Thoroughfares</b>									
Friendship Road - Eng, ROW & Construction	1.20	-	-	-	0.10	-	-	-	1.30
Lamberth Rd -Eng, ROW & Construction	0.80	-	-	-	-	-	-	-	0.80
Taylor/Washington Eng + ROW	0.20	1.20	-	0.80	0.50	-	-	-	2.70
Swan Ridge	0.10	-	-	-	-	-	-	-	0.10
Canyon Creek	2.60	-	-	-	-	-	-	-	2.60
Travis St West	0.60	4.50	3.40	1.10	-	-	-	-	9.60
Legacy Blvd	-	-	-	1.85	-	-	-	-	1.85
Lamberth & Friendship from Shady Oaks through Hickory Hill - Eng, ROW & Construction	-	-	-	0.65	2.10	1.25	-	-	4.00
Hilre Drive Extension	-	-	-	0.50	-	-	-	-	0.50
OB Groner west of FM 1417 Design and Developer Agreement	-	-	-	-	-	0.50	-	-	0.50
Retaining wall FM1417 & Lamberth	-	-	-	-	-	0.10	-	-	0.10
Park Ave Realignment (net)	-	-	1.90	0.10	-	-	-	-	2.00
Steeplechase Drive Ext	-	-	-	0.15	-	-	-	-	0.15

# CO Bond Summary (continued)

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	2024 CO	2025 CO	Total Issued
<b>Bel Air</b>									
Beach Club									
Blvd/London Ln	-	-	-	-	-	5.90	-	-	5.90
Bel Air Blvd									
Construction Ph II									
(excludes utilities)	-	-	-	-	1.90	-	-	-	1.90
Travis Heights/Bel Air									
Blvd						0.19	1.28	0.93	2.40
<b>SEDCO/Industrial Park</b>									
* Northgate Drive	-	-	0.90	-	-	-	-	-	0.90
*Flanary Rd Alignment									
Study	-	-	-	-	-	0.30	-	-	0.30
*Flanary Engineering	-	-	-	0.20	-	-	-	-	0.20
*Flanary construction	-	-	-	-	-	5.40	-	-	5.40
*Progress Construction									
& extension	-	-	-	-	-	4.48	-	1.30	5.78
Tortilla Way						1.00	-	-	1.00
<b>Moore St./Interurban</b>									
Moore St - W Travis to									
Park	-	-	-	2.10	-	-	-	-	2.10
Moore St - W Travis to									
FM 1417	-	-	-	-	2.80	-	-	-	2.80
Moore St - Park to									
Center St	-	-	-	-	2.20	7.70	-	-	9.90
<b>New Developments</b>									
Crossroads									
Infrastructure	-	-	-	-	-	2.30	-	12.10	14.40
Munson Planned									
Development	-	-	-	0.10	-	-	-	-	0.10

## CO Bond Summary (continued)

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	2024 CO	2025 CO	Total Issued
<b>Major Street Rebuilds</b>	-	-	-	-	-	-	-	-	-
Wells St	-	-	-	-	-	0.20	-	-	0.20
Washington & Sunset	-	-	-	-	1.50	1.00	-	-	2.50
Cherry St	-	-	-	0.62	0.10	0.08	1.60	-	2.40
<b>Engineering (Design for in-house mill &amp; overlay)</b>	-	-	-	-	-	-	0.70	-	0.70
Sherman St Improvements	-	-	-	-	-	0.20	-	-	0.20
<b>Shepherd Rd</b>	-	-	-	-	-	-	-	-	-
Shepherd Rd Design	-	-	-	-	1.10	-	-	-	1.10
Shepherd Rd Design/Construction	-	-	-	-	-	12.60	0.50	-	13.10
<b>Heritage Ranch</b>	-	-	-	-	-	-	-	-	-
Heritage Ranch ramps - Eng	-	-	-	-	-	0.50	-	-	0.50
Heritage Ranch Public Utilities	-	-	-	-	-	-	1.10	-	1.10
Heritage Ranch Ph I (Lone star Pkwy, roundabout and HRT in front of school), Eng & Construction	-	-	-	-	-	-	0.43	6.07	6.50
Heritage Ranch Ph II (Finish HRT)	-	-	-	-	-	3.50	-	-	3.50
<b>Downtown</b>	-	-	-	-	-	-	-	-	-
Downtown lighting, electrical	-	-	-	-	-	0.30	-	0.30	0.60
<b>Right-of-Way Agent</b>	-	-	-	-	-	0.05	-	-	0.05
<b>Total Streets</b>	<b>7.20</b>	<b>8.20</b>	<b>9.50</b>	<b>20.00</b>	<b>12.40</b>	<b>50.55</b>	<b>5.61</b>	<b>20.70</b>	<b>134.16</b>

# CO Bond Summary (continued)

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	2024 CO	2025 CO	Total Issued
<b>Facilities</b>									
<b>Public Safety</b>									
Fire Station #4	-	3.10	0.30	0.60	-	-	-	-	4.00
Police Headquarters	-	-	-	-	17.60	-	-	-	17.60
Combine Sta #1 & #2	-	-	-	-	-	7.25	0.50	-	7.75
Fire Dept Training Tower	-	-	-	-	-	-	1.00	-	1.00
Public Safety Trunking System	-	-	-	-	-	3.50	-	-	3.50
Fire Station #3 remodel	-	-	-	-	-	1.30	0	3.00	4.30
Fire Station #5 Land	-	-	-	-	-	-	0.50	-	0.50
<b>Other than Public Safety</b>									
Library	-	-	2.00	0.50	-	-	-	-	2.50
City Hall	-	-	-	-	-	5.40	-	-	5.40
Public Works Facility	-	-	-	-	-	-	0.10	-	0.10
Fleet Maintenance Facility	-	-	-	-	-	-	9.90	-	9.90
Auditorium Chiller	-	-	-	-	-	0.20	-	-	0.20
<b>Total Facilities</b>	-	3.10	2.30	1.10	17.60	17.65	12.00	3.00	56.75
<b>TIRZ</b>									
TIRZ #5 Sherman Crossroads	-	3.90	-	-	-	-	-	-	3.90
TIRZ #6 Sherman Landing	-	3.10	-	-	-	-	-	-	3.10
TIRZ #7 Legacy Village	-	-	2.40	-	-	-	-	-	2.40
<b>Total TIRZ</b>	-	7.00	2.40	-	-	-	-	-	9.40
<b>Bridges</b>									
Travis/Center/McGee Center St Bridge at Post	-	0.50	-	0.30	-	-	-	-	0.80
Oak Creek	-	-	-	0.70	-	0.67	-	-	1.37
McGee St Bridge	-	-	-	-	-	0.23	1.20	-	1.43
<b>Total Bridges</b>	-	0.50	-	1.00	-	0.90	1.20	-	3.60

# CO Bond Summary (continued)

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	2024 CO	2025 CO	Total Issued
<b>Facilities</b>									
<b>Public Safety</b>									
Fire Station #4	-	3.10	0.30	0.60	-	-	-	-	4.00
Police Headquarters	-	-	-	-	17.60	-	-	-	17.60
Combine Sta #1 & #2	-	-	-	-	-	7.25	0.50	-	7.75
Fire Dept Training Tower	-	-	-	-	-	-	1.00	-	1.00
Public Safety Trunking System	-	-	-	-	-	3.50	-	-	3.50
Fire Station #3 remodel	-	-	-	-	-	1.30	0	3.00	4.30
Fire Station #5 Land	-	-	-	-	-	-	0.50	-	0.50
<b>Other than Public Safety</b>									
Library	-	-	2.00	0.50	-	-	-	-	2.50
City Hall	-	-	-	-	-	5.40	-	-	5.40
Public Works Facility	-	-	-	-	-	-	0.10	-	0.10
Fleet Maintenance Facility	-	-	-	-	-	-	9.90	-	9.90
Auditorium Chiller	-	-	-	-	-	0.20	-	-	0.20
<b>Total Facilities</b>	-	3.10	2.30	1.10	17.60	17.65	12.00	3.00	56.75
<b>TIRZ</b>									
TIRZ #5 Sherman Crossroads	-	3.90	-	-	-	-	-	-	3.90
TIRZ #6 Sherman Landing	-	3.10	-	-	-	-	-	-	3.10
TIRZ #7 Legacy Village	-	-	2.40	-	-	-	-	-	2.40
<b>Total TIRZ</b>	-	7.00	2.40	-	-	-	-	-	9.40
<b>Bridges</b>									
Travis/Center/McGee Center St Bridge at Post	-	0.50	-	0.30	-	-	-	-	0.80
Oak Creek	-	-	-	0.70	-	0.67	-	-	1.37
McGee St Bridge	-	-	-	-	-	0.23	1.20	-	1.43
<b>Total Bridges</b>	-	0.50	-	1.00	-	0.90	1.20	-	3.60
									<b>38</b>

# CO Bond Summary (continued)

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	2024 CO	2025 CO	Total Issued
<i>Parks</i>									
Pecan Grove West									
Ballfields	-	-	5.00	-	-	-	-	-	5.00
PGW Ballfield & Trail lighting	-	-	-	-	-	1.50	-	-	1.50
PGE Inclusive playground and parking, lighting, trail, restroom	-	-	-	-	-	2.00	-	-	2.00
	-	-	-	-	-	0.50	-	-	0.50
Northcreek Subdivision Park	-	-	-	-	-	0.50	-	-	0.50
Binkley Park Asphalt									
Pump Track	-	-	-	-	-	0.40	-	-	0.40
Master Plan Trail Construction - Land Acq									
Washington Meadows, Birge Trail	-	-	-	-	-	0.80	-	-	0.80
Creek Erosion at Westhill Cemetery	-	-	-	-	-	-	1.02	-	1.02
OSP Pickleball	-	-	-	-	-	1.50	-	-	1.50
Fairview Park									
playground & Pavilion	-	-	-	-	-	4.73	-	-	4.73
Fairview Park Tennis court renovation	-	-	-	-	-	0.20	-	-	0.20
Hawn Park Futsal, Restroom, Parking	-	-	-	-	-	0.20	-	2.00	2.20
Pebblebrook Phase IV Park	-	-	-	-	-	0.50	-	-	0.50
<b>Total Parks</b>	-	-	5.00	-	-	12.83	1.02	2.00	20.85
<i>Drainage</i>									
Hills of Sherman									
upsized detention	-	-	-	-	-	0.50	-	-	0.50
Lamberth Rd Drainage	-	-	-	-	-	0.90	1.20	-	2.10
Blanton/McGee									
Drainage (Design)	-	-	-	-	-	-	-	0.10	0.10
Setting Suns Phase III	-	-	-	-	-	0.30	-	-	0.30
<b>Total Drainage</b>	-	-	-	-	-	1.70	1.20	0.10	3.00
<b>Totals</b>	\$ 7.20	\$ 18.80	\$ 19.20	\$ 22.10	\$ 30.00	\$ 83.63	\$ 21.03	\$ 25.80	227.76

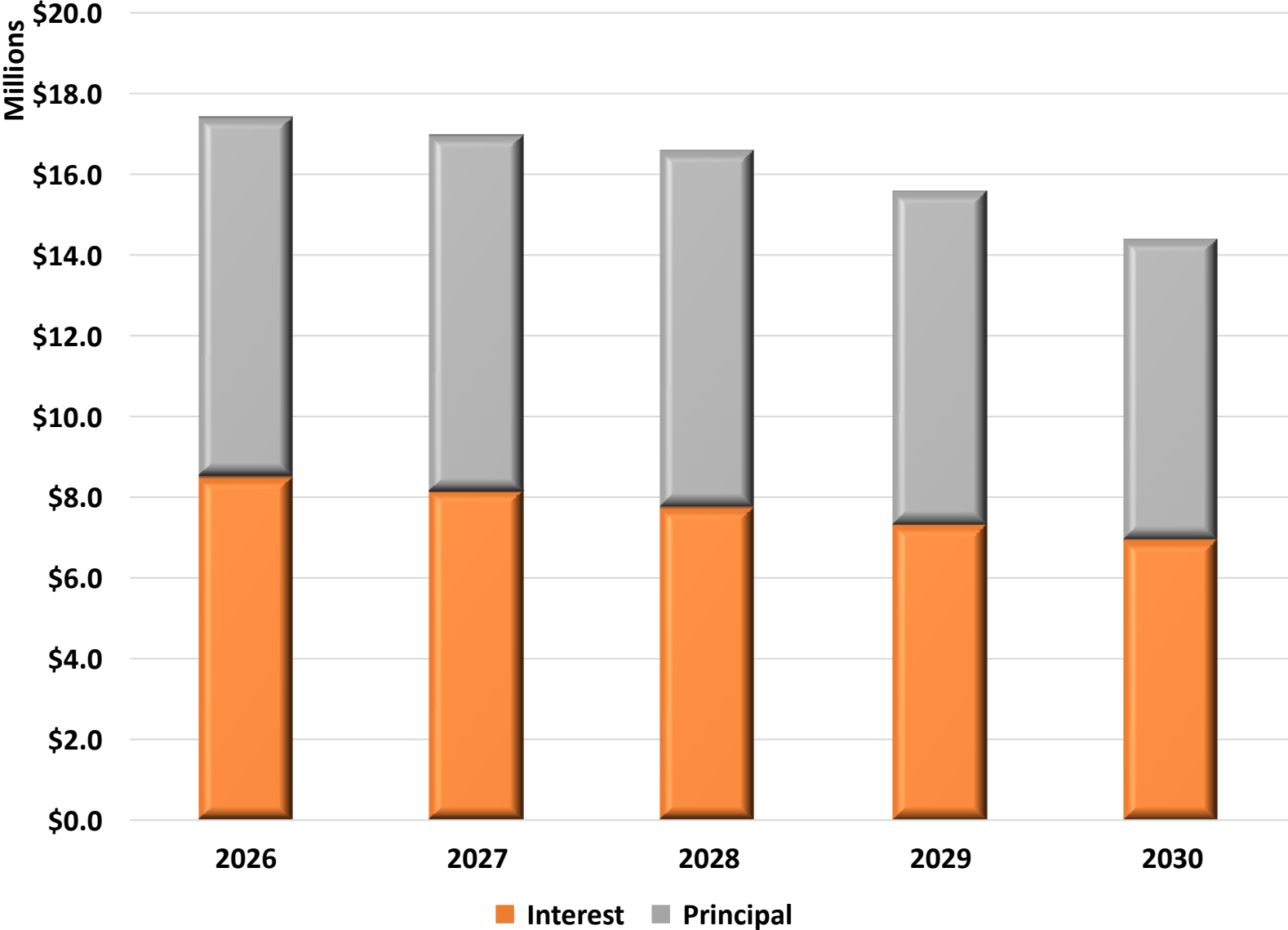
GENERAL FUND	Actual FY 2025	Projection FY 2026	Projection FY 2027	Projection FY 2028	Projection FY 2029	Projection FY 2030	Projection FY 2031
Beginning Fund Balance	\$ 19,516,733	\$ 16,644,995	\$ 10,553,905	\$ 13,740,602	\$ 14,820,943	\$ 18,911,499	\$ 26,685,794
Sales Tax	26,458,732	22,530,000	23,230,789	23,695,405	24,169,313	24,652,700	25,145,754
Street Sales Tax	2,204,799	1,880,000	1,935,815	1,974,532	2,014,022	2,054,303	2,095,389
Property Tax Rev	25,370,064	19,239,000	29,802,500	28,224,500	31,706,500	35,848,500	35,848,500
Franchise & Other Taxes	3,556,125	3,695,725	3,695,000	3,695,000	3,695,000	3,695,000	3,695,000
Ambulance	1,945,791	2,228,100	2,228,100	2,228,100	2,228,100	2,228,100	2,228,100
Transfers	6,479,484	8,002,863	7,543,000	7,999,000	8,536,000	9,112,000	9,385,000
Interest	1,384,470	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
SEDCO	826,469	825,704	825,704	825,704	825,704	825,704	825,704
Grant Rev	93,815	50,000	-	-	-	-	-
Other Revenue	6,537,864	4,908,400	5,055,652	5,207,322	5,363,541	5,524,447	5,690,181
<b>Total Revenues</b>	<b>74,857,612</b>	<b>64,389,792</b>	<b>75,346,561</b>	<b>74,879,562</b>	<b>79,568,181</b>	<b>84,970,754</b>	<b>85,943,627</b>
Personnel	45,161,260	46,684,180	47,617,864	48,570,221	49,541,625	50,532,458	51,543,107
Other Expenditures	20,069,227	22,218,914	22,885,000	23,572,000	24,279,000	25,007,000	25,757,000
Street Repairs	83,695	457,000	457,000	457,000	457,000	457,000	457,000
Capital Expenses	3,068,059	835,788	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Debt Service (Leases)	347,108	-	-	-	-	-	-
Transfers	9,000,000	285,000	-	-	-	-	-
<b>Total Expenditures</b>	<b>77,729,350</b>	<b>70,480,882</b>	<b>72,159,864</b>	<b>73,799,221</b>	<b>75,477,625</b>	<b>77,196,458</b>	<b>78,957,107</b>
<b>Excess (Deficit)</b>	<b>(2,871,738)</b>	<b>(6,091,090)</b>	<b>3,186,697</b>	<b>1,080,341</b>	<b>4,090,555</b>	<b>7,774,296</b>	<b>6,986,520</b>
<b>Ending Fund Balance</b>	<b>\$ 16,644,995</b>	<b>\$ 10,553,905</b>	<b>\$ 13,740,602</b>	<b>\$ 14,820,943</b>	<b>\$ 18,911,499</b>	<b>\$ 26,685,794</b>	<b>\$ 33,672,315</b>
Days in Fund Balance	78	55	70	73	91	126	156
Calculated Property Tax Rate	0.51509	0.66154	0.66453	0.62695	0.61580	0.48770	0.67914
Estimated Adopted Rate	0.50800	0.50800	0.63300	0.56000	0.56000	0.56000	0.56000
Debt Rate	0.20053	0.25426	0.24289	0.22715	0.2106	0.1930	0.1930
Operating (M&O) Rate	0.30747	0.25374	0.39011	0.33285	0.3494	0.3670	0.3670
* New Debt in Millions							
Sales Tax Growth Rate	0.1%	-7.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Property Value Growth Rate	46.5%	-8.7%	6.0%	6.0%	6.0%	6.0%	6.0%
Property tax new value	1,997,629,574	688,240,288	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Increase in Personnel Costs	5.2%	0.4%	2.0%		0.0%	0.0%	0.0%
COLA	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	40 2.0%
Other Exp rate change	14.5%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%

GENERAL FUND	Actual	Projection	Projection	Projection	Projection	Projection	Projection
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Beginning Fund Balance	\$ 19,516,733	\$ 16,644,995	\$ 10,553,905	\$ 4,765,602	\$ 1,751,943	\$ 1,456,499	\$ 4,514,794
Sales Tax	26,458,732	22,530,000	23,230,789	23,695,405	24,169,313	24,652,700	25,145,754
Street Sales Tax	2,204,799	1,880,000	1,935,815	1,974,532	2,014,022	2,054,303	2,095,389
Property Tax Rev	25,370,064	19,239,000	20,827,500	24,130,500	27,320,500	31,132,500	31,132,500
Franchise & Other Taxes	3,556,125	3,695,725	3,695,000	3,695,000	3,695,000	3,695,000	3,695,000
Ambulance	1,945,791	2,228,100	2,228,100	2,228,100	2,228,100	2,228,100	2,228,100
Transfers	6,479,484	8,002,863	7,543,000	7,999,000	8,536,000	9,112,000	9,385,000
Interest	1,384,470	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
SEDCO	826,469	825,704	825,704	825,704	825,704	825,704	825,704
Grant Rev	93,815	50,000	-	-	-	-	-
Other Revenue	6,537,864	4,908,400	5,055,652	5,207,322	5,363,541	5,524,447	5,690,181
<b>Total Revenues</b>	<b>74,857,612</b>	<b>64,389,792</b>	<b>66,371,561</b>	<b>70,785,562</b>	<b>75,182,181</b>	<b>80,254,754</b>	<b>81,227,627</b>
Personnel	45,161,260	46,684,180	47,617,864	48,570,221	49,541,625	50,532,458	51,543,107
Other Expenditures	20,069,227	22,218,914	22,885,000	23,572,000	24,279,000	25,007,000	25,757,000
Street Repairs	83,695	457,000	457,000	457,000	457,000	457,000	457,000
Capital Expenses	3,068,059	835,788	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Debt Service (Leases)	347,108	-	-	-	-	-	-
Transfers	9,000,000	285,000	-	-	-	-	-
<b>Total Expenditures</b>	<b>77,729,350</b>	<b>70,480,882</b>	<b>72,159,864</b>	<b>73,799,221</b>	<b>75,477,625</b>	<b>77,196,458</b>	<b>78,957,107</b>
<b>Excess (Deficit)</b>	<b>(2,871,738)</b>	<b>(6,091,090)</b>	<b>(5,788,303)</b>	<b>(3,013,659)</b>	<b>(295,445)</b>	<b>3,058,296</b>	<b>2,270,520</b>
<b>Ending Fund Balance</b>	<b>\$ 16,644,995</b>	<b>\$ 10,553,905</b>	<b>\$ 4,765,602</b>	<b>\$ 1,751,943</b>	<b>\$ 1,456,499</b>	<b>\$ 4,514,794</b>	<b>\$ 6,785,315</b>
Days in Fund Balance	78	55	24	9	7	21	31
Calculated Property Tax Rate	0.51509	0.66154	0.66453	0.62695	0.61580	0.48770	0.67914
Estimated Adopted Rate	0.50800	0.50800	0.50800	0.50800	0.50800	0.50800	0.50800
Debt Rate	0.20053	0.25426	0.24289	0.22715	0.2106	0.1930	0.1930
Operating (M&O) Rate	0.30747	0.25374	0.26511	0.28085	0.2974	0.3150	0.3150
<i>* New Debt in Millions</i>							
Sales Tax Growth Rate	0.1%	-7.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Property Value Growth Rate	46.5%	-8.7%	6.0%	6.0%	6.0%	6.0%	6.0%
Property tax new value	1,997,629,574	688,240,288	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Increase in Personnel Costs	5.2%	0.4%	2.0%		0.0%	0.0%	0.0%
COLA	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other Exp rate change	14.5%	4.0%	3.0%	3.0%	3.0%	3.0%	<b>41</b> 3.0%

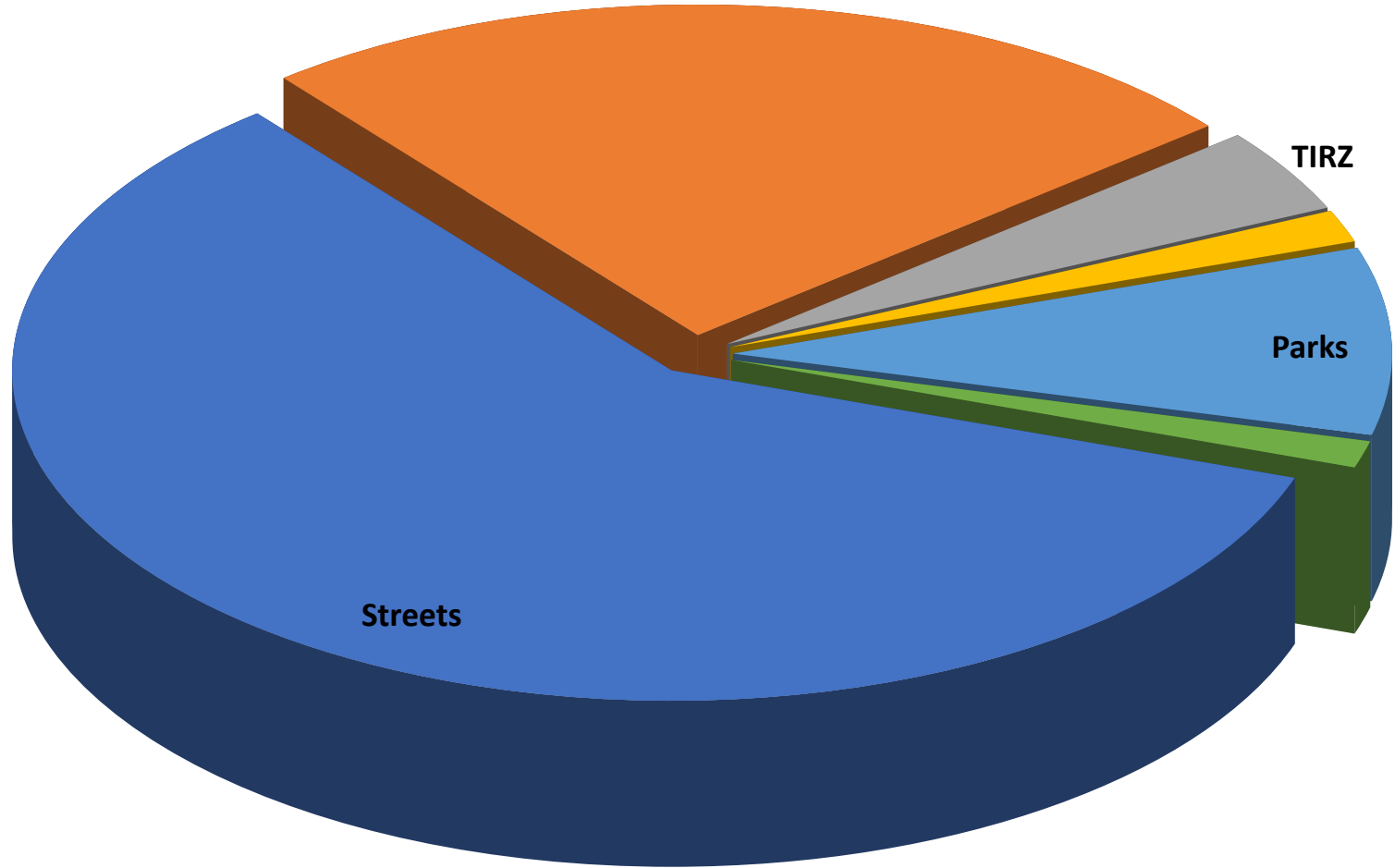
# Planned Projects 2026/2027

- Streets
  - Planned Developments
    - Heritage Ranch Trail Phase II
    - Crossroads – Aston Drive; pond mitigation ongoing
  - Moore St (Interurban) ongoing
  - SEDCO – Progress Drive, Tortilla Way, Flanary (Interurban) partial
  - Major Street rebuilds – Cherry continuation, engineering for others
- Facilities
  - Fleet Maintenance
- Parks
  - Hawn Park Futsal

### Tax-Backed Debt Service as of March 31, 2026



# Bond Proceeds 2016-2025 Uses



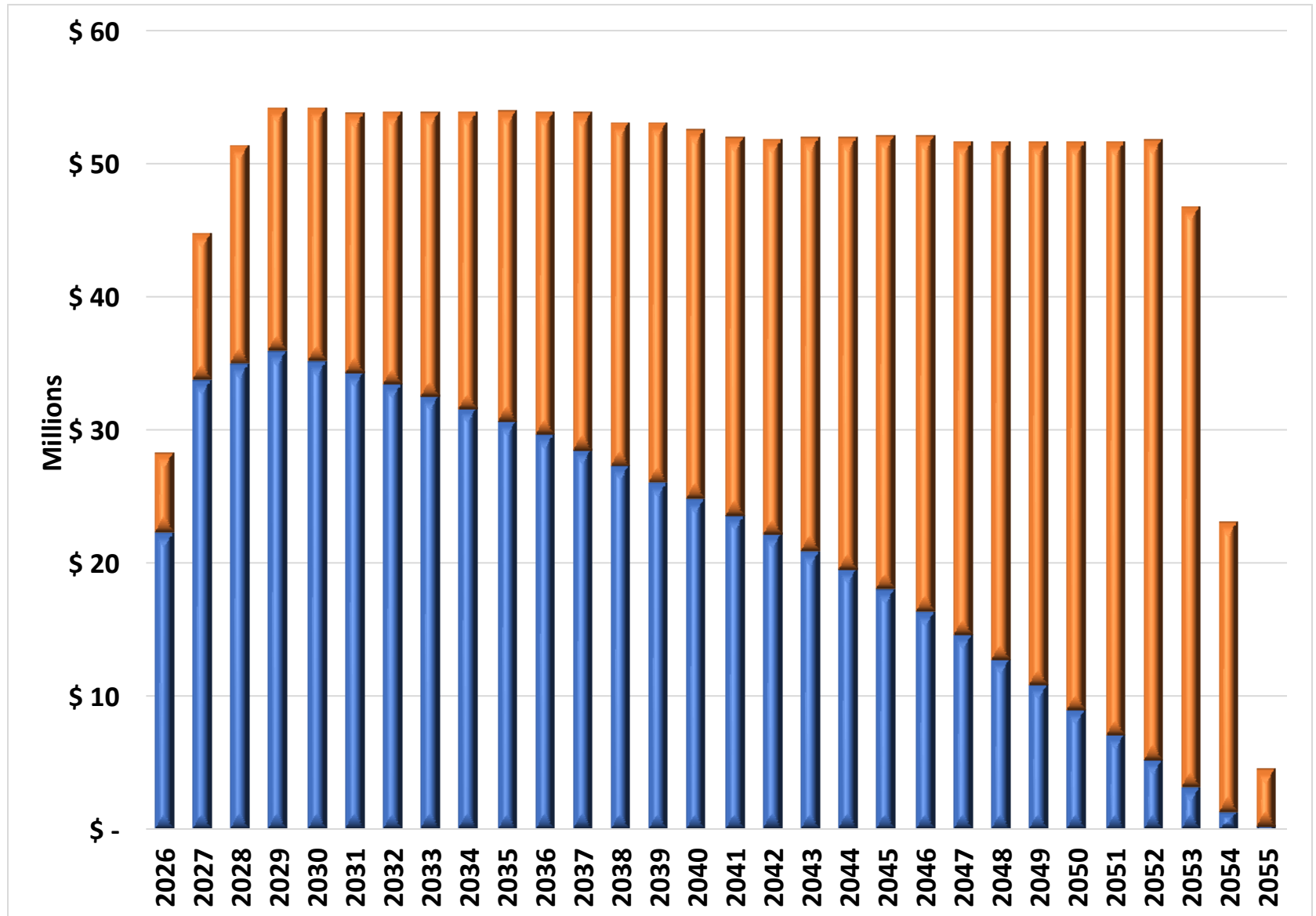
# Utility Supported Debt



# GTUA Contractual Debt Outstanding - Current

FY	Water Principal	Sewer Principal	Total Principal All	Sewer Interest	Water Interest	Total Interest before Cap I	Total Cap I	Total Interest net of Cap I	Principal and Interest net of Cap I
2026	3,312,567.37	2,532,285.73	5,844,853.10	12,492,296.55	9,749,012.25	37,282,941.31	-15,041,632.51	22,241,308.80	28,086,161.90
2027	4,548,041.70	6,408,959.69	10,957,001.39	21,894,164.76	11,797,362.58	36,934,602.34	-3,243,075.00	33,691,527.34	44,648,528.73
2028	5,950,854.18	10,378,529.32	16,329,383.50	22,470,903.76	12,431,981.52	36,524,422.78	-1,621,537.50	34,902,885.28	51,232,268.78
2029	6,718,168.80	11,458,840.27	18,177,009.07	22,848,756.26	12,997,695.45	35,846,451.71	0.00	35,846,451.71	54,023,460.78
2030	7,263,128.25	11,679,359.90	18,942,488.15	22,326,954.65	12,736,976.48	35,063,931.13	0.00	35,063,931.13	54,006,419.28
2031	7,789,221.11	11,728,833.86	19,518,054.97	21,793,561.76	12,448,688.55	34,242,250.31	0.00	34,242,250.31	53,760,305.28
2032	8,155,594.90	12,229,392.34	20,384,987.24	21,262,937.51	12,132,489.03	33,395,426.54	0.00	33,395,426.54	53,780,413.78
2033	8,629,561.67	12,652,643.80	21,282,205.47	20,711,971.51	11,803,259.80	32,515,231.31	0.00	32,515,231.31	53,797,436.78
2034	9,058,471.44	13,181,250.00	22,239,721.44	20,137,647.51	11,450,858.33	31,588,505.84	0.00	31,588,505.84	53,828,227.28
2035	9,683,797.45	13,558,750.00	23,242,547.45	19,534,496.64	11,075,400.45	30,609,897.09	0.00	30,609,897.09	53,852,444.54
2036	9,341,050.00	14,783,950.00	24,125,000.00	18,907,781.14	10,669,062.14	29,576,843.28	0.00	29,576,843.28	53,701,843.28
2037	9,793,800.00	15,496,200.00	25,290,000.00	18,212,218.20	10,230,675.32	28,442,893.52	0.00	28,442,893.52	53,732,893.52
2038	9,621,000.00	16,129,000.00	25,750,000.00	17,480,404.20	9,769,224.06	27,249,628.26	0.00	27,249,628.26	52,999,628.26
2039	10,077,500.00	16,917,500.00	26,995,000.00	16,716,982.70	9,323,933.56	26,040,916.26	0.00	26,040,916.26	53,035,916.26
2040	10,272,050.00	17,442,950.00	27,715,000.00	15,914,549.20	8,857,085.06	24,771,634.26	0.00	24,771,634.26	52,486,634.26
2041	10,740,900.00	17,584,100.00	28,325,000.00	15,088,497.20	8,388,584.06	23,477,081.26	0.00	23,477,081.26	51,802,081.26
2042	11,215,000.00	18,425,000.00	29,640,000.00	14,233,149.20	7,920,307.06	22,153,456.26	0.00	22,153,456.26	51,793,456.26
2043	11,705,450.00	19,269,550.00	30,975,000.00	13,408,686.20	7,439,870.06	20,848,556.26	0.00	20,848,556.26	51,823,556.26
2044	12,234,800.00	20,175,200.00	32,410,000.00	12,545,535.45	6,937,633.31	19,483,168.76	0.00	19,483,168.76	51,893,168.76
2045	12,817,550.00	21,182,450.00	34,000,000.00	11,600,792.82	6,381,138.44	17,981,931.26	0.00	17,981,931.26	51,981,931.26
2046	13,433,550.00	22,276,450.00	35,710,000.00	10,528,592.82	5,773,913.44	16,302,506.26	0.00	16,302,506.26	52,012,506.26
2047	13,790,450.00	23,219,550.00	37,010,000.00	9,404,251.57	5,140,254.69	14,544,506.26	0.00	14,544,506.26	51,554,506.26
2048	14,463,300.00	24,426,700.00	38,890,000.00	8,225,755.62	4,481,600.80	12,707,356.42	0.00	12,707,356.42	51,597,356.42
2049	15,144,750.00	25,645,250.00	40,790,000.00	6,985,891.20	3,790,527.56	10,776,418.76	0.00	10,776,418.76	51,566,418.76
2050	15,823,450.00	26,826,550.00	42,650,000.00	5,791,209.25	3,117,790.75	8,909,000.00	0.00	8,909,000.00	51,559,000.00
2051	16,518,850.00	28,031,150.00	44,550,000.00	4,617,693.20	2,437,494.32	7,055,187.52	0.00	7,055,187.52	51,605,187.52
2052	17,244,400.00	29,280,600.00	46,525,000.00	3,391,392.70	1,727,176.06	5,118,568.76	0.00	5,118,568.76	51,643,568.76
2053	13,721,850.00	29,898,150.00	43,620,000.00	2,110,329.00	985,521.00	3,095,850.00	0.00	3,095,850.00	46,715,850.00
2054	6,148,650.00	15,596,350.00	21,745,000.00	799,528.51	382,340.25	1,181,868.76	0.00	1,181,868.76	22,926,868.76
2055	2,040,000.00	2,210,000.00	4,250,000.00	110,500.00	102,000.00	212,500.00	0.00	212,500.00	4,462,500.00
<b>Grand Total</b>	<b>307,257,756.86</b>	<b>510,625,494.92</b>	<b>817,883,251.78</b>	<b>411,547,431.08</b>	<b>232,479,856.38</b>	<b>663,933,532.47</b>	<b>-19,906,245.01</b>	<b>644,027,287.47</b>	<b>1,461,910,539.25</b>

# GTUA Contractual Debt Outstanding - Current



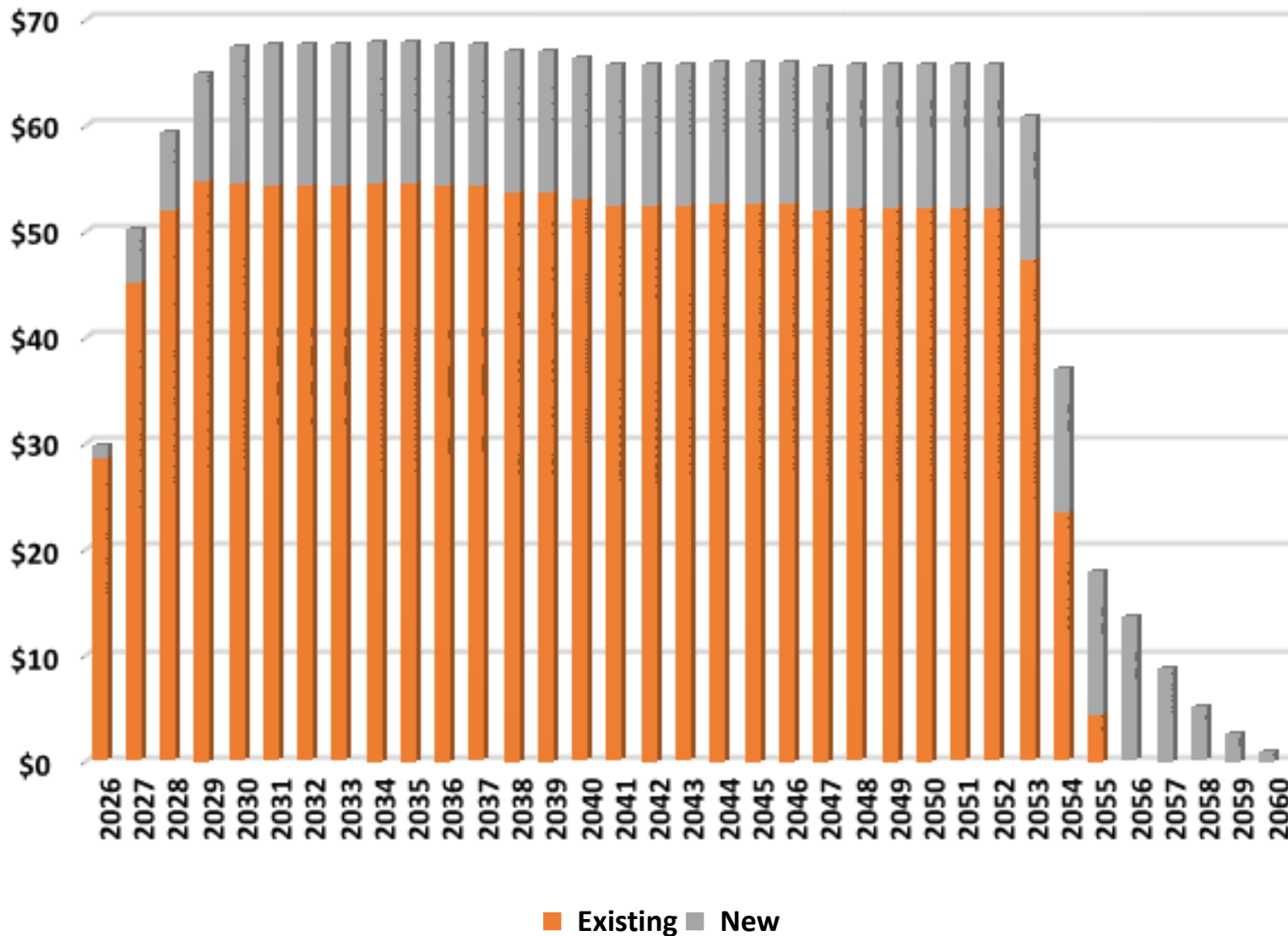
# Detailed Project List – Sewer

	2026 OM	2027 OM	2028 OM	2029 OM	2030 OM	2031 OM	Grand Total
<b>Sewer Collection</b>							
Blalock Park Interceptor							
Downtown Sewer Improvements	2,000,000						2,000,000
East Side Lift Station	1,500,000						1,500,000
Post Oak Interceptor - Phase I	1,600,000	7,330,000	10,000,000	10,000,000	10,000,000		38,930,000
Mulberry Creek LS grading	210,000						210,000
SW Sewer Line Ext (SW Industr) Phase II	1,750,000						1,750,000
Town North Sewer Line			260,000	350,000	330,000		940,000
Upsize 21" SS along Choctaw to 36" (CIP 2)					1,000,000		1,000,000
Upsize 21" from Bel Air to 30" (SW Indust)						6,800,000	6,800,000
Vernon Holland Sewer Line Replacement			460,000				460,000
Center St Basin Sewer Line Replacement (#19)			630,000	4,170,000			4,800,000
Heritage Ranch Sewer Line			1,400,000				1,400,000
<b>Sewer Collection Total</b>	<b>7,060,000</b>	<b>7,330,000</b>	<b>12,750,000</b>	<b>14,520,000</b>	<b>11,330,000</b>	<b>6,800,000</b>	<b>59,790,000</b>
<b>Sewer Treatment</b>							
Add filters and relift pump at N WWTP		6,900,000					6,900,000
Blower Bldg & Main Digester Complex		1,500,000	5,000,000				6,500,000
Clarifier #3 rehab & NFPA upgrades to grit bldg	1,350,000						1,350,000
Rehab Decant Lift station at WWTP		50,000					50,000
Rehab Main Digester Complex				4,000,000			4,000,000
Digester Boiler project	400,000						400,000
Equalization Basin Blower	1,400,000						1,400,000
WWTP Ph II south UV, sludge tank, dewatering	2,000,000	10,940,000	9,400,000				22,340,000
WWTP North Expansion	1,500,000						1,500,000
<b>Sewer Treatment Total</b>	<b>6,650,000</b>	<b>19,390,000</b>	<b>14,400,000</b>	<b>4,000,000</b>			<b>44,440,000</b>
<b>Water &amp; Sewer</b>							
Annual w/ww line replacements						2,000,000	2,000,000
Annual water/wastewater line replacements		2,000,000	1,000,000	2,000,000	1,000,000		6,000,000
<b>Water &amp; Sewer Total</b>		<b>2,000,000</b>	<b>1,000,000</b>	<b>2,000,000</b>	<b>1,000,000</b>	<b>2,000,000</b>	<b>8,000,000</b>

# Detailed Project List – Water

		2026 OM	2027 OM	2028 OM	2029 OM	2030 OM	2031 OM	Grand Total
<b>Water Distribution</b>	Taylor St water line - Texoma Pkwy to Loy Lake		440,000					440,000
	Jamaica St Water Line Replacement	210,000						210,000
	Monte Cristo Water Line Replacement	290,000						290,000
	Abandon McAfee Well		210,000					210,000
	Dripping Springs WL		2,900,000					2,900,000
	SE Zone Interconnectivity Imp Construction	1,500,000						1,500,000
	Dorchester GST & Pump Station Rehab		500,000	2,800,000				3,300,000
	Legacy Surface Water Line Phaes II-III		2,300,000	1,100,000				3,400,000
	Fairview Ground Storage Tank Rehab			450,000				450,000
	Texoma Relief Line Replacement			840,000	3,000,000			3,840,000
<b>Water Distribution Total</b>		<b>2,000,000</b>	<b>6,350,000</b>	<b>5,190,000</b>	<b>3,000,000</b>			<b>16,540,000</b>
<b>Water Treatment</b>	Lake Texoma Backup Generator	2,800,000	1,940,000					4,740,000
	Lake Texoma Water Rights							
	NTMWD Second water line from LTPS to WTP (84")	42,082,011						42,082,011
	Water Storage Lake Texoma		10,106,467					10,106,467
	Backwash GST Rehab		2,000,000					2,000,000
	WTP Biofouling Mitigation Pilot Project	1,400,000						1,400,000
<b>Water Treatment Total</b>		<b>46,282,011</b>	<b>14,046,467</b>					<b>60,328,478</b>
<b>Grand Total</b>		<b>61,992,011</b>	<b>49,116,467</b>	<b>33,340,000</b>	<b>23,520,000</b>	<b>12,330,000</b>	<b>8,800,000</b>	<b>189,098,478</b>

# GTUA Existing and New Projected Debt Service



# The Plan

- Capitalized Interest
- Accumulating/maintaining reserves in the Utility Fund – More risk + uncertainty = higher reserve requirements
- Timing of projects and debt issuances
- Utility rate changes from prior plan approved by Council because consumption is below projections
- Use of other revenues
  - Impact fees -\$9.6 million accumulated to date
  - SEDCO – Commitment of \$11 million
  - Xfers between funds (Risk Contingency Fund)
- Use of interest earnings on bond funds and unused bond proceeds to pay debt service

# Utility Fund Projections and Plan

## UTILITY FUND Rate Change in April 2026

	Actual FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031	Projected FY 2032
<b>Beginning Fund Balance</b>	\$ 8,738,762	\$ 14,574,242	\$ 16,538,759	\$ 20,312,911	\$ 28,481,424	\$ 32,270,373	\$ 31,371,747	\$ 30,643,437
Water Sales	26,233,291	32,494,153	38,985,595	45,602,369	48,264,033	58,825,565	64,759,863	74,495,059
Sewer Sales	16,599,841	20,621,012	25,438,610	28,971,222	30,851,906	40,776,158	47,631,938	56,178,388
SEDCO/GTUA	417,870	417,870	-	223,267	226,247	224,958	224,958	224,958
<b>General Fund Transfers</b>	-	-	-	-	-	-	-	-
SEDCO Contribution	-	2,000,000	3,000,000	3,000,000	3,000,000	-	-	-
Impact Fees	-	3,250,000	2,500,000	2,500,000	2,500,000	5,000,000	-	-
GTUA Interest	-	3,093,550	16,677,355	5,963,000	5,963,000	1,384,000	-	-
Risk Contingency	-	-	-	2,000,000	2,000,000	-	-	-
Unspent Project Funds	-	-	-	14,268,000	14,268,000	4,000,000	2,200,000	-
Interest Income	238,418	320,000	-	-	-	-	-	-
Other Revenue	1,821,666	1,464,215	1,464,215	1,464,215	1,464,215	1,464,215	1,464,215	1,464,215
Transfers in	474,000	391,000	197,000	203,000	209,000	215,000	-	-
<b>Total Revenues</b>	<b>45,785,085</b>	<b>64,051,800</b>	<b>88,262,775</b>	<b>104,195,073</b>	<b>108,746,401</b>	<b>111,889,896</b>	<b>116,280,974</b>	<b>132,362,620</b>
Personnel	10,235,194	11,389,230	11,959,000	12,557,000	13,185,000	13,844,000	14,536,000	15,263,000
Other	14,551,747	19,939,778	21,340,000	23,470,000	25,820,000	28,400,000	28,970,000	29,550,000
Debt Service	10,211,588	25,055,814	45,012,520	52,310,560	57,772,452	61,836,523	64,571,284	64,885,230
Capital Expenses	296,507	179,103	179,103	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000
Transfers Out	4,654,569	5,523,358	5,998,000	6,454,000	6,945,000	7,473,000	7,697,000	7,928,000
<b>Total Expenditures</b>	<b>39,949,605</b>	<b>62,087,283</b>	<b>84,488,623</b>	<b>96,026,560</b>	<b>104,957,452</b>	<b>112,788,523</b>	<b>117,009,284</b>	<b>118,861,230</b>
<b>Excess (Deficit)</b>	<b>5,835,480</b>	<b>1,964,517</b>	<b>3,774,152</b>	<b>8,168,513</b>	<b>3,788,949</b>	<b>(898,627)</b>	<b>(728,310)</b>	<b>13,501,390</b>
<b>Ending Fund Balance</b>	<b>\$ 14,574,242</b>	<b>\$ 16,538,759</b>	<b>\$ 20,312,911</b>	<b>\$ 28,481,424</b>	<b>\$ 32,270,373</b>	<b>\$ 31,371,747</b>	<b>\$ 30,643,437</b>	<b>\$ 44,144,827</b>
<b>Days in Fund Balance</b>	<b>133</b>	<b>97</b>	<b>88</b>	<b>108</b>	<b>112</b>	<b>102</b>	<b>96</b>	<b>136</b>

# Utility Fund Projections and Plan

UTILITY FUND									
No Mid-year Rate Change									
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Beginning Fund Balance	\$ 8,738,762	\$ 14,574,242	\$ 5,654,532	\$ (22,208,879)	\$ (56,760,587)	\$ (89,063,225)	\$ (148,077,565)	\$ (215,808,435)	
Water Sales	26,233,291	27,782,586	29,884,609	31,501,376	33,319,241	35,225,730	37,220,145	39,142,259	
Sewer Sales	16,599,841	14,448,352	14,026,238	14,081,994	14,811,111	15,232,279	15,439,096	15,727,469	
TI - Sewer									
SEDCO/GTUA	417,870	417,870	-	223,267	226,247	224,958	224,958	224,958	
General Fund Transfers	-	-	-	-	-	-	-	-	
SEDCO Contribution	-	2,000,000	3,000,000	3,000,000	3,000,000	-	-	-	
Impact Fees	-	3,250,000	2,500,000	2,500,000	2,500,000	5,000,000	-	-	
GTUA Interest	-	3,093,550	3,083,150	12,611,000	5,377,000	1,382,000	-	-	
Risk Contingency	-	-	6,200,000	-	2,000,000	-	-	-	
Unspent Project Funds	-	-	-	-	14,268,000	-	-	-	
Interest Income	238,418	320,000	-	-	-	-	-	-	
Other Revenue	1,821,666	1,464,215	1,464,215	1,464,215	1,464,215	1,464,215	1,464,215	1,464,215	
Transfers in	474,000	391,000	197,000	203,000	209,000	215,000	-	-	
<b>Total Revenues</b>	<b>45,785,085</b>	<b>53,167,573</b>	<b>60,355,212</b>	<b>65,584,851</b>	<b>77,174,814</b>	<b>58,744,183</b>	<b>54,348,414</b>	<b>56,558,901</b>	
Personnel	10,235,194	11,389,230	11,959,000	12,557,000	13,185,000	13,844,000	14,536,000	15,263,000	
Other	14,551,747	23,430,686	25,070,000	27,580,000	30,340,000	33,370,000	34,040,000	34,720,000	
Debt Service	10,211,588	21,962,264	45,012,520	52,310,560	57,772,452	61,836,523	64,571,284	64,885,230	
Capital Expenses	296,507	179,103	179,103	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	
Transfers Out	4,654,569	5,126,000	5,998,000	6,454,000	6,945,000	7,473,000	7,697,000	7,928,000	
<b>Total Expenditures</b>	<b>39,949,605</b>	<b>62,087,283</b>	<b>88,218,623</b>	<b>100,136,560</b>	<b>109,477,452</b>	<b>117,758,523</b>	<b>122,079,284</b>	<b>124,031,230</b>	
<b>Excess (Deficit)</b>	<b>5,835,480</b>	<b>(8,919,710)</b>	<b>(27,863,411)</b>	<b>(34,551,709)</b>	<b>(32,302,638)</b>	<b>(59,014,340)</b>	<b>(67,730,869)</b>	<b>(67,472,329)</b>	
<b>Ending Fund Balance</b>	<b>\$ 14,574,242</b>	<b>\$ 5,654,532</b>	<b>\$ (22,208,879)</b>	<b>\$ (56,760,587)</b>	<b>\$ (89,063,225)</b>	<b>\$ (148,077,565)</b>	<b>\$ (215,808,435)</b>	<b>\$ (283,280,763)</b>	
Days in Fund Balance	133	33	(92)	(207)	(297)	(459)	(645)	(834)	

# Major Take-Aways thru 2031

- Significant Challenges in FY27-FY31
  - General Fund
    - Re-prioritize projects to fund high priority projects
      - Fleet Maintenance Facility– inadequate to maintain fleet
      - Heritage Ranch Trail (committed through MDA)
    - Maintain existing services
    - Sales Tax 15% below last year and \$3.6 million below budget

# Major Take-Aways thru 2031 (continued)

- Significant Challenges in FY27-FY31
  - Utility Fund
    - Accuracy of TI and GW projections
    - No new projects; only fund those needed to address critical aging infrastructure
    - Phase II of TI and GW not in the 5-year time horizon
    - Explore selling water to other entities or non-traditional customers
    - Continue to look at rates annually and adopt rates to fund debt and operations
    - Current rates significantly below state average

# Major Take-Aways thru 2031 (continued)

- Significant Challenges in FY27-FY31
  - Solid Waste Fund
    - RSW does not cover its costs by about \$1.7 million per year, if TASWA continues same level of distribution.
    - Current rates are about half of peer average

# Council Direction



## **ACTION MINUTES**

The City Council of the City of Sherman held a regular meeting on Monday, May 04, 2026 at 5:00 P.M. in the Council Chambers at 220 W. Mulberry Street to consider the following:

The City Council meetings are Video and Audio recorded and can be viewed at: <https://www.ci.sherman.tx.us/701/Agendas-and-Minutes>

### **A.1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN**

*Bookmarked at 00:05:40*

Mayor Teamann called the meeting to order at 5:00pm

#### **Council Members Present:**

**Mayor Shawn Teamann**

**Deputy Mayor Henry Marroquin**

**Council Member Pam Howeth**

**Council Member Daron Holland**

**Council Member Clay Barnett**

**Council Member Josh Stevenson**

**Council Member Juston Dobbs**

#### **Council Members Absent:**

**None**

### **A.2. PLEDGE OF ALLEGIANCE AND INVOCATION LED BY COUNCIL MEMBER DARON HOLLAND.**

*Bookmarked at 00:05:46*

### **A.3. APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF APRIL 20, 2026.**

*Bookmarked at 00:08:02*

The City Council reviewed the minutes of Regular City Council Meeting of April 20, 2026. Motion by Council Member Howeth to approve the Minutes. Second by Council Member Stevenson. All present voted AYE.

## **Citizen Comments**

### **B.1. CITIZEN COMMENTS**

During this meeting, the City Council welcomes public comment only on agenda items listed under the Open Meeting portion of the agenda, in accordance with Texas Government Code Section 551.007. For items not listed on the agenda, those matters may be discussed with City staff during regular business hours, or with the Mayor or any Council member by contacting them at times other than at City Council meetings.

*Bookmarked at 00:07:12*

### **F.2. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6932**

*Peter Tracy – Bookmarked at 00:29:40*

## Consent Agenda

### **C.1. CONSENT AGENDA**

Asterisked (\*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

*Bookmarked at 00:07:36*

**Council Member Howeth made a motion to approve items H. 1, H. 2 and I. 2 Second made by Council Member Barnett.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN, DOBBS AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

**Council Member Howeth made a second motion to correct the resolution items on H.1. from 7637 to 7644 and on H. 2 from 7638 to 7645. Second made by Council Member Holland.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

## Special Presentations

### **D.1. SPECIAL PRESENTAION**

250th Year Commemorative Badge Presentation

*Bookmarked at 00:09:05*

### **D.2. SPECIAL PRESENTAION**

To Present A Life-Saving Award To Officer John Day

*Bookmarked at 00:11:06*

## Proclamations

### **E.1. PROCLAMATION**

"Municipal Clerks Week" - May 3 - 9, 2026

*Bookmarked at 00:13:46*

## Public Hearing

### **F.1. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6931**

Appointing an Alternate Municipal Court of Record Judge for the City of Sherman, Grayson County, Texas

*Reading: Bookmarked at 00:15:45*

*Introduction: Bookmarked at 00:16:09*

*Discussion and Vote: Bookmarked at 00:31:09*

- F.2. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6932**  
 Temporarily Reducing the Maximum Rates of Speed on Certain Portions of U.S. Highway 75 and U.S. Highway 82 in the Corporate Limits of Sherman, Grayson County, Texas, During Construction; Providing for a Penalty Clause with a Maximum Fine of \$2,000; Declaring an Emergency; Providing for Severability; Providing for a Repealer  
*Reading: Bookmarked at 00:16:51*  
*Introduction: Bookmarked at 00:17:12*  
*Citizen Comment: Peter Tracy – Bookmarked at 00:29:40*  
*Discussion and Vote: Bookmarked at 00:31:09*
- F.3. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6933**  
 Repealing Ordinance No. 6280; Providing a Savings/Repealing Clause, Severability Clause and an Effective Date  
*Reading: Bookmarked at 00:16:51*  
*Introduction: Bookmarked at 00:17:12*  
*Discussion and Vote: Bookmarked at 00:31:09*
- F.4. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6934**  
 Amending The Code Of Ordinances Of The City Of Sherman, Texas, Chapter 14 (Zoning Ordinance), Article 14.01 (General Provisions), Article 14.04 (Supplementary District Regulations), Article 14.08 (Definitions) And Article 14.10 (Use Chart); Modifying Certain Existing Regulations And Prescribing New Regulations Related To Existing Non-Conforming Structures, Accessory Dwelling Units And The Land Use Of "Machine Tools, Sales, Service, Rental, And Repair"; Defining Terms; Providing A Penalty Clause With A Maximum Fine Of \$2,000, Savings/Repealing Clause, Severability Clause And An Effective Date; Providing For The Publication Of The Caption Hereof; Finding And Determining That The Meeting At Which This Ordinance Is Passed Was Noticed And Is Open To The Public As Required By Law  
*Reading: Bookmarked at 00:18:15*  
*Introduction: Bookmarked at 00:18:34*  
*Discussion and Vote: Bookmarked at 00:31:31*
- F.5. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6935**  
 Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14, To Rezone A Tract Of Land Consisting Of 165 Acres Being In The Elizabeth Jones Survey, Abstract No. 625, City Of Sherman, Grayson County, Texas, Located At 2701 Block West Travis Street, Heretofore Zoned C-1 (Retail Business) District And R-6 (Single Family Residential); Rezoning And Placing The Tract In The PD (Planned Development) District Zoning Classification With A Base Zoning of C-2 (General Commercial) District, SSCGC Holdings LLC (Owner) And KFM Engineering And Design (Applicant/Surveyor) Providing For A Penalty Not To Exceed \$2,000.00; Providing A Repealing/Savings Clause, Severability Clause And An Effective Date  
*Reading: Bookmarked at 00:19:55*  
*Introduction: Bookmarked at 00:20:09*  
*Discussion and Vote: Bookmarked at 00:31:31*

**Close Public Hearing and Consider Adoption of Ordinances**

- G.1. CLOSE PUBLIC HEARING**  
 Consider Adoption of Ordinances 6931, 6932, 6933, 6934 & 6935  
*Bookmarked at 00:31:09*

**Council Member Howeth made a motion to approve Ordinance Nos 6931, 3932 and 3633. Second made by Council Member Stevenson.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN, DOBBS AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

*Bookmarked at 00:31:31*

**Council Member Barnett made a motion to approve Ordinance Nos 3934 and 3635. Second made by Council Member Stevenson.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN, DOBBS AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

### Resolutions

**H.1. \* RESOLUTION NO. ~~7637~~ 7644**

Awarding a Bid to and Authorizing Execution of a Contract with Lloyd Plyler Construction, LLP, as Construction Manager-at-Risk, for Services in Connection with the Construction of the Fleet Services Facility

*Bookmarked at 00:07:36*

**Council Member Howeth made a motion to approve items H. 1, H. 2 and I. 2 Second made by Council Member Barnett.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

**Council Member Howeth made a second motion to correct the resolution items on H.1. from 7637 to 7644 and on H. 2 from 7638 to 7645. Second made by Council Member Holland.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

**H.2. \* RESOLUTION NO. ~~7638~~ 7645**

Authorizing Submission of a Grant Application for the Catalytic Converter Theft Prevention Grant for FY 26-27 for the Sherman Police Department

*Bookmarked at 00:07:36*

**Council Member Howeth made a motion to approve items H. 1, H. 2 and I. 2 Second made by Council Member Barnett.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

**Council Member Howeth made a second motion to correct the resolution items on H.1. from 7637 to 7644 and on H. 2 from 7638 to 7645. Second made by Council Member Holland.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

## Other Business

### **I.1. OTHER BUSINESS**

Consider Approval of the Annexation Scheduling Plan for the Proposed Annexation of Approximately 183.681 Acres Of Land Generally Located East Of US 75 And South Of Tate Circle And In The City Of Sherman's Extraterritorial Jurisdiction; And Directing The Department Of Engineering Services To Develop A Service Plan For The Area To Be Annexed Upon Approval Of The Annexation Scheduling Plan

*Bookmarked at 00:32:24*

**Council Member Barnett made a motion to approve item I.1. Second made by Council Member.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN, DOBBS AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

### **I.2. \* OTHER BUSINESS**

Approve the Investment Reports for the Quarter Ended March 31, 2026

*Bookmarked at 00:07:36*

**Council Member Howeth made a motion to approve items H. 1, H. 2 and I. 2 Second made by Council Member Barnett.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN, DOBBS AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

## COUNCIL COMMENTS

*Bookmarked at 00:33:53*

## EXECUTIVE SESSION

*Bookmarked at 00:39:56*

**Mayor Teamann adjourned to executive session at 5:35pm**

In accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:

### **K.1. TEX. GOV'T CODE § 551.071**

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

### **K.2. TEX. GOV.'T CODE § 551.072**

Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

### **K.3. TEX. GOV'T CODE § 551.073**

Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open

Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

**K.4. TEX. GOV'T CODE § 551.074**

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing

- a) Sherman Housing Authority (2)
- b) Historical Preservation Board (4)

**K.5. TEX. GOV'T CODE § 551.076**

Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit.

**K.6. TEX. GOV'T CODE § 551.087**

Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect.

- a) Valley Lake Water Storage

**K.7. TEX. GOV'T CODE § 551.089**

Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices.

**The Council reconvenes into General Session**

*Bookmarked at 00:07:24*

**Mayor Teamann reconvened into general session at 6:02pm**

**K. 4 TEX. GOV'T CODE § 551.074**

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing

- a) Sherman Housing Authority (2)
- b) Historical Preservation Board (4)

**Council Member Barnett made a motion to appoint Gaylee Grisolia and Joshua Shelton to the Sherman Housing Authority with an effective date of June 1, 2026 and to reappoint Sheri Fallon and Robin Phillips to the Historical Preservation Board. Second made by Council Member Stevenson.**

**VOTING AYE: TEAMANN, STEVENSON, HOLLAND, HOWETH, MARROQUIN DOBBS AND BARNETT**

**VOTING NAY: NONE.**

**MOTION CARRIED.**

**Adjournment**

*Bookmarked at 01:07:12*

**Mayor Teamann adjourned at 6:02pm**

**Tax Payer Impact Statement**

**N.1. FY 2026 TAX PAYER IMPACT STATEMENT**

HB 1522, effective as of September 1, 2025, requires that a notice of a meeting discussing or adopting a budget must include a taxpayer impact statement showing, for the median-valued homestead property, a comparison of the property tax bill in dollars pertaining to the property for the current fiscal year to an estimate of the property tax bill in dollars for the same property for the upcoming fiscal year if the proposed budget is adopted.

<b>Taxpayer Impact Statement</b>	<b>FY2026 (Upcoming Fiscal Year)</b>	<b>FY2026 No-New Revenue</b>
<b>Total tax rate (per \$100 of value)</b>	\$0.508000/\$100	\$0.619404/\$100
<b>Median homestead taxable value</b>	\$231,004	\$251,138
<b>Tax on median-valued homestead</b>	\$1,174	\$1,556

**COUNCIL CALENDAR**

**O.1. 2026 Council Calendar**

\_\_\_\_\_  
**MAYOR**

\_\_\_\_\_  
**CITY CLERK OR DESIGNEE**



**City Council Regular Meeting**

Agenda Item No. C.1.

**Meeting Date:** 5/18/2026

**Prepared By:**

**Approved By:**

**Caption:**

Asterisked (\*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

**Issue:**

**F. 2. \*RESOLUTION NO. 7647**

Adopting a Low Income Housing Tax Credit Policy

**F. 3. \*RESOLUTION NO. 7648**

Approving the Greater Texoma Utility Authority's Intention to Approve the Cost Share Agreement for the Lake Texoma Pump Station Improvements and Texoma Raw Water Pipeline No. 2 Projects

**Background:**

**Capital Improvement Program:**

**Origination:**

**Financial Consideration:**

**Staff Recommendation:**

**Alternatives:**

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**Attachments:**

None



**City Council Regular Meeting**

Agenda Item No. D.1.

**Meeting Date:** 5/18/2026

**Prepared By:**

**Approved By:**

**Caption:**

**Public Hearing**

Consider Appeal for a Variance to Allow Mixed Beverage Sales within 300 feet of a Church (4800 Texoma Parkway Suite 300); Leidy Ibanez, Owner, Leidy's Kitchen LLC (4800 Texoma Parkway B704)

**Issue:**

Consider Appeal for a Variance to Allow Mixed Beverage Sales within 300 feet of a Church (4800 Texoma Parkway Suite 300); Leidy Ibanez, Owner, Leidy's Kitchen LLC (4800 Texoma Parkway B704)

**Background:**

Leidy's Kitchen LLC applied for a MB Mixed Beverage Permit for a restaurant located in Midway Mall (4800 Texoma Parkway B740). Upon inspection, it was determined that the property is located within 300 feet of a church also operating inside Midway Mall (4800 Texoma Parkway Suite 300).

According to Section 4.14.035 of the City's Code of Ordinances, entitled "Development Standards," the sale of alcoholic beverages for off-premises consumption is not permitted within 300 feet of a church. This measurement of distance is provided for in State law and is measured "along the property lines of the street fronts and from front door to front door, and in a direct line across intersections."

The variance request is governed by Section 109.33(e) of the Texas Alcoholic Beverage Code. The provision states as follows:

"(e) The commissioners court of a county or the governing board of a city or town that has enacted a regulation under Subsection (a) of this section may also allow variances to the regulation if the commissioners court or governing body determines that enforcement of the regulation in a particular instance is not in the best interest of the public, constitutes waste or inefficient use of land or other resources, creates an undue hardship on an applicant for a license or permit, does not serve its intended purpose, is not effective or necessary, or for any other reason the court or governing board, after consideration of the health, safety, and welfare of the public and the equities of the situation, determines is in the best interest of the community."

A notice was sent to The Well (4800 Texoma Parkway Suite 300) on 5/6/2026 stating an appeal has been filed. The Clerk's office has not received a response as of 5/11/2026.

**Capital Improvement Program:**

**Origination:**

Leidy Ibanez, Leidy's Kitchen LLC

**Financial Consideration:**

There is no direct cost to the City of Sherman

**Staff Recommendation:**

Staff recommends consideration of the request for a variance

**Alternatives:**

As directed by Council.

---

**Attachments:**

1. Request for Variance – Permit #000181-2026 – Leidy’s Kitchen LLC
2. APPLICATIONSUMMARYLEIDYS
3. Development standards
4. Location Map

City Council  
Sherman

RE: Request for Variance – Permit #000181-2026 (Leidy's Kitchen LLC)

Dear Members of the City Council,

I am writing on behalf of Leidy's Kitchen LLC to respectfully request a variance from the distance requirements associated with our alcohol permit application (Permit #000181-2026).

Leidy's Kitchen is a family-oriented restaurant concept that aims to provide a welcoming space for the Sherman community, offering a menu rooted in Mexican and Salvadoran cuisine. Our vision has always been centered around creating a safe, inclusive, and community-driven environment for families, friends, and local residents.

At the time we began the process of establishing our business at this location, we were not aware of any potential conflicts related to distance requirements. The nearby church began operating after we had already committed to this location and invested significant time and resources into building our restaurant. As such, this situation was not intentional, and we have made every effort to proceed thoughtfully and responsibly.

We want to emphasize that Leidy's Kitchen is not a bar or late-night establishment. Alcohol service would be limited and complementary to our food offerings, primarily consisting of beer and traditional beverages served alongside meals. Our goal is to enhance the dining experience, not to create an environment that would be disruptive or inconsistent with the values of the surrounding community.

We are committed to being respectful neighbors and contributing positively to the area. We are more than willing to comply with any reasonable conditions the City Council may require as part of granting this variance.

We kindly ask for your consideration and support in granting this request. Approving this variance would allow us to continue moving forward with our business while contributing to the local economy and community.

Thank you for your time and consideration.

Sincerely,  
Leidy Ibanez  
Leidy's Kitchen LLC  
903-870-6568  
leidyibanez@hotmail.com



Document reference ID : 595345

# Licensing Application Summary

You must review your application and confirm that the information displayed here is correct. Select **Review and Confirm** to continue and make the payment. If the information is not correct, select **Back** to return to the application, edit the data as needed and finalize the submission. If you need to store the application packet for your records, select **Download**.

**Application ID:** 595345

**Applicant Name:** Leidy's Kitchen LLC

**License Type applied for:** Mixed Beverage Permit (MB)

## Entity Information

**Business Structure:** Limited liability company

**FEIN/SSN Number:** 993790804

**Member Managed or Manager Managed:** Member Managed

**Historically Underutilized Business:** No

**Veteran-owned business:** No

**Fraternal Owned:** No

**Secretary of State Filing Number:** 0806268313

**Date Filed:** 10/31/2025

**Filing State:** TX

## Primary Business Entity Contact Information

**Legal First Name:** Lessly

**Legal Middle Name:** LopezGonzalez

**Email Address:** lessly.lopez98@gmail.com

**Phone Number:** 903-744-2022

## Initial Application Information

**Authority Type:** I am a principal or authorized user with binding authority

**Legal First Name:** Lessly

**Legal Middle Name:** Annette

**Legal Last Name:** LopezGonzalez

**Email Address:** lessly.lopez98@gmail.com

**Phone Number:** 903-744-2022

## Principal Parties

Principal Parent Entity	Principal Party	Role	Ownership %	Action
Leidy's Kitchen LLC	Lessly Lopez Gonzalez	Manager and/or Officer	51	Added
Leidy's Kitchen LLC	Leidy Ibanez	Manager and/or Officer	49	Added

## Basic Business information

**Business/Trade Name:** Leidy's Kitchen LLC  
**Business Type** Restaurant

## Location's Phone Numbers

**Business Phone Number** 903-422-0123

## Location Address

**Address:** 4800 Texoma Pkwy, UnitB704, Sherman, TX, United States, Grayson 75090

**Is your location within city limits?** Yes

## Mailing Address Information

**Address:** 4800 Texoma Pkwy, UnitB704, Sherman, TX, United States, Grayson 75090

## Measurement Information

**Measuring from the public entrance of your location along street lines and directly across intersections, will your location be within 1,000 feet of the nearest property line of a public or private school?** No

**Is a residential address or established neighborhood association located within 300 feet of any property line of your premises?** No

## Location Additional Information

Is the proposed location in a hotel or motel?

No

## Sixty Day Sign Requirements

**Posted the 60 day sign:** Yes  
**Date Posted:** 3/3/2026

## Projected Sales Information

**Sales Year:** 2026  
**Alcohol Sale:** \$40,000.00  
**Food Sales:** \$65,000.00  
**Total Sales:** \$105,000.00

## Property Ownership

**Do you, the applicant, own the land, building, and/or warehouse at this proposed licensed location?** No  
**Are you operating under?** Sublease

## Franchise Agreement

**Do you or anyone else at the location operate under a franchise agreement?** No  
**Are there any agreements, exclusive of a franchise agreement, which involve alcohol in any way?** No

## Shared premise information

**Do you share the premises with another business entity?**

No

## Property Ownership Details

Property Type	Property Ownership Type	Entity Name
Land and Building	Sub-Lessor	Star Midway LLC

# Location Diagram

**Will the license or permit embrace the entire location address?**                      Yes



**CERTIFICATE OF CITY SECRETARY FOR: (MB, BG & BE)**

Section 11.37 & 61.37

Not later than the 30th day after the date a prospective applicant for a license or permit requests certification, the city secretary or clerk shall certify whether the location or address given in the request is in a wet area and whether the sale of alcoholic beverages for which the license or permit is sought is prohibited by ordinance.

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a **"wet"** area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

- MB**      Mixed Beverage Permit
- MB/FB**    Mixed Beverage Restaurant Permit with Food and Beverage Certificate  
(MB must also hold a Food and Beverage Certificate)
- BG/FB**    Wine and Beer Retailer's Permit with Food and Beverage Certificate  
(BG must also hold a Food and Beverage Certificate)
- BG**      Wine and Beer Retailer's Permit - **Election for given location was held for:**
  - legal sale of beer/wine (17%) on-premise **AFTER** Sept. 1, 1999
  - legal sale of beer/wine (14%) on-premise **BEFORE** Sept. 1, 1999
- BE**      Beer Retail Dealer's On-Premise License
- BE/FB**    Retail Dealer's On-Premise License with **required** Food and Beverage Certificate

**OR**

I hereby refuse on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_ to certify this location.

**SIGN HERE**

\_\_\_\_\_  
City Secretary/Clerk

---

City

, TEXAS

**S E A L**



### CERTIFICATE OF COUNTY CLERK FOR: (MB, BG & BE)

Section 11.37 & 61.37

Not later than the 30th day after the date a prospective applicant for a license or permit requests certification, the city secretary or clerk shall certify whether the location or address given in the request is in a wet area and whether the sale of alcoholic beverages for which the license or permit is sought is prohibited by ordinance.

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, that the location for which the license/permit is sought is in a "wet" and is not prohibited by any valid order of the Commissioner's Court.

- MB** Mixed Beverage Permit
- MB/FB** Mixed Beverage Restaurant Permit with Required Food and Beverage Certificate
- BG/FB** Wine and Beer Retailer's Permit with Required Food and Beverage Certificate
- BG** Wine and Beer Retailer's Permit - **Election for given location was held for:**
  - legal sale of beer/wine (17%) on-premise **AFTER** Sept. 1, 1999
  - legal sale of beer/wine (14%) on-premise **BEFORE** Sept. 1, 1999
- BE** Beer Retail Dealer's On-Premise License
- BE/FB** Retail Dealer's On-Premise License with **required** Food and Beverage Certificate

**OR**

I hereby refuse on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_ to certify this location.

SIGN HERE

\_\_\_\_\_  
County Clerk

\_\_\_\_\_  
County

**SEAL**



**COMPTROLLER OF PUBLIC ACCOUNTS CERTIFICATES**

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, the applicant holds or has applied for and satisfies all legal requirements for the issuance of a Sales Tax Permit under the Limited Sales, Excise and Use Tax Act or the applicant as of this date is not required to hold a Sales Tax Permit.

Sales Tax Permit Number \_\_\_\_\_

Outlet Number \_\_\_\_\_

Print Name of Comptroller Employee \_\_\_\_\_

Print Title of Comptroller Employee \_\_\_\_\_

**SIGN HERE**

\_\_\_\_\_  
Comptroller Representative

\_\_\_\_\_  
City

, TEXAS

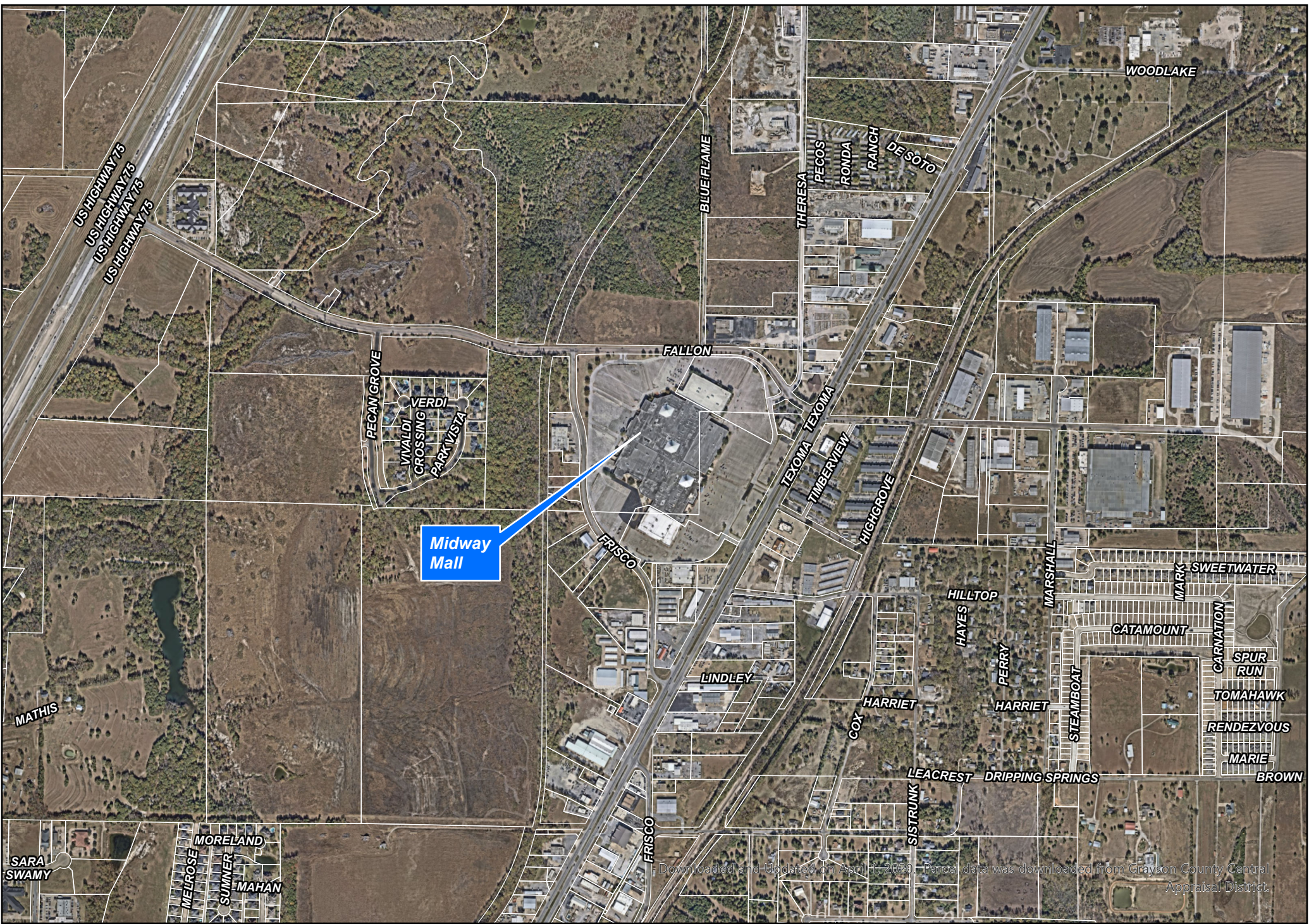
**SEAL**



<b>PUBLISHER'S AFFIDAVIT</b>	
Name of newspaper	
City, County	
Dates notice published in daily/weekly newspaper (MM/DD/YYYY)	
<i>Publisher or designee certifies attached notice was published in newspaper stated on dates shown</i>	
Signature of publisher or designee	
Sworn to and subscribed before me on this date	
Signature of Notary Public	
<b>S E A L</b>	
<b>ATTACH PRINTED COPY OF THE NOTICE</b>	

**§ 4.14.035. Development standards.**

- (a) Alcoholic beverages for off-premises consumption only. The sale of alcoholic beverages is permitted only in a zoning district where retail sales are allowed. The minimum distance between retail stores that offer the sale of alcoholic beverages for off-premises consumption and the following uses are:
- (1) Schools (public and private) and day care centers: 300 feet. As allowed by state law, a school may petition for 1,000 feet. All measurements of distances are as provided for in state law (property line to property line and in a direct line across intersections).
  - (2) Churches: 300 feet. All measurements of distances are as provided for in state law (along the property lines of the street fronts and from front door to front door, and in a direct line across intersections).
  - (3) Hospitals: 300 feet. All measurements of distances are as provided for in state law (along the property lines of the street fronts and from front door to front door, and in a direct line across intersections).
- (b) Mixed beverages in a restaurant by food and beverage certificate holders only. The sale of mixed beverages in a restaurant by food and beverage certificate holders is allowed in any zoning district where restaurants are allowed. The holder of a permit under this subsection shall be required to meet distance requirements as set forth in subsection (a), above.
- (Ordinance 5994 adopted 12/5/16)



Downloaded and Updated on April 1, 2020. Parcel data was downloaded from Grayson County Central Appraisal District.



**Midway Mall - 4800 Texoma Parkway**

1" = 1000'





**City Council Regular Meeting**

Agenda Item No. D.2.

**Meeting Date:** 5/18/2026

**Prepared By:** Rob Rae, Developmental Services Director

**Approved By:**

**Caption:**

**INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6936**

Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14, To Rezone A Tract Of Land Being Lots 3 And 4, Block 18, College Park Addition, City Of Sherman, Grayson County, Texas, Located At 506 North Grand Avenue, Heretofore Zoned MF-30 (Multifamily Residential) District; Rezoning And Placing The Tract In The R-6 (Single-Family Residential) District Zoning Classification, Michael And Heather Putnam (Owner) And Helvey-Wagner Surveying, Inc (Surveyor) Providing For A Penalty Not To Exceed \$2,000.00; Providing A Repealing/Savings Clause, Severability Clause And An Effective Date

**Issue:**

Consideration of a Zone Change located at 506 North Grand Avenue from MF-30 (Multifamily Residential) District/College Park Overlay District to R-6 (Single-Family Residential) District/College Park Overlay District.

**Background:**

The property is located at 506 North Grand Avenue. The property owner is requesting a Zone Change from MF-30 (Multifamily Residential) District/College Park Overlay District to R-6 (Single-Family Residential) District/College Park Overlay District.

**Capital Improvement Program:**

N/A

**Origination:**

The request of Michael and Heather Putnam (Owners) and Helvey-Wagner Surveying, Inc. (Surveyors)

**Financial Consideration:**

None

**Staff Recommendation:**

At the April 21, 2026, regular meeting, the Planning and Zoning Commission voted 6/0 to recommend to City Council that the Zone Change be approved. **The proposed use is compatible with the City of Sherman Comprehensive Plan.**

**Alternatives:**

The City Council could deny the request.

---

**Attachments:**

1. Ordinance No. 6936
2. EXHIBIT A
3. Location Map
4. Zoning Map
5. Future Landuse Map
6. Property Notification Sign
7. Project Narrative

**ORDINANCE NO. 6936**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND BEING LOTS 3 AND 4, BLOCK 18, COLLEGE PARK ADDITION, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED AT 506 NORTH GRAND AVENUE, HERETOFORE ZONED MF-30 (MULTI FAMILY RESIDENTIAL) DISTRICT; REZONING AND PLACING THE TRACT IN THE R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, MICHAEL AND HEATHER PUTNAM (OWNER) AND HELVEY-WAGNER SURVEYING, INC (SURVEYOR) PROVIDING FOR A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW**

**WHEREAS**, the City Planning and Zoning Commission and the City Council, in accordance with the state law and the ordinances of the City of Sherman, have given the required notices and have held the required public hearings regarding this proposed rezoning case; and

**WHEREAS**, the City Council finds that rezoning the property as described in this Ordinance is in accordance with the Comprehensive Plan and will complement or be compatible with the surrounding uses and community facilities; contribute to, enhance, or promote the welfare of the area of request and adjacent properties; not be detrimental to the public health, safety, or general welfare; and conform in all other respects to all applicable zoning regulations and standards; and

**WHEREAS**, the City Council finds that it is in the public interest to rezone the property as described in this Ordinance.

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

**SECTION 1.** That, from and after the effective date of this Ordinance, the property described in **Exhibit A – Survey and Legal Description**, attached hereto, located at 506 North Grand Avenue and all streets, roads and alleyways contiguous and/or adjacent thereto, shall be rezoned and placed in the R-6 (Single-Family Residential) District, and that Sherman’s Zoning Ordinance/Code of Ordinances, Chapter 14, is hereby amended so as to hereafter include such property.

**SECTION 2.** That this Ordinance shall be entered upon the Official Zoning Map as provided in Sherman’s Zoning Ordinance/Code of Ordinances, Chapter 14, Section 14.01.002.

**SECTION 3.** That no person shall acquire any vested interest in this Ordinance or in any other specific regulations contained herein. Any portion of this Ordinance may be repealed or amended by the City Council in the manner provided for by law.

**SECTION 4.** That it shall be unlawful for any person to make use of the Property in some manner other than as authorized by this Ordinance, and it shall be unlawful for any person to construct on the Property any building that is not in conformity with the permissible uses under this Ordinance. Any person violating any provision of this Ordinance or the General Zoning Ordinance, as they exist or may be amended, shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be fined in an amount not exceeding TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00). A violation of any provision of this Ordinance shall constitute a separate violation for each calendar day in which it occurs. The penal provisions imposed under this Ordinance shall not preclude the City from filing suit to enjoin the violation. The City retains all legal rights and remedies available to it pursuant to local, state, and federal law.

**SECTION 5.** That the Zoning Ordinance shall remain in full force and effect, save and except as amended by this or any other ordinance. All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the Ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

**SECTION 6.** That in the event any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

**SECTION 7.** That it is hereby officially found and determined that the meetings at which this Ordinance was introduced and passed were open to the public and that public notice of the time, place and purpose of said meetings were given all as required by law.

**SECTION 8.** That this Ordinance shall become effective from and after its adoption and publication as required by law and the City Charter.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS.**

**INTRODUCED** on this the 18<sup>th</sup> day of May 2026.

**ADOPTED** on this the 18<sup>th</sup> day of May 2026.

**EFFECTIVE DATE** on this the 18<sup>th</sup> day of May 2026.

**CITY OF SHERMAN, TEXAS**

**BY:** \_\_\_\_\_  
**SHAWN TEAMANN, MAYOR**

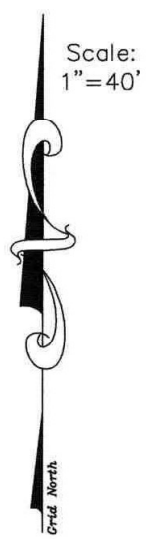
**ATTEST:**

**BY:** \_\_\_\_\_  
**TERI FINE, CITY CLERK**

**APPROVED AS TO FORM:  
THE LAW FIRM OF ABERNATHY,  
ROEDER, BOYD & HULLETT, P.C.**

**BY:** \_\_\_\_\_  
**RYAN PITTMAN, CITY ATTORNEY**

**EXHIBIT A**



Scale:  
1"=40'

Bearing Base: Grid North, NAD83  
Texas State Plane Coordinate  
System, North Central Zone, as  
derived by survey-grade Global  
Positioning System. All distances  
are grid distances.

Easement Certification per title commitment  
issued by Alliant National Title Insurance  
Company on October 6, 2025, effective date  
of September 29, 2025 and referenced  
under GF No.0147100:  
10(f). The location of Easement granted to  
North Texas Gas Co. in Vol. 230, Pg. 344,  
D.R.G.C.T. DOES AFFECT the subject property,  
as shown hereon.

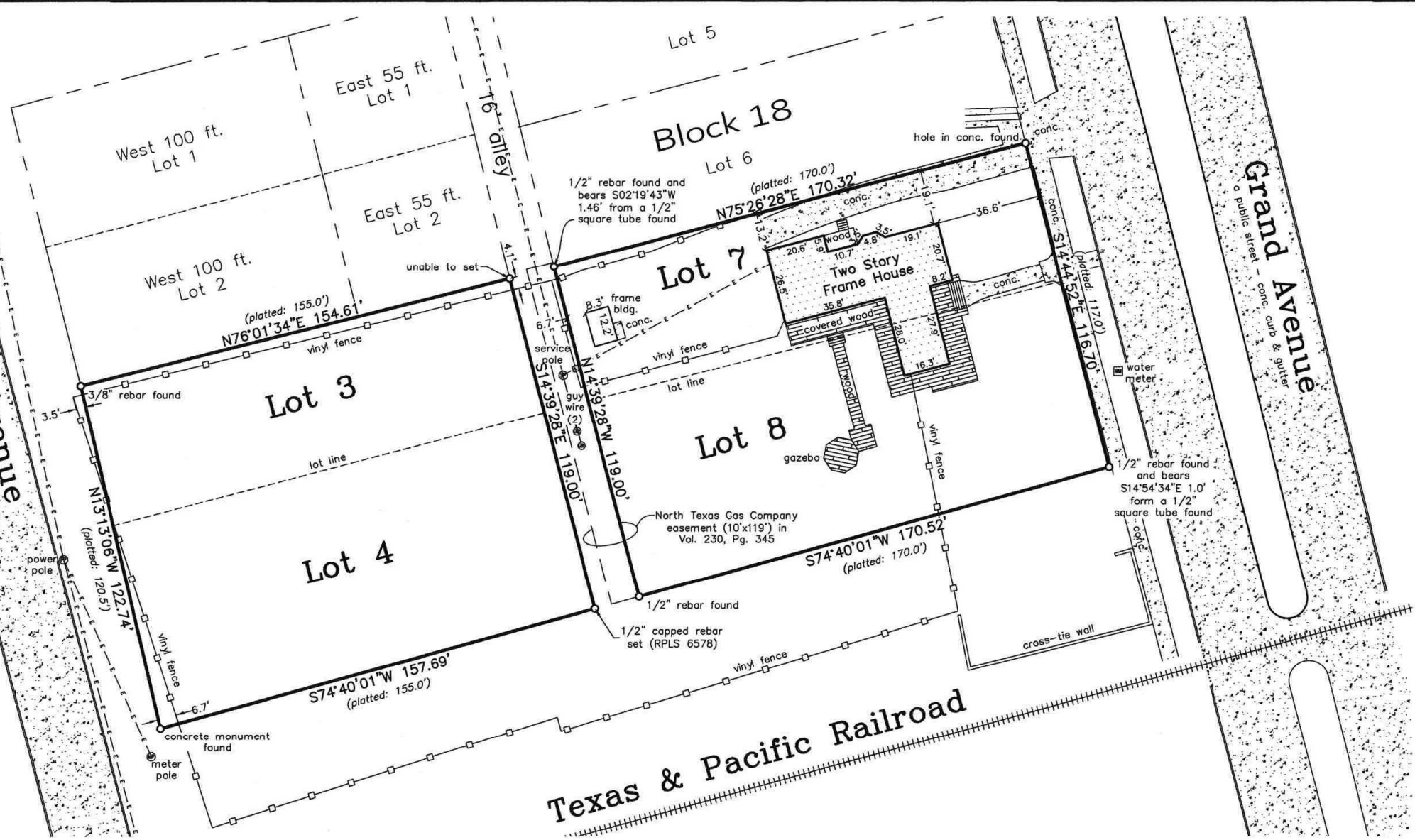
Owner: Katherine Bradford a/k/a  
Katherine Jennings Bradford,  
Independent Executor of the  
Estate of Mark Timothy Parris  
Buyer: Michael Sean Putnam &  
Heather L. Putnam  
Address: 506 N. Grand Avenue  
Sherman, Texas

Job No. AGS401025

**Helvey-Wagner Surveying, Inc.**

222 W. Main St., Denison, Texas 75020  
Phone (903) 463-6191

Email: kate@helveywagnersurveying.net  
TBPELS Firm Registration No. 10088100

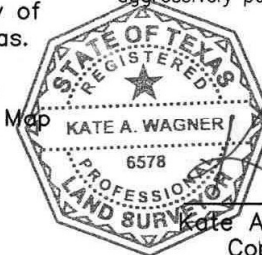


I, Kate A. Wagner, Registered Professional Land Surveyor, do hereby certify that a survey was performed on the ground of the property shown hereinabove and that this survey complies with the current Texas Society of Professional Surveyors Manual of Practice for a Category 1A, Condition 3, TSPS Land Title Survey and is a true and correct representation of the property shown hereon to the best of my knowledge and belief.

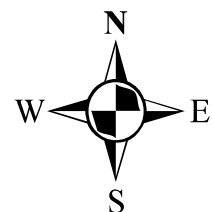
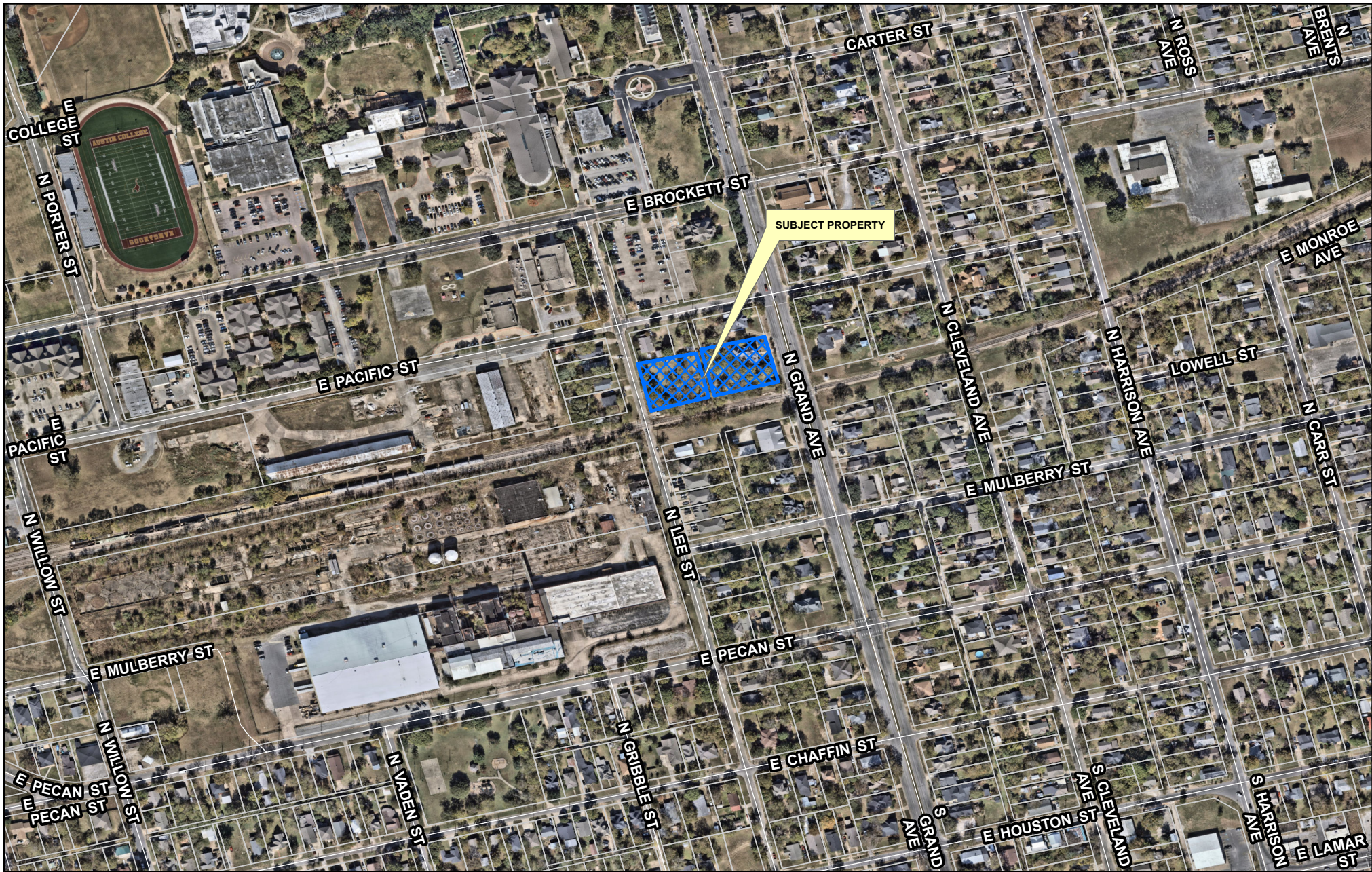
Legal Description is as follows: Lots 3, 4, 7 and 8, Block 18, College Park Addition to the City of Sherman, Texas, as per plat of record in Volume 81, Page 438, Deed Records, Grayson County, Texas.

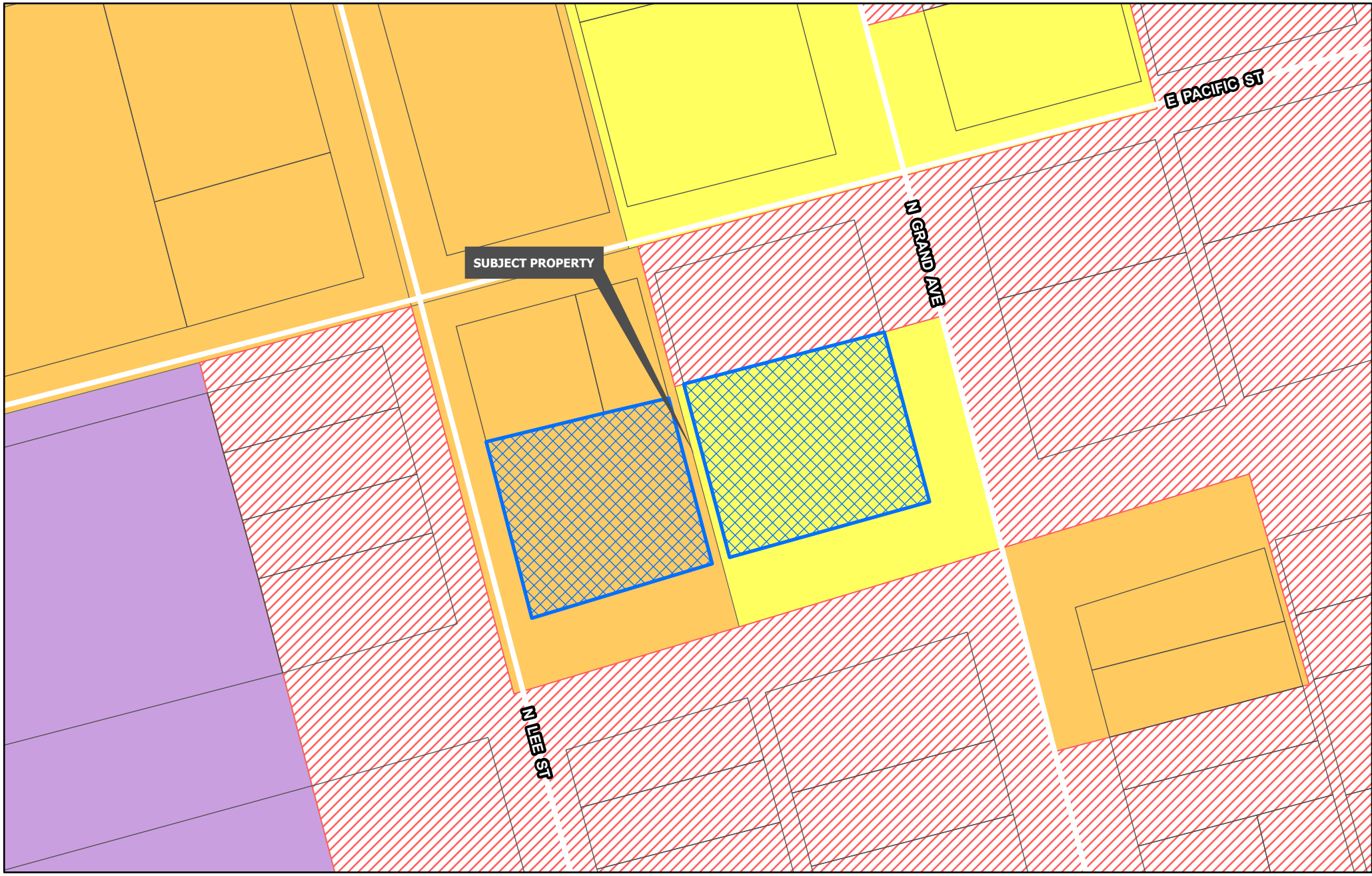
The subject property shown hereon does not lie within the limits of any designated 100-year Flood Hazard Areas, as shown on the "FEMA" Flood Insurance Rate Map for Grayson County, Texas, Map No. 48181C0290 G, Revised Date: September 1, 2022.

This survey is for the sole benefit of the Owners and Buyers Stated hereon and Red River Title Company and Zillow Home Loans, LLC and is null and void for any other transaction. Any unauthorized use of this survey without the sole consent of the undersigned surveyor will infringe upon state and federal copyright statutes. Any violation of said statutes will be aggressively pursued.



*Kate A. Wagner*  
Kate A. Wagner, R. P. L. S. No. 6578  
Copyright Date: October 22, 2025





Planning & Zoning	R-4 Patio Home Residential	C-O Office
R-A Residential Agricultural	R-2F Duplex Residential	C-1 Retail Business
R-E Estate Residential	R-TH Townhome Residential	C-2 General Commercial
R-12 Single Family Residential	MF-15 Multi-Family Residential	M-1 Light Manufacturing
R-6 Single Family Residential	MF-30 Multi-Family Residential	M-1.5 Medium Manufacturing
R-5 Single Family Residential	MH Manufactured Housing	M-2 Heavy Manufacturing
	C-N Neighborhood Commercial	PD Planned Development

**CITY OF SHERMAN**  
**ZONING MAP**  
**506 N GRAND AVE**



**CORE NEIGHBORHOOD**

**Intent & Character**

The Core Neighborhood category is intended to protect and enhance the existing residential areas of Sherman. This area is generally located in the center of the city, east and west of US-75. A majority of the Core Neighborhood category encompasses what is known as east Sherman. This category encourages infill development that maintains the existing character, while increasing the aesthetic appeal of the community. In certain areas, an increase in density can be appropriate through the development of single-family attached products, like townhomes or quad-plexes.

**Appropriate Land Use Types**

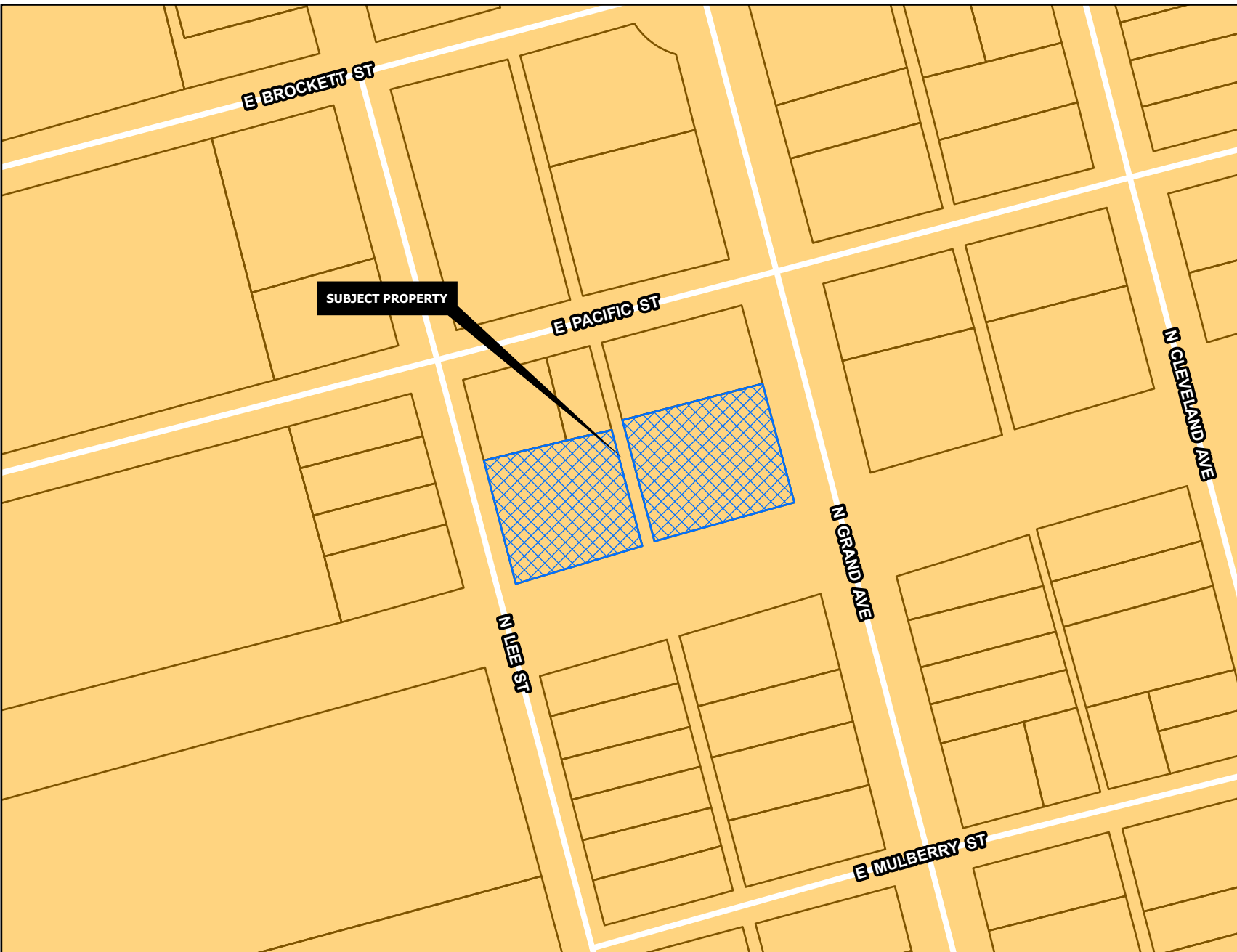
- Single-family detached
- Single-family attached
- Local/neighborhood commercial and office
- Parks and open space
- Schools and civic uses

**Compatible Zoning Districts**

- Single-Family Residential (R-5, R-4, R-2F, and R-TH)
- Multi-Family Residential (MF-15 and MF-30)
- Manufactured Housing
- Retail Business
- Neighborhood Commercial

**Considerations**

- Infill that increases density should match the character of the surrounding structures.
- Small-scale commercial uses are appropriate along larger streets and should be compatible with the surrounding residential development.





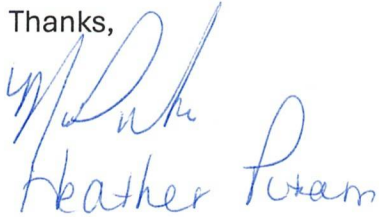
Michael and Heather Putnam (owners)

506 N Grand Ave

Sherman TX 75090

Please rezone the MF-30 (Multi-Family Residential) District portion of the lot to R-6 (Single-Family Residential) District at 506 N Grand Ave .

Thanks,

A handwritten signature in blue ink, appearing to read "H. Putnam" on the first line and "Heather Putnam" on the second line. The signature is written in a cursive style.



**City Council Regular Meeting**

Agenda Item No. D.3.

**Meeting Date:** 5/18/2026

**Prepared By:** Rob Rae, Developmental Services Director

**Approved By:**

**Caption:**

**INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6937**

Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14, To Rezone A Tract Of Land Being Lots C And D, Texas Nursery Company's Replat Of Blocks 23, 47 And 48, South Side Addition, City Of Sherman, Grayson County, Texas, Located In The 1901 Block South Inwood Street, Heretofore Zoned M-2 (Heavy Manufacturing) District; Rezoning And Placing The Tract In The R-6 (Single-Family Residential) District Zoning Classification, Douglass Distributing CO (Owner) And Helvey-Wagner Surveying, Inc (Surveyor) Providing For A Penalty Not To Exceed \$2,000.00; Providing A Repealing/Savings Clause, Severability Clause And An Effective Date

**Issue:**

Consideration of a Zone Change located in the 1901 Block Inwood Street from M-2 (Heavy Manufacturing) District to R-6 (Single-Family Residential) District.

**Background:**

The property is located at 1901 Block South Inwood Street. The owner would like a zone change from M-2 (Heavy Manufacturing) District to R-6 (Single-Family Residential) District.

**Capital Improvement Program:**

N/A

**Origination:**

The request of Douglass Distributing Co (Owner), Helvey-Wagner Surveying, Inc. (Surveyor).

**Financial Consideration:**

None.

**Staff Recommendation:**

At the April 21, 2026, regular meeting, the Planning and Zoning Commission voted 6/0 to recommend to City Council that the Zone Change be approved. **The proposed use is compatible with the City of Sherman Comprehensive Plan.**

**Alternatives:**

The City Council could deny the request.

---

**Attachments:**

1. Ordinance No. 6937
2. EXHIBIT A
3. Location Map
4. Zoning Map
5. Future Landuse Map
6. Property Notifcation Sign

**ORDINANCE NO. 6937**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND BEING LOTS C AND D, TEXAS NURSERY COMPANY'S REPLAT OF BLOCKS 23, 47 AND 48, SOUTH SIDE ADDITION, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED IN THE 1901 BLOCK SOUTH INWOOD STREET, HERETOFORE ZONED M-2 (HEAVY MANUFACTURING) DISTRICT; REZONING AND PLACING THE TRACT IN THE R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, DOUGLASS DISTRIBUTING CO (OWNER) AND HELVEY-WAGNER SURVEYING, INC (SURVEYOR) PROVIDING FOR A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW**

**WHEREAS**, the City Planning and Zoning Commission and the City Council, in accordance with the state law and the ordinances of the City of Sherman, have given the required notices and have held the required public hearings regarding this proposed rezoning case; and

**WHEREAS**, the City Council finds that rezoning the property as described in this Ordinance is in accordance with the Comprehensive Plan and will complement or be compatible with the surrounding uses and community facilities; contribute to, enhance, or promote the welfare of the area of request and adjacent properties; not be detrimental to the public health, safety, or general welfare; and conform in all other respects to all applicable zoning regulations and standards; and

**WHEREAS**, the City Council finds that it is in the public interest to rezone the property as described in this Ordinance.

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

**SECTION 1.** That, from and after the effective date of this Ordinance, the property described in **Exhibit A – Survey and Legal Description**, attached hereto, located in the 1901 Block South Inwood Street and all streets, roads and alleyways contiguous and/or adjacent thereto, shall be rezoned and placed in the R-6 (Single-Family Residential) District, and that Sherman's Zoning Ordinance/Code of Ordinances, Chapter 14, is hereby amended so as to hereafter include such property.

**SECTION 2.** That this Ordinance shall be entered upon the Official Zoning Map as provided in Sherman's Zoning Ordinance/Code of Ordinances, Chapter 14, Section 14.01.002.

**SECTION 3.** That no person shall acquire any vested interest in this Ordinance or in any other specific regulations contained herein. Any portion of this Ordinance may be repealed or amended by the City Council in the manner provided for by law.

**SECTION 4.** That it shall be unlawful for any person to make use of the Property in some manner other than as authorized by this Ordinance, and it shall be unlawful for any person to construct on the Property any building that is not in conformity with the permissible uses under this Ordinance. Any person violating any provision of this Ordinance or the General Zoning Ordinance, as they exist or may be amended, shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be fined in an amount not exceeding TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00). A violation of any provision of this Ordinance shall constitute a separate violation for each calendar day in which it occurs. The penal provisions imposed under this Ordinance shall not preclude the City from filing suit to enjoin the violation. The City retains all legal rights and remedies available to it pursuant to local, state, and federal law.

**SECTION 5.** That the Zoning Ordinance shall remain in full force and effect, save and except as amended by this or any other ordinance. All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the Ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

**SECTION 6.** That in the event any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

**SECTION 7.** That it is hereby officially found and determined that the meetings at which this Ordinance was introduced and passed were open to the public and that public notice of the time, place and purpose of said meetings were given all as required by law.

**SECTION 8.** That this Ordinance shall become effective from and after its adoption and publication as required by law and the City Charter.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS.**

**INTRODUCED** on this the 18<sup>th</sup> day of May 2026.

**ADOPTED** on this the 18<sup>th</sup> day of May 2026.

**EFFECTIVE DATE** on this the 18<sup>th</sup> day of May 2026.

**CITY OF SHERMAN, TEXAS**

**BY:** \_\_\_\_\_  
**SHAWN TEAMANN, MAYOR**

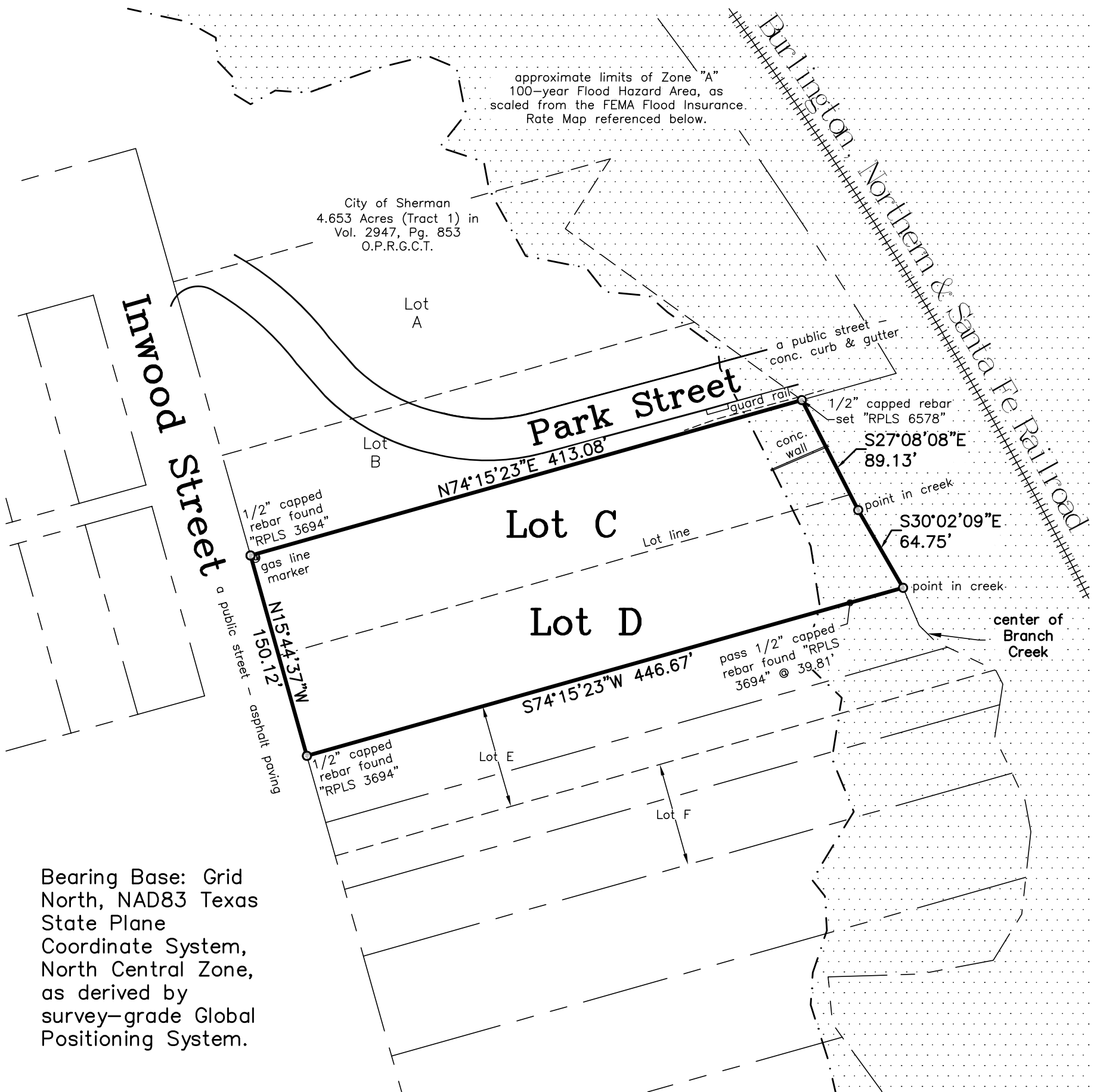
**ATTEST:**

**BY:** \_\_\_\_\_  
**TERI FINE, CITY CLERK**

**APPROVED AS TO FORM:  
THE LAW FIRM OF ABERNATHY,  
ROEDER, BOYD & HULLETT, P.C.**

**BY:** \_\_\_\_\_  
**RYAN PITTMAN, CITY ATTORNEY**

**EXHIBIT A**



Bearing Base: Grid  
North, NAD83 Texas  
State Plane  
Coordinate System,  
North Central Zone,  
as derived by  
survey-grade Global  
Positioning System.

Owner: Douglass Distributing  
Address: \_\_\_\_\_ S. Inwood Street  
Sherman, Texas

This survey is for the sole benefit of the Owners Stated hereon and is null and void for any other transaction. Any unauthorized use of this survey without the sole consent of the undersigned surveyor will infringe upon state and federal copyright statutes. Any violation of said statutes will be aggressively pursued.

I, Kate A. Wagner, Registered Professional Land Surveyor, do hereby certify that a survey was performed on the ground of the property shown hereinabove and that this survey complies with the current Texas Society of Professional Surveyors Manual of Practice for a Category 1A, Condition 3, TSPS Land Title Survey and is a true and correct representation of the property shown hereon to the best of my knowledge and belief.

Legal Description is as follows: Lots C & D of Texas Nursery Company's Replat of Blocks 23, 47 & 48 of South Side Addition to the City of Sherman, Texas, as per plat of record in Volume 410, Page 363, Deed Records, Grayson County, Texas.

A portion of the subject property shown hereon lies within the limits of a Zone "A" 100-year Flood Hazard Area, as scaled from the "FEMA" Flood Insurance Rate Map for Grayson County, Texas, Map No. 48181C0405 G, Revised Date: September 29, 2010.

Note: Survey was performed without the benefit of a title commitment.

**Job No. AGS670323**

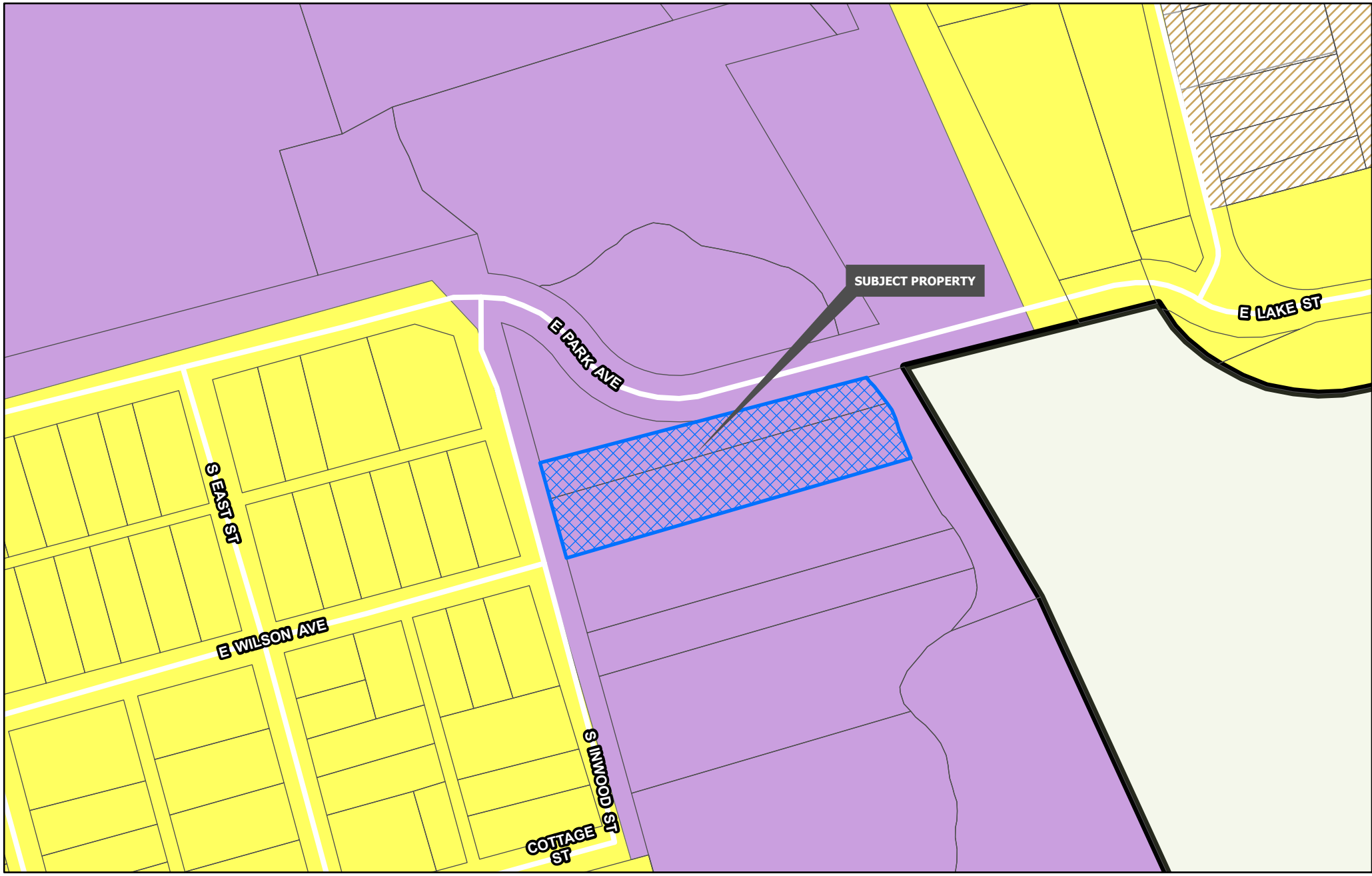
**Helvey-Wagner Surveying, Inc.**

222 W. Main St., Denison, Texas 75020  
Phone (903) 463-6191

Email: kate@helveywagnersurvey.net  
TBPELS Firm Registration No. 10088100

Kate A. Wagner, R. P. L. S. No. 6578  
Copyright Date: March 30, 2023





Planning & Zoning	R-4 Patio Home Residential	C-O Office
R-A Residential Agricultural	R-2F Duplex Residential	C-1 Retail Business
R-E Estate Residential	R-TH Townhome Residential	C-2 General Commercial
R-12 Single Family Residential	MF-15 Multi-Family Residential	M-1 Light Manufacturing
R-6 Single Family Residential	MF-30 Multi-Family Residential	M-1.5 Medium Manufacturing
R-5 Single Family Residential	MH Manufactured Housing	M-2 Heavy Manufacturing
	C-N Neighborhood Commercial	PD Planned Development

**CITY OF SHERMAN  
ZONING MAP  
1901 BLK S INWOOD ST**



### CORE NEIGHBORHOOD

#### Intent & Character

The Core Neighborhood category is intended to protect and enhance the existing residential areas of Sherman. This area is generally located in the center of the city, east and west of US-75. A majority of the Core Neighborhood category encompasses what is known as east Sherman. This category encourages infill development that maintains the existing character, while increasing the aesthetic appeal of the community. In certain areas, an increase in density can be appropriate through the development of single-family attached products, like townhomes or quad-plexes.

#### Appropriate Land Use Types

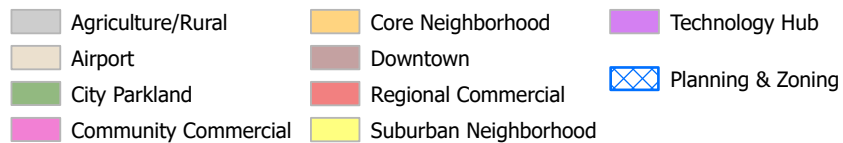
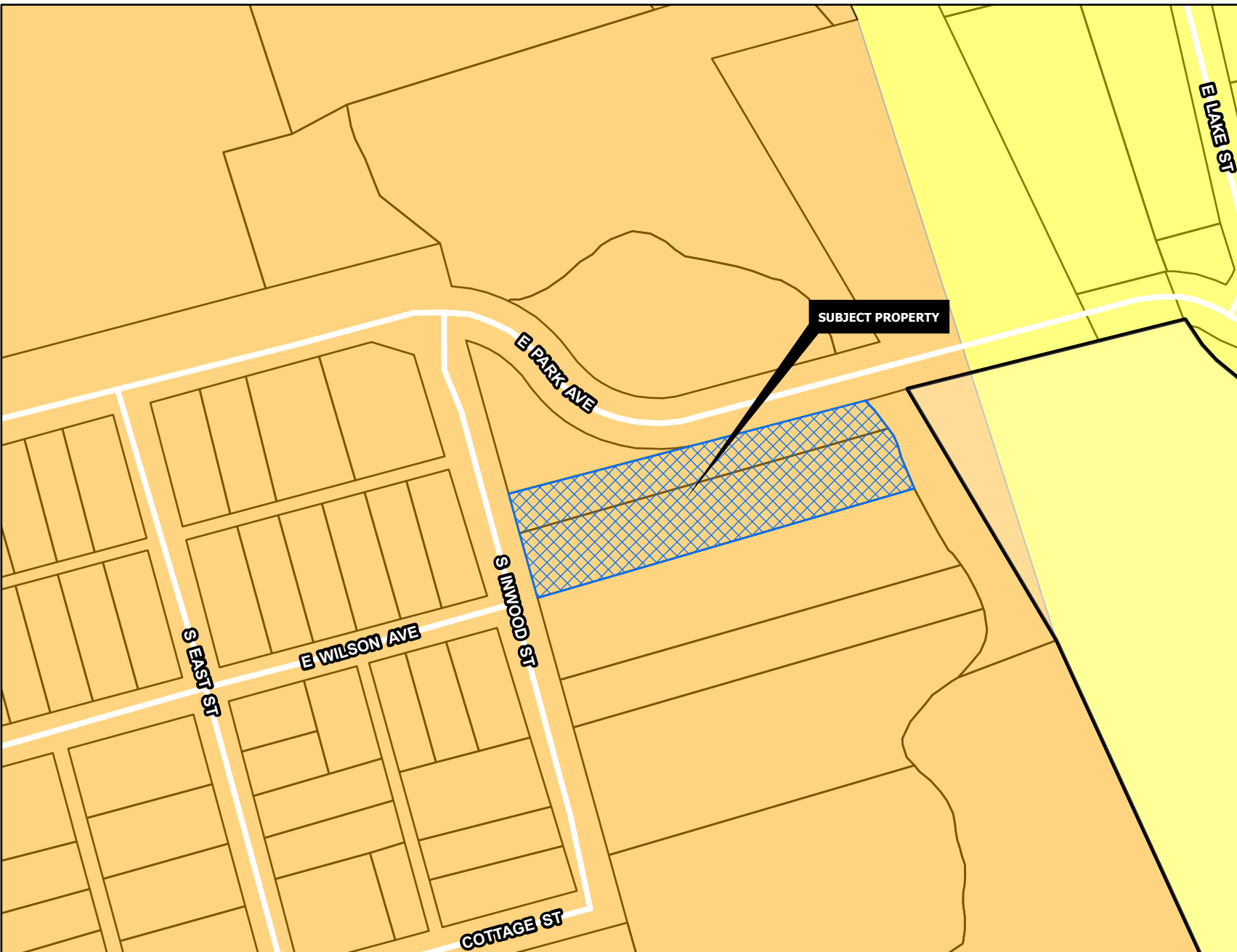
- Single-family detached
- Single-family attached
- Local/neighborhood commercial and office
- Parks and open space
- Schools and civic uses

#### Compatible Zoning Districts

- Single-Family Residential (R-5, R-4, R-2F, and R-TH)
- Multi-Family Residential (MF-15 and MF-30)
- Manufactured Housing
- Retail Business
- Neighborhood Commercial

#### Considerations

- Infill that increases density should match the character of the surrounding structures.
- Small-scale commercial uses are appropriate along larger streets and should be compatible with the surrounding residential development.





People - Quality - Image

# NOTICE OF PROPOSED ZONING CHANGE

**PROJECT #: 000336-2026**

FOR MORE INFORMATION CONTACT:  
DEVELOPMENT SERVICES  
903-892-7229



1001 BLK & HANCOCK ST



**City Council Regular Meeting**

Agenda Item No. D.4.

**Meeting Date:** 5/18/2026

**Prepared By:** Rob Rae, Developmental Services Director

**Approved By:**

**Caption:**

**INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6938**

Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14 And Granting A Specific Use Permit To Allow An Automobile, Motorcycle, Boat Or Trailer Sales, New Or Used On A Tract Of Land Zoned C-2 (General Commercial) District Located At 4111 Texoma Parkway, Consisting Of 1.001 Acres Being In The W.F. Patterson Survey, Abstract No. 969, City Of Sherman, Grayson County, Texas Saeid Taghvaci, Owner; And Copley Land Surveying, (Surveyor); Prescribing Conditions To The Specific Use Permit; Providing A Penalty Not To Exceed \$2,000.00

**Issue:**

Consideration of a Specific Use Permit for 1.001 acres of land located at 4111 Texoma Parkway to Allow an Automobile, motorcycle, boat, or trailer sales, new or used in a C-2 (General Commercial) District.

**Background:**

The property is located at 4111 Texoma Parkway. The owner would like Site Plan approval, and a Specific Use Permit to allow Automobile, motorcycle, boat or trailer sales, new or used in a C-2 (General Commercial) District.

**Capital Improvement Program:**

N/A

**Origination:**

The request of Saeid Taghvaci, ReliaCars, LLC. (Owner), and Copley Land Surveying (Surveyor)

**Financial Consideration:**

None

**Staff Recommendation:**

At the April 21, 2026, regular meeting, the Planning and Zoning Commission voted 6/0 to recommend to City Council that the Zone Change be approved.

**Alternatives:**

The City Council could deny the request.

---

**Attachments:**

1. Ordinance No. 6938

2. EXHIBIT A
3. EXHIBIT B
4. EXHIBIT C
5. Location Map
6. Zoning Map
7. Future Landuse Map
8. Property Notification sign
9. Project Narrative

**ORDINANCE NO. 6938**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14 AND GRANTING A SPECIFIC USE PERMIT TO ALLOW AN AUTOMOBILE, MOTORCYCLE, BOAT OR TRAILER SALES, NEW OR USED ON A TRACT OF LAND ZONED C-2 (GENERAL COMMERCIAL) DISTRICT LOCATED AT 4111 TEXOMA PARKWAY, CONSISTING OF 1.001 ACRES BEING IN THE W.F. PATTERSON SURVEY, ABSTRACT NO. 969, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS SAEID TAGHVACI, OWNER; AND COPLEY LAND SURVEYING, (SURVEYOR); PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.**

**WHEREAS**, the City Planning and Zoning Commission and the City Council, in accordance with the state law and the ordinances of the City of Sherman, have given the required notices and have held the required public hearings regarding this Specific Use Permit; and

**WHEREAS**, the City Council finds that this use will complement or be compatible with the surrounding uses and community facilities; contribute to, enhance, or promote the welfare of the area of request and adjacent properties; not be detrimental to the public health, safety, or general welfare; and conform in all other respects to all applicable zoning regulations and standards; and

**WHEREAS**, the City Council finds that it is in the public interest to grant this Specific Use Permit, subject to certain conditions.

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

**SECTION 1.** That, from and after the effective date of this Ordinance, the property located at 4111 Texoma Parkway, City of Sherman, Grayson County, Texas is/are granted a Specific Use Permit to allow Automobile, motorcycle, boat or trailer sales, new or used, subject to the conditions described in this Ordinance and that Sherman's Zoning Ordinance/Code of Ordinances, Chapter 14 is hereby amended so as to hereafter include on **Exhibit A – Survey**.

**SECTION 2.** That this Specific Use Permit is granted on the following conditions:

Zoning:

1. Compliance with applicable City ordinances, regulations, standards and rules and other laws, as they exist or may be amended, including but not limited to the City's Zoning Ordinance/Code of Ordinance Chapter 14.
2. Fire access, lanes and codes shall be coordinated with the Fire Marshal.

3. Fence Permits shall be permitted separately from the building permit and must adhere to the City's Zoning Ordinance/Code of Ordinance Chapter 14. (*Sec. 14.04.004*)
  - a. Barbed wire fencing must be removed from the property before a Certificate of Occupancy can be issued.
4. Sign Permits shall be permitted separately from the building permit and must adhere to the City's Zoning Ordinance/Code of Ordinance Chapter 14. (*Article 14.07*)
5. The use of the property must comply with all Federal and State Laws and regulations and with all the ordinances, rules and regulations of the City of Sherman.
6. No outside parking or storage of dismantled, junk or inoperable vehicles, wrecks, tires, displays or parts are permitted.
7. All vehicles must be parked on an improved surface and shall not be parked on grass or other unimproved surfaces.
8. The property must be properly maintained in a state of good repair and neat appearance.
9. The granting of the Specific Use Permit has no effect on the uses permitted as of right and does not waive the regulations of the underlying zoning district.
10. A Specific Use Permit is an amendment to the district regulations of the Zoning Ordinance that permits the establishment of a specific use within a zoning district in which such specific use may be established unless such use of land or structure is discontinued or abandoned for a period of thirty (30) consecutive days in which event such Specific Use Permit shall be void and such use may not thereafter be resumed unless a new Specific Use Permit is granted in accordance with this section. (*Chapter 14, Sec. 14.06.009(a)(1)(C)*)
11. Any changes made to the site plan prior to the final fulfillment of the conditions of the staff review letter must be considered minor by the staff, as to not require resubmission to the Planning & Zoning Commission

Solid Waste Services

12. Solid Waste enclosures and services shall adhere to Article 13.06 of the City of Sherman's Utility Ordinance and Section 14.04.004(d)(4)) of the City of Sherman's Zoning
  - a. A dumpster enclosure must be constructed before a Certificate of Occupancy is issued.

Additional Conditions:

13. The property shall be developed and used in accordance with all City Ordinances and the Site Plan shown in **Exhibit B**.
14. The property shall be developed and used in accordance with all City Ordinances and the Building Elevations shown in **Exhibit C**.
15. Notwithstanding anything to the contrary herein, the Specific Use Permit granted in this Ordinance shall automatically expire, terminate and be rescinded in the event that a person or entity other than Saeid Taghvaci, ReliaCars, LLC is the owner or lessee of the property.
16. Notwithstanding anything to the contrary herein, the Specific Use Permit granted in this Ordinance shall automatically expire, terminate and be rescinded on the first anniversary of the effective date identified below, unless earlier terminated, rescinded, extended or renewed by separate action of the City Council. The owner of the property subject to the Specific Use Permit must receive City Council approval of an application to extend or renew the Specific Use Permit prior to the expiration thereof.
17. This SUP is limited to automobile sales only.

**SECTION 3.** That this Ordinance shall be entered upon the official zoning map as provided in Sherman's Zoning Ordinance/Code of Ordinances, Chapter 14, Section 14.01.002.

**SECTION 4.** That after holding a properly noticed public hearing, the City Council may amend, change, or rescind the Specific Use Permit if any of the conditions set forth in Zoning Ordinance/Code of Ordinances Chapter 14, Section 14.06.009(1)(g), apply or exist.

**SECTION 5.** That the Specific Use Permit shall be effective from and after the effective date of this Ordinance. Upon termination of the Specific Use Permit, the property shall cease to be used as provided herein unless another Specific Use Permit or appropriate zoning has been obtained.

**SECTION 6.** That it shall be unlawful for any person to make use of the property in some manner other than as authorized by this Ordinance, and it shall be unlawful for any person to construct on the property any building that is not in conformity with the permissible uses under this Ordinance. Any person violating any provision of this Ordinance or the Zoning Ordinance, as they exist or may be amended, shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be fined in an amount not exceeding TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00). A violation of any provision of this Ordinance shall constitute a separate violation for each calendar day in which it occurs. The penal provisions imposed under this Ordinance shall not preclude the City from filing suit to enjoin the violation. The City retains all legal rights and remedies available to it pursuant to local, state, and federal law.

**SECTION 7.** That the Zoning Ordinance shall remain in full force and effect, save and except as amended by this or any other ordinance. All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

**SECTION 8.** That in the event any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

**SECTION 9.** That it is hereby officially found and determined that the meetings at which this Ordinance was introduced and passed were open to the public and that public notice of the time, place and purpose of said meetings were given all as required by law.

**SECTION 10.** That this Ordinance shall become effective from and after its adoption and publication as required by law and the City Charter.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS.**

**INTRODUCED** on this the 18<sup>th</sup> day of May 2026.

**ADOPTED** on this the 18<sup>th</sup> day of May 2026.

**EFFECTIVE DATE** on this the 18<sup>th</sup> day of May 2026.

**CITY OF SHERMAN, TEXAS**

**BY:** \_\_\_\_\_  
**SHAWN TEAMANN, MAYOR**

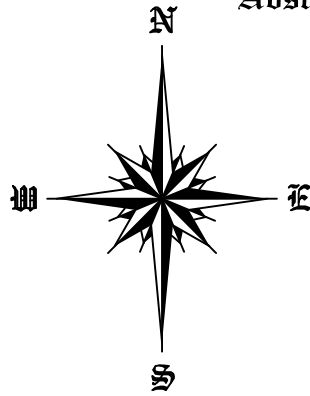
**ATTEST:**

**BY:** \_\_\_\_\_  
**TERI FINE, CITY CLERK**

**APPROVED AS TO FORM:**  
**THE LAW FIRM OF ABERNATHY,**  
**ROEDER, BOYD & HULLETT, P.C.**

**BY:** \_\_\_\_\_  
**RYAN D. PITTMAN, CITY ATTORNEY**

W.F. Patterson Survey  
Abstract No. 969



~ BASIS OF BEARINGS ~  
GRID NORTH, NAD 83  
TEXAS STATE PLANE COORDINATE SYSTEM  
NORTH CENTRAL ZONE (4202)

Legend

- PP POWER POLE
- LP LIGHT POLE
- GA GUY ANCHOR
- SM SEWER MANHOLE
- GM GAS MARKER
- GM GAS METER
- WM WATER METER
- CM CABLE MARKER
- TV TELEPHONE VAULT
- BL BOUNDARY LINE
- PL PROPERTY LINE
- OHE OVERHEAD ELECTRIC
- G GAS LINE
- CLF CHAINLINK FENCE
- ASPH ASPHALT
- CONC CONCRETE

Legal Description

Situated in the City of Sherman, Grayson County, Texas, being a part of the W.F. Patterson Survey, Abstract No. 969, and being all of a 1.000 acre tract of land conveyed to Hempkins Partners LTD by deed of record in Document No. 2025-28376, Official Records, Grayson County, Texas and being more particularly described by metes and bounds as follows:

Beginning at a 1/2" steel rod found in the southeast right-of-way line of Texoma Parkway maintaining the southwest corner of said 1.00 acre tract and the northwest corner of a 0.713 acre tract of land conveyed to Goodwill Industries of Northeast Texas Inc. by deed of record in Document No. 2021-17705 of said Official Records;

Thence North 28°35'33" East, along the west line of said 1.00 acre tract, a distance of 166.88 feet to a mag nail found maintaining the northwest corner of said 1.00 acre tract and the southwest corner of a 0.234 acre tract of land conveyed to Home Place Partners LP, by deed of record in Document No. 2020-12191 of said Official Public Records;

Thence South 61°23'43" East, along the north line of said 1.00 acre tract and the south line of said 0.234 acre tract, a distance of 217.67 feet to a mag nail set in the center of Frisco Road, for the northeast corner of said 1.00 acre tract and the southeast corner of said 0.234 acre tract;

Thence South 01°06'31" West, following along said Frisco Road and the east line of said 1.00 acre tract, a distance of 188.29 feet to a spike nail found, maintaining the southeast corner of said 1.00 acre tract and the northeast corner of said 0.713 acre tract;

Thence North 61°22'08" West, along the south line of said 1.00 acre tract and the north line of said 0.713 acre tract, a distance of 304.57 feet to the Point-of-Beginning and containing 1.001 acres of land.

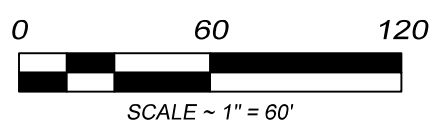
I, John C. Copley, Registered Professional Land Surveyor, do hereby certify that a survey was made on the ground of the property legally described herein, is correct, and that there are no discrepancies, conflicts, shortages in area, boundary line conflicts, encroachments, overlapping of improvements, easements or right-of-way, except as shown on the plat herewith, and that the plat herewith is a true, correct and accurate representation of the property legally described hereinabove.

*John Copley*  
John C. Copley  
Registered Professional  
Land Surveyor No. 6720  
Firm No. 10194429  
DATE OF SURVEY: 1/15/2026



Lot 1R  
Block 1  
State Highway 91 North Addition,  
Replat Lot 1 & 2, Block 1  
Vol. 10, Pg. 26 P.R.G.C.T.

Samuel McGlothlin Survey  
Abstract No. 811



ONLY VISIBLE ABOVE GROUND UTILITIES HAVE BEEN LOCATED. UNDERGROUND UTILITIES HAVE NOT BEEN LOCATED OR SHOWN ON THIS PLAT. CALL 811 BEFORE YOU DIG.  
THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE COMMITMENT. EXISTING EASEMENTS MAY AFFECT THIS PROPERTY.

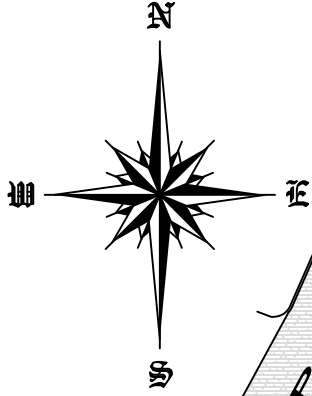
**Copley Land Surveying**  
1702 Verdi Ln. Sherman, Texas 75090  
TX 903-415-0643  
john@copleylandsurveying.com



Copyright © 2026  
Copley Land Surveying, Inc.  
All rights reserved.

~ PROPERTY ADDRESS ~  
4111 TEXOMA PARKWAY  
SHERMAN, TEXAS

**W.F. Patterson Survey**  
**Abstract No. 969**



**Lot 1B**  
**Block 1**  
State Highway 91 North Addition,  
Replat Lot 1 & 2, Block 1  
Vol. 10, Pg. 26 P.R.G.C.T.

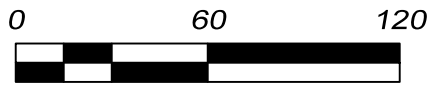
**GENERAL NOTES:**  
8 CUSTOMER PARKING SPACES (9' X 20'ea) MARKED BY "B"  
71 INVENTORY PARKING SPACES (9' X 20'ea) MARKED BY "A"  
4,000 SQ. FT. SALES FLOOR

**Legend (Proposed Improvements)**

- CONCRETE TO BE REMOVED
- FENCE TO BE REMOVED
- 26" TALL PIPE GUARD RAIL (PROPOSED)
- ASPHALT (PROPOSED)
- PARKING SPACES (PROPOSED)

**Legend**

- POWER POLE
- LIGHT POLE
- GUY ANCHOR
- SEWER MANHOLE
- GAS MARKER
- GAS METER
- WATER METER
- CABLE MARKER
- TELEPHONE VAULT
- BOUNDARY LINE
- PROPERTY LINE
- OVERHEAD ELECTRIC
- GAS LINE
- CHAINLINK FENCE
- ASPHALT
- CONCRETE



SCALE ~ 1" = 60'

Copyright © 2026  
Copley Land Surveying, Inc.  
All rights reserved.

**Site Plan**  
**1.001 Acre in the**  
**W.F. Patterson Survey,**  
**Abstract No. 969**  
**City of Sherman, Texas**

~ BASIS OF BEARINGS ~  
GRID NORTH, NAD 83  
TEXAS STATE PLANE COORDINATE SYSTEM  
NORTH CENTRAL ZONE (4202)

DATE OF LAST SITE VISIT: 1/15/2026



**Copley Land Surveying**  
5586 W. FM 120 Denison, Texas 75020  
TX 903-415-0643  
john@copleylandsurveying.com

CLS Job# 26010009SP

0.351 ACRES  
HOME PLACE PARTNERS LP  
DOCUMENT NO. 2020-13214  
O.P.R.G.C.T.

0.234 ACRES  
HOME PLACE PARTNERS LP  
DOCUMENT NO. 2020-12191  
O.P.R.G.C.T.

1.00 ACRE  
HEMPKINS PARTNERS LTD  
DOCUMENT NO. 2025-28376  
O.P.R.G.C.T.

0.713 ACRES  
INDUSTRIES OF NORTHEAST TEXAS INC  
DOC. NO. 2021-17705  
O.P.R.G.C.T.

TRACT 3  
0.511 ACRES  
FRONTIER DALLAS TX FIBER 1 LLC  
DOCUMENT NO. 2024-21110  
O.P.R.G.C.T.

**Lot 1**  
**BAC Sherman RE**  
Document No. 2018-22 P.R.G.C.T.

1/2" STEEL ROD FOUND

1/2" STEEL ROD FOUND

1/2" STEEL ROD FOUND

9' X 22' FOR DISPLAY "A"

4111  
ONE-STORY BRICK COMMERCIAL

11' X 11' CINDER BLOCK DUMPSTER ENCLOSURE

CHAINLINK FENCE TO STOP HERE

CHAINLINK REMOVED AND REPLACED WITH 26" TALL PIPE GUARD RAIL (PROPOSED)

MAG NAIL SET (RPLS 6720)

SPIKE NAIL FOUND

**TEXOMA HIGHWAY NO. 91**  
**STATE HIGHWAY NO. 91**

**FRISCO ROAD**

N 28° 35' 33" E

N 61° 22' 08" W

S 61° 23' 43" E

S 01° 06' 31" W

166.88'

26.2'

19.7'

10.5'

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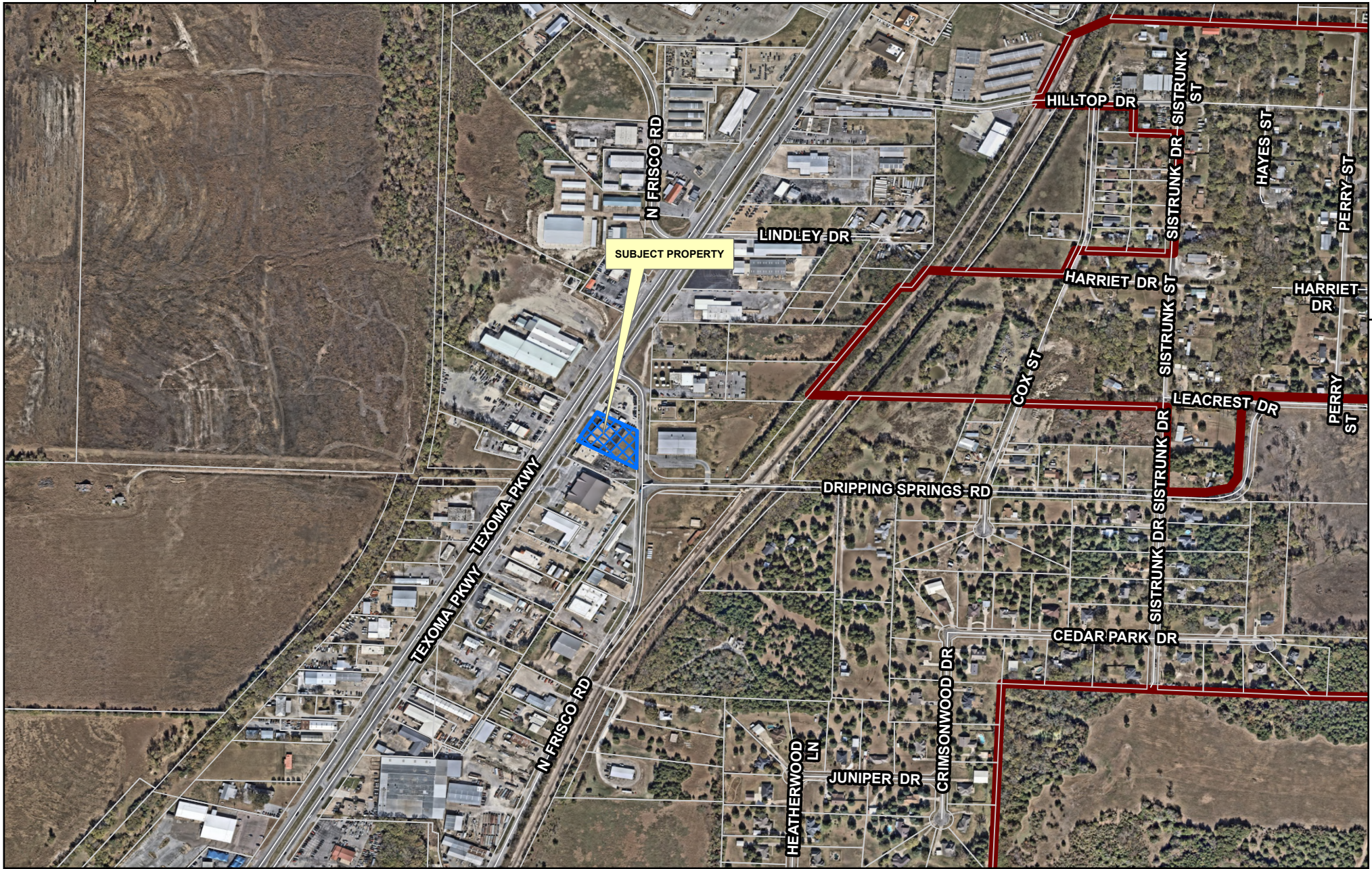
16.2'

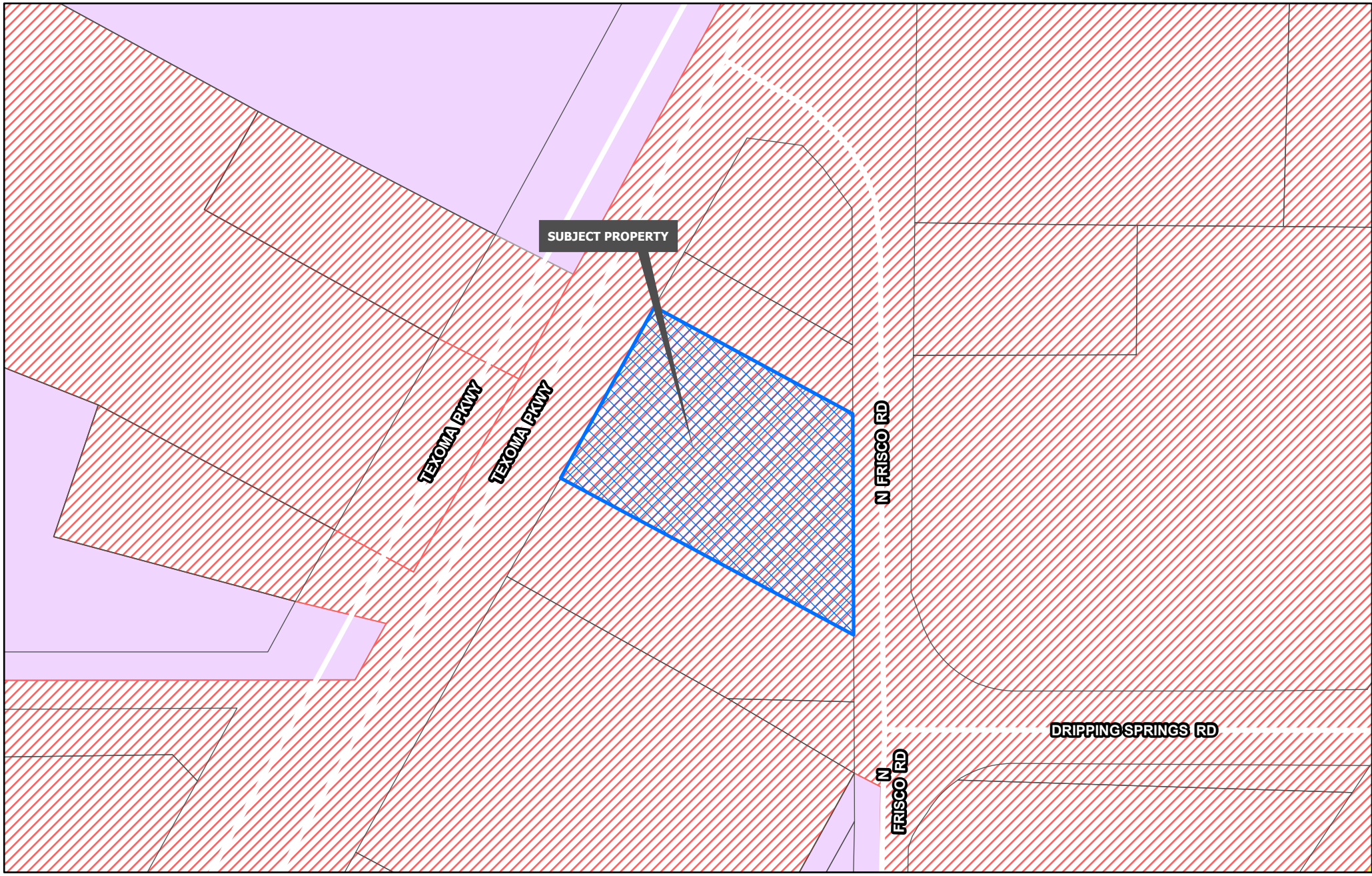
16.2'

16.2'

EXHIBIT C







**SUBJECT PROPERTY**

**TEXOMA PKWY**

**TEXOMA PKWY**

**N FRISCO RD**

**N FRISCO RD**

**DRIPPING SPRINGS RD**



Planning & Zoning	R-4 Patio Home Residential	C-O Office
R-A Residential Agricultural	R-2F Duplex Residential	C-1 Retail Business
R-E Estate Residential	R-TH Townhome Residential	C-2 General Commercial
R-12 Single Family Residential	MF-15 Multi-Family Residential	M-1 Light Manufacturing
R-6 Single Family Residential	MF-30 Multi-Family Residential	M-1.5 Medium Manufacturing
R-5 Single Family Residential	MH Manufactured Housing	M-2 Heavy Manufacturing
	C-N Neighborhood Commercial	PD Planned Development

**CITY OF SHERMAN  
ZONING MAP  
4111 TEXOMA PKWY**



**REGIONAL COMMERCIAL**

**Intent & Character**

The Regional Commercial category is intended to promote large-scale commercial development along US-75, while promoting community character through design. US-75 serves as the major gateway to and through the community; therefore, aesthetics and design should be promoted in this corridor. This category should allow large-scale commercial uses that serve the region and the community alike. A mix of uses and inter-connectivity between parcels should be encouraged.

**Appropriate Land Use Types**

- Retail and Restaurants
- Multi-Family Living
- Office Complex
- Medical
- Mixed Use
- Indoor Entertainment

**Compatible Zoning Districts**

- Retail Business
- General Commercial
- Office
- Multi-Family Residential (MF-15 and MF-30)
- Planned Development (for larger tracts)

**Considerations**

- Site design considerations should be given to parking, landscaping, and building articulation.
- Where possible, parking should be screened from view or well-landscaped with native, drought-tolerant plants.
- All buildings facades fronting a public street or within significant public view should have aesthetically-pleasing horizontal and vertical articulation.
- Signage should be multi-tenant, where possible, and should match the character of the primary structure.
- High density residential should be included in mixed use developments.
- High density residential is appropriate behind commercial areas, with inter-connectivity.
- If high density is stand alone, the surrounding uses and connectivity should be considered to avoid an "island."

**SUBJECT PROPERTY**

**TEXOMA PKWY**

**TEXOMA PKWY**

**N FRISCO RD**

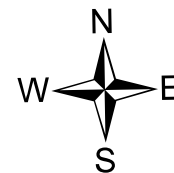
**N FRISCO RD**

**DRIPPING SPRINGS RD**



- |                      |                     |                       |
|----------------------|---------------------|-----------------------|
| Agriculture/Rural    | Core Neighborhood   | Technology Hub        |
| Airport              | Downtown            | Planning & Zoning     |
| City Parkland        | Regional Commercial | Suburban Neighborhood |
| Community Commercial |                     |                       |

**CITY OF SHERMAN  
FUTURE LANDUSE MAP  
4111 TEXOMA PKWY**





## NARRATIVE

RE: 4111 Texoma Pkwy  
Sherman, TX 75090

We are requesting approval of a Special Use Permit (SUP) to relocate our existing used car dealership from 5922 Texoma Pkwy to 4111 Texoma Pkwy.

The current SUP for 5922 Texoma Pkwy is issued in my name and will be relinquished upon relocation. Once operations cease at that location, the existing SUP will become null and void.

This request represents the relocation of an existing business and does not increase the number of dealerships operating along the Texoma Parkway corridor. The proposed site at 4111 Texoma Pkwy will accommodate the same use in a manner consistent with applicable zoning and development standards.

Respectfully submitted,

Saeid Taghvaei  
Owner  
ReliaCars LLC  
April 9, 2026



**City Council Regular Meeting**

Agenda Item No. E.1.

**Meeting Date:** 5/18/2026

**Prepared By:**

**Approved By:**

**Caption:**

**Close Public Hearing**

Consider Adoption of Ordinances 6936, 6937 & 6938.

**Issue:**

**D. 2. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6936**

Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14, To Rezone A Tract Of Land Being Lots 3 And 4, Block 18, College Park Addition, City Of Sherman, Grayson County, Texas, Located At 506 North Grand Avenue, Heretofore Zoned MF-30 (Multifamily Residential) District; Rezoning And Placing The Tract In The R-6 (Single-Family Residential) District Zoning Classification, Michael And Heather Putnam (Owner) And Helvey-Wagner Surveying, Inc (Surveyor) Providing For A Penalty Not To Exceed \$2,000.00; Providing A Repealing/Savings Clause, Severability Clause And An Effective Date

**D. 3. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6937**

Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14, To Rezone A Tract Of Land Being Lots C And D, Texas Nursery Company's Replat Of Blocks 23, 47 And 48, South Side Addition, City Of Sherman, Grayson County, Texas, Located In The 1901 Block South Inwood Street, Heretofore Zoned M-2 (Heavy Manufacturing) District; Rezoning And Placing The Tract In The R-6 (Single-Family Residential) District Zoning Classification, Douglass Distributing CO (Owner) And Helvey-Wagner Surveying, Inc (Surveyor) Providing For A Penalty Not To Exceed \$2,000.00; Providing A Repealing/Savings Clause, Severability Clause And An Effective Date

**D. 4. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6938**

Amending Sherman's Zoning Ordinance/Code Of Ordinances Chapter 14 And Granting A Specific Use Permit To Allow An Automobile, Motorcycle, Boat Or Trailer Sales, New Or Used On A Tract Of Land Zoned C-2 (General Commercial) District Located At 4111 Texoma Parkway, Consisting Of 1.001 Acres Being In The W.F. Patterson Survey, Abstract No. 969, City Of Sherman, Grayson County, Texas Saeid Taghvaci, Owner; And Copley Land Surveying, (Surveyor); Prescribing Conditions To The Specific Use Permit; Providing A Penalty Not To Exceed \$2,000.00

**Background:**

**Capital Improvement Program:**

**Origination:**

**Financial Consideration:**

**Staff Recommendation:**

**Alternatives:**

---

**Attachments:**

None



**City Council Regular Meeting**

Agenda Item No. F.1.

**Meeting Date:** 5/18/2026

**Prepared By:** Clint Philpott, Assistant City Manager

**Approved By:**

**Caption:**

**RESOLUTION NO. 7646**

Authorizing Execution of a Restated Agreement with Rayburn Electric Cooperative, Inc. for Water Services

**Issue:**

Consideration of a proposed Restated Water Services Agreement between the City of Sherman and Rayburn Electric Cooperative, Inc (Rayburn).

**Background:**

In October 2011, the City Council entered into 30-year water services agreement with Panda, whereby the City would provide raw water to Panda for use in the industrial cooling process for its proposed five hundred (500) megawatt power plant and related infrastructure to be located exclusively in Sherman's city limits.

In 2023 Rayburn Electric Cooperative, Inc purchased this plant from Panda and in April of that year, the City approved the assignment of that 2011 contract to Rayburn affiliate Rayburn Energy Station, LLC.

In 2025 Rayburn began planning for the construction of Phase 2 (a 460 megawatt expansion). This phase will be affiliated with Rayburn Electric. Rayburn has requested the 2011 contract to be replaced and amended to include this phase of development. The following changes are being made as part of this request:

- At Section 2.1 (a), would be revised to reduce the total amount of project water from 4,500 acre-feet per year to 4,000 acre-feet per year. This amount matches more closely with total expected water usage by both phases of the plant.
- At Section 2.1 (d), would be revised to allow assignment of this agreement to an Affiliate of Rayburn without City authorization but still require City approval for any non-affiliate of Rayburn assignment and that either assignment uses the water solely for its own operations onsite.
- At Section 6.1 (a), the Project Water Fee would be revised to \$0.95 per 1,000 gallons, which matches the current rate with escalation; and the Minimum Annual Fee would be revised from \$446,000 to \$696,000.
- At Section 6.1(b), the reservation fee would be changed from \$20,350 to \$28,000 per month, which takes into account escalation and total water volume reservation amount.
- At Section 6.1 (c), to tie the annual rate escalation to the greater of the Economic Indicator or percent of the increase in residential rate as approved by council.
- At Section 11.1, the Term would be for a period of thirty (30) years from the Effective Date.

**Capital Improvement Program:**

**Origination:**

Rayburn Electric Cooperative, Inc

**Financial Consideration:**

This agreement will generate about \$1.1 million in projected annual water revenues.

**Staff Recommendation:**

It is the staff's recommendation that Council approves the resolution and proposed Restated Water Services Agreement with Rayburn Electric Cooperative, Inc.

**Alternatives:**

As directed by Council

---

**Attachments:**

1. Resolution No. 7646
2. Water Services Agreement\_City Of Sherman\_2026-05-13 Final
3. Location Map
4. Resolution No. 5627

**RESOLUTION NO. 7646**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH RAYBURN ELECTRIC COOPERATIVE, INC FOR WATER SERVICES; 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 City Manager be and is hereby authorized, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an Agreement with Rayburn Electric Cooperative, for Water Services in accordance with the terms and provisions of the contract documents attached hereto and incorporated herein for all purposes.

**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.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS** on this the 18<sup>th</sup> day of May 2026.

**CITY OF SHERMAN, TEXAS**

**BY:** \_\_\_\_\_  
**SHAWN TEAMANN, MAYOR**

**ATTEST:**

**BY:** \_\_\_\_\_  
**TERI FINE, CITY CLERK**

**APPROVED AS TO FORM AND  
CONTENT:  
THE LAW FIRM OF ABERNATHY,  
ROEDER, BOYD & HULLETT, P.C.**

**BY:** \_\_\_\_\_  
**RYAN PITTMAN, CITY ATTORNEY**

**RESTATED WATER SERVICES AGREEMENT**  
**between**

**THE CITY OF SHERMAN, TEXAS**

**and**

**RAYBURN ELECTRIC COOPERATIVE, INC.**

May 16, 2026

## RESTATED WATER SERVICES AGREEMENT

This Restated Water Services Agreement (this "Agreement") is entered into as of this \_\_\_\_ day of May, 2026, by and between the CITY OF SHERMAN, TEXAS, a municipal corporation in the County of Grayson, Texas (the "City"), and Rayburn Electric Cooperative, Inc. a Texas cooperative corporation, together with and including any affiliate of Rayburn requiring City water service (individually and collectively "Rayburn"). Each of the City and Rayburn is referred to herein, individually, as a "Party" and, collectively, as the "Parties."

### Recitals

**WHEREAS**, Rayburn, on behalf of itself and via its wholly-owned subsidiaries owns and operates a 758 megawatt power plant and is constructing a 570 megawatt power plant along with related infrastructure as may be expanded and/or upgraded (individually and collectively, the "Plant") located exclusively in the city limits of Sherman, Texas as depicted on Exhibit A (the "Property"); and

**WHEREAS**, Rayburn requires a supply of water for the construction, testing and operation of such Plant at an average rate of approximately three million (3,000,000) gallons per day on an annualized basis; and

**WHEREAS**, the City obtains a water supply from the GTUA (as defined below), pursuant to a certain "Contract for Water Supply and Sewer Service" dated March 1, 1985, between GTUA and the City ("Water Supply Contract"); and

**WHEREAS**, the City desires to make available to Rayburn a supply of water in connection with its operations at the Plant according to the terms and conditions set forth in this Agreement; and

**WHEREAS**, the Parties desire to enter into a water services agreement for Project Water, whereby the City will provide to Rayburn, and Rayburn will purchase from the City, Project Water on a take or pay basis, according to the terms and conditions in this Agreement; and

**WHEREAS**, the Sherman City Council, by Resolution No. 5627 adopted at its October 17, 2011 City Council meeting, approved the delivery of water to the Plant on the terms and subject to the conditions set forth in that certain Water Services Agreement by and between the City and dated October 26, 2011 (the "2011 Agreement"); and

**WHEREAS**, the parties desire to amend and restate the 2011 Agreement as set forth in this Agreement and to agree as set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto agree as follows:

## **Article I. DEFINITIONS**

**1.1 Defined Terms.** The following capitalized terms used in this Agreement and in any exhibit or attachment that is or is made a part of this Agreement, and not otherwise defined herein, shall have the following meanings:

- a) "Affected Party" has the meaning ascribed to such term in Section 1.1(t) of this Agreement.
- b) "Affiliate" means, in relation to any Person, any Person (i) who directly or indirectly controls, or is controlled by, or is under common control with, such other Person; or (ii) who directly or indirectly beneficially owns or holds fifty percent (50%) or more of any class of voting stock of such other Person; or (iii) who has fifty percent (50%) or more of any class of voting stock that is directly or indirectly beneficially owned or held by such other Person; or (iv) who either holds a general partnership interest in such other Person or such other Person holds a general partnership interest in the Person.
- c) "Agreement" has the meaning ascribed to such term in the Preamble hereto.
- d) "Business Day" means any Day other than Saturdays, Sundays and Days on which banks in the City of Sherman, Texas are required or permitted to be closed for all or part of their customary hours of operation.
- e) "Calendar Year" shall mean January 1 through December 31 of any given year.
- f) "City" has the meaning ascribed to such term in the Preamble hereto.
- g) "City Code" means the Sherman municipal code and all other Requirements of Law of the City, as the same may be amended from time to time.
- h) "City System" means the infrastructure owned and operated by the City pursuant to which it delivers Project Water to the Plant and includes all of the City's facilities, infrastructure, properties, and any interests it may hold in GTUA or NTMWD (as defined below) infrastructure and facilities, insofar as they are related to the City providing Project Water to the Plant, together with all future extensions, improvements, enlargements, additions to and replacements of such systems.
- i) "Claim" means any claim, action, cause of action, suit or proceeding before any Governmental Authority (as defined below) or arbitral tribunal.
- j) "Commission" or "TCEQ" means the Texas Commission on Environmental Quality, or its successor agencies.
- k)
- l) "Confidential Information" means certain information relating to Rayburn, its contractors and Affiliates, that includes aspects of their respective businesses or operations, including designs and/or patented process, if such information is expressly and specifically labeled as Confidential Information.

- m) "Daily Requirement" has the meaning ascribed to such term in Section 2.1(a) of this Agreement.
- n) "Day" means a 24-hour period commencing at 0:00:00 hours each Day and ending at 23:59:59 hours on the same Day, determined by reference to prevailing Central time.
- o) "Discharge Permit" means the Texas Pollutant Discharge Elimination System Permit No. WQ0010329001, issued by the State of Texas to the City for the Post Oak Wastewater Treatment Facility.
- p) "Economic Indicators" means the annual change in costs as reflected in the US Army Corps of Engineers' *Civil Works Construction Cost Index System (CSCCIS), Table A-2, Yearly Cost Indexes by CWBS Feature Code*. The change shall be calculated as the weighted-average change in the following feature codes, as reflected in Table A-2.
  - i. Relocations (02)
  - ii. Reservoirs (03)
  - iii. Dams (04)
  - iv. Roads, Railroads & Bridges (08)
  - v. Levees & Floodwalls (11)
  - vi. Buildings, Grounds & Utilities (19)
  - vii. Permanent Operating Equipment (20)

An example of the calculation and use of the Economic Indicator is attached hereto as Exhibit C.

- q) "Effective Date" has the meaning ascribed to such term in Section 12.16 of this Agreement.
- r) "Encumbrance" means any lien, claim, interest, security interest, charge or other encumbrance.
- s) "Event of Default" has the meaning ascribed to such term in Section 8.1 of this Agreement.

- t) "Financing Party" means one or more Person or Persons providing debt and/or equity contributions, commitments or financing in connection with Rayburn property or Plant, including any Person or Persons providing credit enhancement for Rayburn or its Affiliates, refinancing or take-out of any financing with respect to the Property or Plant, and any trustee, agent or authorized representative of such Person or Persons.
- u) "Force Majeure" means and shall be limited to any event or circumstance which is beyond the reasonable control of, without the fault or negligence of, and should not, in the exercise of reasonable caution, have been foreseen and avoided or mitigated by, the Party asserting Force Majeure (the "Affected Party"), and which delays or prevents the Affected Party from timely performing any obligation hereunder, including, without limitation: (i) acts of God, earthquakes, fire, storms, severe droughts, floods, lightning, hurricanes, tornadoes, and severe snow storms; (ii) explosions, wars, civil insurrections, acts of the public enemy, acts of civil or military authority, sabotage, and terrorism; (iii) strikes, lockouts or other labor disputes with respect to which the Affected Party has not been determined by the National Labor Relations Board to have engaged in any unfair labor practices; (iv) any event which would require either Party to act illegally in order to remain in conformance with this Agreement; (v) an event that would prohibit the City from utilizing any City, NTMWD or GTUA utility infrastructure in the delivery of Project Water to Rayburn; and (vi) any change in any Requirement of Law or the interpretation thereof by a responsible Governmental Authority which shall in any circumstances under this Subsection; and (vi) require or prevent any change in the development, construction, ownership, operation or financing of the Plant or related real property (including, without limitation, Rayburn's inability, despite due diligence, to obtain any Permit of any Governmental Authority required for the development, construction, ownership, operation or financing of the Property or the Plant); provided that "Force Majeure" shall not include (a) economic conditions that render a Party's performance of this Agreement unprofitable or otherwise uneconomic or (b) inability of a Party to make payment when due under this Agreement, unless the cause of such inability is an event that physically prevents payment and that would otherwise constitute Force Majeure as described above.
- v) "Forced Outage" means a shut down by the City in the operation of that portion of the City System such that no Project Water is delivered to any Interconnection Point(s): (i) which shut down is in the reasonable opinion of the City, and consistent with Prudent Water Industry Practice, necessary or required to protect Persons or property (including such water and wastewater system) from contamination or releases that could reasonably result in harm, injury or material damage; (ii) with respect to which the City has notified Rayburn in accordance with Subsection 2.3(b); (iii) which is of no more than five (5) Days in duration; and (iv) has an impact on operations at the Plant.
- w) "Governmental Authority" means any federal, state, local or other governmental body; any governmental or quasi-governmental, regulatory or administrative agency commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power; or any court or other governmental tribunal.
- x) "GTUA" means the Greater Texoma Utility Authority, a conservation and reclamation authority created by the Texas Legislature or any successor agency.

- y) "Interconnection Point" means the location where Project Water from the City System passes through a Master Meter and enters Rayburn's water infrastructure as more specifically described in Exhibit B hereto.
- z) "Loss(es)" means any loss, cost, expense, Claim, demand, damage, fine, liability, obligation or penalty (including court costs and reasonable attorney's fees and expenses).
- aa) "Master Meter" means the necessary metering equipment, including a meter house or pit, and any other required devices of standard type, for properly measuring the quantity of Project Water traveling through the Interconnection Point.
- bb) "Minimum Annual Fee" has the meaning ascribed to such term in Section 6.1(a) of this Agreement.
- cc) "NTMWD" means the North Texas Municipal Water District, a conservation and reclamation authority created by the Texas Legislature or any successor agency.
- dd) "Rayburn" has the meaning ascribed to such term in the Preamble hereto.
- ee) "Permit" means any permit, order, license, declaration, consent, waiver, approval, registration or filing with or other requirement of any Governmental Authority.
- ff) "Person" means an individual, partnership, corporation, limited liability company, company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other legally recognized entity of whatever nature.
- gg) "Planned Outage" means a shut down by the City in the operations the City System such that no Project Water is delivered to the Interconnection Point: (i) which shut down is scheduled by the City in order to carry out foreseeable preventive, corrective and other maintenance activities on such system; (ii) for which the City has notified Rayburn in accordance with Section 2.3(a); (iii) which lasts for no more than seven (7) Days; and (iv) has a negative impact on operations at the Plant.
- hh) "Plant" has the meaning ascribed to such term in the Recitals hereto.
- ii) "Post Oak Facility" has the meaning ascribed to such term in Section 2.4 of this Agreement.
- jj) "Project Water" means a supply of untreated raw water received by the City pursuant to the Water Supply Contract from a NTMWD water line extending from Lake Texoma and delivered by the City to Plant at the Interconnection Point.
- kk) "Project Water Fee" has the meaning ascribed to such term in Section 6.1 (a) of this Agreement.
- ll) "Property" has the meaning ascribed to such term in the Recitals hereto.
- mm) "Prudent Water Industry Practice" means those practices, methods, standards and acts engaged in or approved by a significant portion of the water supply industry in the United States that, during the relevant time period, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent

with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts reflect due regard for operation and maintenance standards recommended by applicable equipment suppliers and manufacturers, operational limits, and all applicable Requirements of Law (as defined below).

- nn) "Requirement of Law" means any statute, ordinance, code, rule or regulation, tariff or policy, and judicial or administrative order, request or judgment, any common law doctrine or theory, any provision or condition of any Permit or any other binding determination of any Governmental Authority.
- oo) "Reservation Fee" has the meaning ascribed to such term in Section 6.1(b) of this Agreement.
- pp) "Term" has the meaning ascribed to such term Section 11.1 of this Agreement.
- qq) "Termination Fee" has the meaning ascribed to such term in Section 11.7 of this Agreement.
- rr) "Water Infrastructure" means (i) the planning, siting, development, design, engineering, procurement, construction and testing; (ii) all pipes, pumps, mains, trunk lines, junctions, extensions, and other infrastructure, improvements and facilities, including but not limited to the Master Meter and the Interconnection Point; and (iii) easements and rights-of-way acquisitions required for the City to deliver Project Water to the Interconnection Point.
- ss) "Water Pipelines" means (i) the planning, siting, development, design, engineering, procurement, construction and testing; (ii) all pipes, interconnects, pumps, mains, trunk lines, junctions, extensions, and other infrastructure, equipment, improvements and facilities; and (iii) the easements and right-of-way acquisitions required for Rayburn to transport the Project Water from the Interconnection Point.
- tt) "Water Supply Contract" has the meaning ascribed to such term in the Recitals hereto.

## **1.2 Rules of Construction.** In this Agreement:

(a) unless the context otherwise clearly requires, (i) references to the plural include the singular, and references to the singular include the plural, (ii) references to the masculine, feminine or neuter include all such forms, (iii) the words "include," "includes," and "including" do not limit the preceding terms or words and shall be deemed to be followed by the words "without limitation," (iv) the terms "hereof," "herein," "hereunder," "hereto," and similar terms refer to the entire agreement in which they appear and not to any particular provision of such agreement, (v) "or" is used in the inclusive sense of "and/or," (vi) unless otherwise specified, the terms "day" and "days" mean and refer to calendar day(s), and (vii) the terms "year" and "years" mean and refer to year(s);

(b) unless otherwise specified, any reference to any document, instrument or agreement (i) includes and incorporates all exhibits, schedules and other attachments thereto, (ii) includes and incorporates all documents, instruments or agreements issued or executed in connection therewith or in replacement thereof, and (iii) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified or supplemented from time to time in accordance with its terms and in effect at any given time;

(c) unless otherwise specified, all references to articles, sections, schedules and exhibits are references to the Articles, Sections, Schedules and Exhibits of this Agreement; and

(d) the headings are for reference purposes only and shall not affect in any way the meaning or interpretation of such agreement.

**1.3 Recitals.** All of the above recitals of this Agreement are incorporated and made a part of this Agreement.

**1.4 Captions.** All titles of the Sections of this Agreement have been inserted for reference only and shall in no way affect the interpretation of any provisions of this Agreement.

## **Article II. SUPPLY OF PROJECT WATER**

### **2.1 Supply.**

(a) **Delivery.** Beginning on the Effective Date and each Day thereafter during the Term, the City agrees to make available and deliver to the Interconnection Point the Project Water in amounts needed by Rayburn on any given Day to operate the Plant (the "Daily Requirement"), not to exceed in the aggregate Four Thousand (4,000) acre-feet per year. Accordingly, for the Term of this Agreement, the City agrees to reserve a supply of Four Thousand (4,000) acre-feet per year of Project Water for exclusive use by Rayburn.

(b) **Specifications.** The City shall deliver the Project Water to the Interconnection Point located in the City limits with a peak rate of not less than Four Thousand (4,000) gallons per minute and not more than Four Thousand Five Hundred (4,500) gallons per minute at the Master Meter. Rayburn agrees that the City is under no obligation to increase any of its water utility infrastructure or capacity to satisfy any of the provisions of the Agreement, except as otherwise expressly stated herein. The Parties may agree in writing to relocate the Interconnection Point or to add additional Interconnection Points within the City limits, as necessary, and at Rayburn's sole expense, within the City limits.

(c) **Water Conservation and Drought Contingency Planning.** Rayburn shall comply with the provisions of any water conservation and drought contingency plan adopted by the City which is prescribed or approved by the TCEQ, including implementation of any necessary rationing plan or program which the City adopts for implementation. In lieu of adopting the City's water conservation and drought contingency plans, Rayburn may implement alternative water conservation and drought contingency plans, provided those plans comply with Title 30 Texas Administrative Code, Chapter 288 and will conserve the same or a greater amount of water as under the plans implemented by the City, and further provided the alternative plans are approved by the City within thirty (30) Days after the Effective Date. Such water conservation and/or drought contingency plans shall be applicable to Project Water accepted by Rayburn from the City. At all times, the City shall provide Rayburn with an updated copy of any applicable water conservation and drought contingency plans.

(d) **Resale of Water.** Except as provided in Section 12.3, Rayburn shall have no right to transfer, transport, reallocate, or resell any water received under this Agreement to any non-affiliate of Rayburn without the prior written authorization by the City; provided, however, Rayburn may transfer or reallocate water received under this Agreement to an Affiliate of Rayburn without the prior written authorization of the City so long as such Affiliate uses the water solely for its own operations and Rayburn remains responsible for compliance with the terms of this Agreement. If the Agreement is assigned to another party pursuant to Section 12.3, once the

Agreement is assigned, any subsequent assignees shall have no right to transfer, transport, reallocate, or resell any water received under this Agreement without the prior written authorization by the City.

(e) **WATER QUALITY AND "As Is" SALE.** OTHER THAN THE REPRESENTATION, WARRANTIES AND COVENANTS PROVIDED FOR HEREIN, THE PARTIES ACKNOWLEDGE THAT THERE IS NO WARRANTY WITH RESPECT TO THE QUALITY OF THE PROJECT WATER UNDER THIS AGREEMENT, EITHER EXPRESS OR IMPLIED, AND THAT PROJECT WATER IS PROVIDED TO RAYBURN BY THE CITY "AS IS", WITHOUT WARRANTY OF ANY KIND AS TO QUALITY, SUFFICIENCY, ADEQUACY OR USEFULNESS FOR ANY INTENDED PURPOSE; PROVIDED, THAT THE CITY HAS NOT AND SHALL NOT ALTER, TREAT OR OTHERWISE MODIFY THE PROJECT WATER IN ANY WAY BEFORE SUCH PROJECT WATER PASSES THROUGH THE INTERCONNECTION POINT.

**2.2 Title, Care, Custody and Control; Risk of Loss.** As between the Parties, the City shall be deemed to have exclusive title, care, custody and control for all Project Water up to, and shall be responsible for all Losses associated with all Project Water to, the Interconnection Point. The City shall deliver to Rayburn, at the Interconnection Point, good and marketable title to all Project Water delivered under this Agreement, free and clear of all Encumbrances. Rayburn shall be deemed to take exclusive title, care, custody and control of all Project Water, and shall be responsible for all Losses associated with all Project Water, from and after the Interconnection Point.

**2.3 Maintenance and Outages.**

(a) **Planned Outages.** By December 1 of any Calendar Year during the Term, the City shall provide notice to Rayburn of the number and duration of any Planned Outages to be conducted by the City during the following Calendar Year; provided, however, that the City shall not schedule more than two (2) such Planned Outages in any given Calendar Year. The City shall coordinate the timing of any Planned Outage with Rayburn and shall cooperate with Rayburn to minimize the impact of any Planned Outage on the operation and maintenance of the Plant.

(b) **Forced Outages.** When a Forced Outage occurs, curtailing the flow of Project Water to the Interconnection Point, the City shall notify Rayburn of the existence, nature and expected duration of the Forced Outage as soon as practical. The City shall use its best efforts to ensure that any interruption in Project Water service to the Plant due to a Forced Outage shall continue only for so long as reasonably necessary. The City shall immediately inform Rayburn of any changes in the nature and expected duration of such Forced Outage for the duration of such Forced Outage.

**2.4 Additional Water Services.** The Parties acknowledge that, pursuant to its current Discharge Permit, the City is unable to provide effluent as an alternative water source in connection with the operation of the Plant. In the event that the City makes upgrades to its Post Oak Wastewater Treatment Facility, located on the date hereof generally in the southeastern quadrant of the City of Sherman, Texas (the "Post Oak Facility"), and obtains modifications to its Discharge Permit such that (i) Rayburn would be able to utilize effluent from the Post Oak Facility in connection with its operations at the Plant; and/or (ii) the City would be able to take return wastewater from the Plant at the Post Oak Facility; the Parties hereto agree to negotiate in good faith terms and conditions relating to such water services that may be provided by the City; provided, that nothing in this

Section 2.4 shall require Rayburn to construct or fund the construction of any additional infrastructure in order to deliver effluent to the Plant or return wastewater to the Post Oak Facility, and nothing in this Section 2.4 shall require the City to accept or treat wastewater from the Plant at the Post Oak Facility or any other City-owned wastewater treatment facility.

### **Article III. DELIVERING PROJECT WATER AND RETURN FLOWS**

#### **3.1 Water Infrastructure.**

(a) **Use of Water Infrastructure.** During the Term, the City shall not use the Water Infrastructure for any purpose other than to deliver Project Water to the Plant and perform its obligations under this Agreement without the prior written consent of Rayburn, which such consent shall be at Rayburn's sole discretion.

### **Article IV. METERING EQUIPMENT**

**4.1 Master Meter.** The City shall furnish, install, operate and maintain, at Rayburn's sole expense, a Master Meter at the Interconnection Point. The Master Meter shall remain the property of the City at all times and shall be located on the City's property. For the purposes of this Agreement, the volume of water delivered by the City through the Interconnection Point to the Plant shall be determined based upon the data collected at the Master Meter.

**4.2 Access to Master Meter.** Rayburn may have access to the Master Meter only upon approval by the City. Such approval shall not be unreasonably withheld or delayed, so long as Rayburn provides the City with a written request forty-eight (48) hours before such access would occur.

**4.3 Regular Testing of the Master Meter.** The City shall test the Master Meter for accuracy once each twelve (12) month period in accordance with Prudent Water Industry Practice and in accordance with the American Water Works Association Standards for water meters. In the event the percentage of accuracy of the Master Meter is found to be within the tolerance of two percent (2%), such meter shall be deemed to have correctly measured the quantity of water taken under this Agreement. The City shall provide Rayburn with five (5) Days' notice of its intent to test the Master Meter; and Rayburn shall have the right to be present when such testing is conducted. If, however, upon any test of the percentage of accuracy tolerance, such tolerance is found to be in excess of two percent (2%), then the Master Meter shall be adjusted at once to register correctly and accurately; and the amount of water accepted by Rayburn shall be corrected in accordance with the percentage of inaccuracies found by such test for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then the correction shall account for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. Any amounts owed to either Party as a result of the testing provided for in this Section 4.3 and Section 4.4 shall be paid in accordance with Section 6. 3(b) hereof.

**4.4 Additional Testing of the Master Meter(s).** Rayburn shall have the right to request the City to test the Master Meter more frequently than once per year as contemplated by Section 4.3

herein, but no more frequently than once per month. Upon any such request, the City agrees to perform its testing and calibration of the Master Meter in the presence of a representative of Rayburn; and the Parties shall jointly observe any adjustments that are made to the Master Meter in case any adjustments shall be necessary. For such additional testing requests, the City shall give Rayburn notice forty-eight (48) hours in advance of the time when any such testing shall occur. The City may proceed with such testing and adjustment, if necessary, in the absence of any representative of Rayburn. Rayburn shall pay the cost of any additional test for the Master Meter if the test shows that the Master Meter is accurate [within two percent (2%) registration]; but the City shall pay the costs of the additional test for such if the results indicate that such Master Meter is not accurate [in excess of two percent (2%) registration].

**4.5 Maintenance of the Master Meter(s).** Except as provided in Section 4.4 above, all maintenance and/or repairs to the Master Meter at the Interconnection Point shall be made by the City or a contractor on behalf of the City, at Rayburn's sole expense. All expenses thereof shall be the usual and customary expenses in accordance with Prudent Water Industry Practices. The City shall provide repairs to the Master Meter in a prompt and timely manner and in accordance with Prudent Water Industry Practice and in accordance with the American Water Works Association Standards for water meters. If the City cannot make such repairs in a timely manner, then Rayburn shall have the option of making such repairs at its own expense, subject to prior approval and post-inspection of the repairs by the City Manager or the City Manager's designee.

## **Article V. OWNERSHIP, OPERATION AND MAINTENANCE OF WATER INFRASTRUCTURE; COMMENCEMENT OF WATER SERVICE**

### **5.1 Ownership and Operation; Required Permits.**

(a) The City shall maintain and operate the Water Infrastructure during the Term of this Agreement, in accordance with Prudent Water Industry Practices, all applicable Requirements of Law, and all applicable Permits; and Rayburn shall reimburse the City for the usual and customary expenses in accordance with Prudent Water Industry Practices costs associated therewith as provided for in Section 6.2.

(b) Rayburn, at all times during the Term of this Agreement, shall operate and maintain the Water Pipelines at its sole cost and in accordance with Prudent Water Industry Practices, all applicable Requirements of Law, and all applicable Permits.

(c) During the Term of this Agreement, the City shall obtain and use its best efforts to maintain in full force and effect all Permits and agreements required as of the Effective Date and during the term of this Agreement, for the City to perform its obligations under this Agreement.

**5.2 Relationship of the Parties.** Each of the Parties undertake performance of this Agreement as an independent contractor. Nothing in this Agreement shall create a relationship of agency, employment, joint venture or partnership between Rayburn and the City, or their respective officers, directors, employees, agents, subcontractors and representatives for any purpose whatsoever.

**Article VI.**  
**BILLING AND PAYMENT FOR SERVICES**

**6.1 Water Fees.** Beginning on the Effective Date and continuing throughout the duration of this Agreement, unless otherwise provided for herein, Rayburn agrees to pay to the City the following fees:

(a) **Project Water Fee and Minimum Annual Fee.** Rayburn shall pay the City a fee, which shall initially be set at a rate of ninety-five cents (\$0.95) per one thousand (1,000) gallons, for all of the Project Water flowing through the Master Meter at the Interconnection Point (the "Project Water Fee"). In the event that the total amount of Project Water Fees paid by Rayburn in any given Calendar Year is less than Six Hundred Ninety Six Thousand Dollars and No Cents (\$696,000.00) [as may be adjusted pursuant to Section 6.1(c) below] (the "Minimum Annual Fee"), at the end of such Calendar Year, Rayburn shall pay an amount to the City equal to the Minimum Annual Fee less the actual amount of Project Water Fees paid by Rayburn in accordance with Section 6.2. If the first and/or last year of the Term of this Agreement shall be less than a full Calendar Year, then the applicable Minimum Annual Fee shall be pro-rated accordingly.

(b) **Reservation Fee.** In addition to any amounts paid pursuant to Section 6.1(a) above, Rayburn agrees to pay the City a fee in the initial amount of Twenty Eight Thousand Dollars and No Cents (\$28,000.00) per month, in consideration for the City's reservation of Four Thousand (4,000) acre-feet of Project Water per year (the "Reservation Fee"). The Reservation Fee shall be adjusted in accordance with Section 6.1(c) below.

(c) **Modification of the Rates.** The Project Water Fee, the Minimum Annual Fee, and the Reservation Fee shall be adjusted annually the greater of either (1) multiplying the applicable fee by one plus the Economic Indicator for that year or (2) multiplying the applicable fee by the percentage of the previous years increase of the City's Residential Water Charge for a ¾" meter using 6,000 gallons per month, which shall be calculated for the applicable Calendar Year as shown on Exhibit C hereto. The City shall make any adjustments for the upcoming Calendar Year and shall send written notice of such adjustments to Rayburn by December 1<sup>st</sup> of the then current Calendar Year. Additionally, the Parties recognize that the City obtains its water supply from various sources, the costs of which are also subject to change. At each and every instance that the City's direct costs associated with providing the Project Water increase, the Parties agree that the City may further adjust the Project Water Fee once each Calendar Year to reflect such actual proportional cost increases. Rayburn may dispute any adjustments made in the fees charged by the City in accordance with this Section 6.1(c) and request that such adjustments be reviewed by an independent third-party accounting firm selected by the City and approved by Rayburn. The City and Rayburn shall share equally in all costs associated with such independent review; provided, that, if such review results in no changes to the adjustments calculated by the City, Rayburn shall reimburse the City for all costs relating to such review previously paid by the City and if such review results in changes to the adjustments calculated by the City, the City shall reimburse Rayburn for all costs relating to such review previously paid by Rayburn.

(d) **Just and Reasonableness of the Rates.** The Parties recognize that the City is subject to public utility regulations in connection with providing Project Water to the Interconnection Point and, accordingly, the Parties agree that the initial Project Water Fee established in Section 6.1(a), above, is just and reasonable and does not adversely affect the public interest. The Parties further agree that any increases to the Project Water Fee are also just and reasonable and do not adversely affect the public interest, so long as such increases are made in accordance with Section 6.1(c) of this Agreement. Rayburn agrees not to object, oppose, or contest

the Project Water Fee, so long as the Project Water Fee and/or any increases thereto are made in accordance with Section 6.1(c) of this Agreement. Notwithstanding the foregoing, nothing herein shall limit or prohibit Rayburn from exercising its right to contest and/or dispute any fee as set forth herein.

**6.2 Billing and Payment.** The City shall invoice Rayburn on a monthly basis in an amount equal to the Project Water Fee plus the Reservation Fee; and Rayburn shall pay all amounts within fifteen (15) Days of its receipt of any such invoice. By January 15<sup>th</sup> of every year during the Term of this Agreement, the City shall invoice Rayburn for an amount representing the shortfall, if any, between the total Project Water Fee paid for the prior Calendar Year and the applicable Minimum Annual Fee, as set forth in Section 6.1(a), and any applicable operation and maintenance costs for the Water Infrastructure incurred by the City during the prior Calendar Year. In the event Rayburn does not pay any amounts in full within thirty (30) Days of each and every invoice date, the City may charge interest on the unpaid balance at a rate of one and one-half percent (1.5%) per month as calculated from the date when the invoice payment is due until the date that such payment is received by the City. If Rayburn at any time disputes the fees charged by the City or the amount of a monthly invoice, Rayburn agrees to nevertheless timely make the disputed payment or payments. If it is subsequently determined by agreement or court decision that the disputed amount paid by Rayburn should have been less, or more, the City shall promptly revise the monthly invoice amount in a manner that Rayburn or the City will recover the amount due and interest, with interest being calculated at the rate of one and one-half percent (1.5%) per month. Notwithstanding the foregoing, in the event Rayburn has failed to pay an invoice and such non-payment has lasted for at least sixty (60) Days, then the City may immediately stop supplying Project Water pursuant to Section 7.1 until it has received the payment in question and such non-payment shall qualify as an Event of Default by Rayburn.

### **6.3 Maintenance and Audit of Records**

(a) During the Term, and for a minimum period of one (1) year from and after the termination or expiration of this Agreement (unless Rayburn is making payments pursuant to Section 11.7 in which case this Section 6.3 shall stay in full force and effect until twelve (12) months following the last payment made by Rayburn pursuant to Section 11.7), the City shall keep all books and records necessary for calculation, billing and payment of all fees to be paid by Rayburn pursuant to this Agreement and shall allow Rayburn, its Affiliates, lenders, auditors, representatives, agents and advisors reasonable access to those books and records at any time during the period such books and records are required to be maintained, upon request and during normal business hours.

(b) In the event an audit discloses an overpayment by Rayburn to the City, the City shall reimburse Rayburn within thirty (30) Days of written notification of such overpayment. If the Parties mutually agree, the overpayment to be reimbursed may be applied to current or future amounts owed by Rayburn to the City based upon the terms of this Agreement. In the event an audit discloses that an underpayment by Rayburn was made to the City, Rayburn shall reimburse the City within thirty (30) Days of written notification of such underpayment.

## **Article VII.**

### **FORCE MAJEURE**

#### **7.1 Procedure for Calling Force Majeure.**

(a) **Notice of Force Majeure.** The Affected Party shall give prompt notice to the other Party of any event or circumstance of Force Majeure as soon as reasonably practicable after becoming aware of such event or circumstance. Each notice served by an Affected Party to the other Party pursuant to this Section 7.1(a) shall specify the event or circumstance of Force Majeure in respect of which the Affected Party is claiming relief. Noncompliance by the Affected Party with the procedure specified in this Section 7.1(a) shall relieve the other Party from accepting the Affected Party's claim of Force Majeure until the Affected Party so complies; and the Affected Party shall not be excused from performance of any obligation under this Agreement until it so complies.

(b) **Obligations During Pendency of Force Majeure.** The Affected Party shall, by reason of any event or circumstance of Force Majeure in respect of which it has claimed relief under this Section 7.1:

- (i) use its best efforts to mitigate the effects of such Force Majeure and to remedy any inability to perform its obligations hereunder due to such event or circumstance as promptly as reasonably practicable;
- (ii) furnish weekly reports to the other Party regarding the progress in overcoming the adverse effects of such event or circumstance of Force Majeure; and
- (iii) resume the performance of its obligations under this Agreement as soon as is reasonably practicable after the event or circumstance of Force Majeure is remedied or such event or circumstance, or the effect thereof on the Affected Party, ceases to exist.
- (iv) If performance is available in part and appropriate under the circumstances of the Force Majeure, then the Party that is claiming the Force Majeure will perform to the performance level not affected by the Force Majeure, with the approval of the other Party. This subparagraph shall not apply if the performance level available under the circumstances of the Force Majeure will interfere with the City's ability to provide necessary water services to the general public.

(c) **Resumption of Performance.** When the Affected Party is able, or would have been able if it had complied with its obligations under this Section 7.1 to resume the performance of any or all of its obligations under this Agreement affected by the occurrence of an event or circumstance of Force Majeure, then the period of Force Majeure relating to such event or circumstance shall be deemed to have ended.

#### **7.2 Effects of Force Majeure.**

(a) **Relief From Obligation of Performance.** Provided it has complied with its obligations under Section 7.1, the Affected Party shall be relieved from any liability for the non-

performance of its obligations under this Agreement where and to the extent that such non-performance is attributable directly to the event or circumstance of Force Majeure asserted.

(b) **Relief From Obligation of Counter performance.** The non-Affected Party shall not be required to perform or resume performance of its obligations to the Affected Party corresponding to the obligations of the Affected Party excused by reason of Force Majeure.

### **7.3 Limitations of Force Majeure.**

(a) **Scope and Duration.** No event or circumstance of Force Majeure shall relieve the Affected Party of any obligation that accrued prior to the commencement of such event or circumstance of Force Majeure; and the suspension of the Affected Party's performance shall be no longer in duration and no greater scope than is required by the event or circumstance of Force Majeure.

(b) **No Extension of Term.** Except as agreed by the Parties, no suspension, delay or failure of performance caused by a Force Majeure event shall extend this Agreement beyond the Term.

## **Article VIII. DEFAULT AND REMEDIES; INDEMNITY**

### **8.1 Event of Default.**

(a) **By the City.** The following event shall each be an "Event of Default" by the City, immediately upon its occurrence, without requirement of notice or right to cure: any failure to deliver Project Water in the Daily Requirement as set forth in Section 2.1(a) on or after the Effective Date to the Interconnection Point due to any cause other than a Forced Outage, a Planned Outage, a cessation of Project Water as authorized in Section 6.2 or Section 8.2, or an outage due to Force Majeure, whenever occurring.

(b) **By Either Party.** Except as set forth in Sections 8.1(a), it shall be an "Event of Default" by either Party if such Party shall breach any material covenant, obligation, representation or warranty of such Party under this Agreement, which breach remains uncured for a period of thirty (30) Days after written notice from the non-breaching Party of the existence of such breach; provided, that the non-breaching Party shall extend the cure period for any such breach (and no Event of Default shall occur) if the nature of the default is such that it cannot reasonably be remedied within such thirty (30) Day period, and the breaching Party has diligently commenced corrective action within such thirty (30) Day period and is diligently pursuing such correction thereafter.

**8.2 Remedies.** Other than as set forth in Section 11.7, if an Event of Default has occurred and is continuing, the non-defaulting Party shall be entitled to the following remedies which shall be cumulative: (i) injunctive relief; (ii) specific performance; (iii) the right to cure the other Party's default; (iv) termination; (v) any of the remedies afforded in this Agreement; and (vi) any other remedies permitted at law or in equity, including damages. In addition to the aforementioned remedies, in the occurrence of an Event of Default by Rayburn, the City shall also be entitled to stop supplying Rayburn with Project Water pursuant to Section 2.1 herein until the Event of Default is cured.

### **8.3 Indemnification by Rayburn.**

(a) **Indemnification by Rayburn.** IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, RAYBURN 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) RAYBURN'S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.

(b) **Notice of Indemnified Loss.** The City's Indemnified Party shall promptly notify Rayburn 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 8.3. 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, Rayburn shall, upon notice from the City's Indemnified Party or its authorized agents or representatives, at Rayburn's sole cost and expense, resist and defend the same with legal counsel selected by Rayburn; provided, however, that Rayburn shall not admit liability in any such matter on behalf of the City's Indemnified Party. Rayburn'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 Rayburn and participating in the defense of any litigation by their own counsel. If Rayburn 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 Rayburn 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.

### **8.4 Insurance.**

(a) Rayburn shall, at its sole cost and expense, obtain, maintain and provide, throughout the term of this Contract, insurance in the amounts, types and coverages in accordance with Prudent Water Industry Practices. Such insurance may be in the form of self-insurance to the extent permitted by applicable law or by obtaining insurance, as follows:

- 1) General commercial liability of Two Million Dollars and No Cents (\$2,000,000.00) per occurrence and Two Million Dollars and No Cents

(\$2,000,000.00) in the aggregate.

- 2) Automobile liability coverage with a minimum policy limit of One Million Dollars and No Cents (\$1,000,000.00) combined single limit. This coverage shall include all owned, hired and non-owned automobiles.
- 3) Workers compensation and employers liability coverage. Statutory coverage limits for Coverage A and Five Hundred Thousand Dollars and No Cents (\$500,000. 00) Coverage B employers' liability is required. Rayburn must provide the City with a waiver of subrogation for worker's compensation claims.

(b) The insurance coverage required herein must include coverage for work performed by Rayburn's contractors and subcontractors.

(c) Rayburn shall provide the City with written proof of insurance at least thirty (30) Days prior to the start of construction of the Water Infrastructure, and such insurance shall list the City as an additional insured, except for the Worker's compensation coverage. Rayburn shall not be required to furnish separate proof when applying for permits.

## **Article IX. REPRESENTATIONS, WARRANTIES AND COVENANTS**

**9.1 City Representations and Warranties.** The City hereby represents and warrants to Rayburn, as of the date hereof, as follows:

(a) The City is a municipal corporation organized under the laws of the State of Texas and has all requisite power and authority to enter into and to perform its obligations hereunder and to carry out the terms hereof and the transactions contemplated hereby.

(b) This Agreement has been duly executed and delivered on behalf of the City by the appropriate officials of the City and constitutes the legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles.

(c) The execution, delivery and performance of this Agreement by the City have been duly authorized under the Charter, the City Code and all other applicable Requirements of Law of the City and will not contravene any provision of or constitute a default under any other agreement or instrument to which the City is a party or by which the City or its property may be bound, and do not conflict with any Requirement of Law currently in force and applicable to the City.

(d) There is no legislation, litigation, action, suit, proceeding or investigation pending or (to the best of the City's knowledge) threatened, against the City, whether related to the operation of any City facility that will supply Project Water under this Agreement, or otherwise, before or by any Governmental Authority which, if adversely determined, individually or in the aggregate, (i) could adversely affect the performance by the City of its obligations hereunder, (ii) could have a material adverse effect on the condition (financial or otherwise), business or operations of the City, or (iii) questions the validity, binding effect or enforceability thereof or of this Agreement, any

action taken or to be taken pursuant hereto or any of the transactions contemplated hereby.

**9.2 Rayburn Representations and Warranties.** Rayburn represents and warrants to City, as of the date of this Agreement, as follows:

(a) Rayburn is a Texas electric cooperative corporation organized and in good standing under the laws of the State of Texas, is authorized to conduct business in Texas, and has all requisite power and authority to enter into and to perform its obligations hereunder, and to carry out the terms hereof and the transactions contemplated hereby.

(b) This Agreement has been duly executed and delivered on behalf of Rayburn, and constitutes the legal, valid and binding obligation of Rayburn, enforceable against Rayburn in accordance with its terms except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) general equitable principles.

(c) There is no legislation, litigation, action, suit, proceeding or investigation pending or (to the best of Rayburn's knowledge) threatened, against Rayburn or related to the operation of the Plant before or by any court, administrative agency, arbitrator or governmental authority, body or agency which, if adversely determined, individually or in the aggregate, (i) could adversely affect the performance by Rayburn of its obligations hereunder, (ii) could have a material adverse effect on the condition (financial or otherwise), business or operations of Rayburn, or (iii) questions the validity, binding effect or enforceability thereof or of this Agreement, any action taken or to be taken pursuant hereto or any of the transactions contemplated hereby.

(d) No City officer or employee has been or will be compensated in any manner with respect to directly or indirectly bringing the Parties together, agreement negotiations, or the entering into this Agreement. In no event will Rayburn pay a fee to or in any other manner compensate any City of Sherman Council member, officer, or employee in connection with the acceptance of this Agreement. A breach of this Section 9.2(d) shall result in automatic and immediate termination of this Agreement and shall be an Event of Default.

## **Article X. CONFIDENTIALITY**

**10.1 Confidential Information.** The City acknowledges that the City and its officers, directors, employees, contractors, agents and representatives may have access to Confidential Information and that such information constitutes the valuable, special and unique property of Rayburn, its contractors and affiliates, to the extent that such information is expressly and specifically labeled as "Confidential Information."

**10.2 Limitations on Use and Disclosure.** The City shall maintain the Confidential Information pursuant to the Public Information Act (formerly known as the Open Records Act), Chapter 552 of the Texas Government Code. In the event a request is made for Confidential Information under such Chapter, the City shall promptly inform Rayburn of the request and shall seek all protective measures as may be provided by such Chapter in connection with such disclosure.

**10.3 Survival.** The provisions of this Article X shall survive the dissolution or termination of this Agreement.

## **Article XI.**

### **TERM, SUSPENSION AND TERMINATION, DISPUTE RESOLUTION**

**11.1 Term.** Unless earlier terminated in accordance with this Agreement, this Agreement shall be effective as of the Effective Date; and the Term of this Agreement shall continue in full force and effect for a period of thirty (30) years from the Effective Date.

**11.2 Termination by Rayburn for Cause.** Rayburn shall have the right (but not the obligation) to terminate this Agreement upon thirty (30) Days prior written notice to the City upon the occurrence of any Event of Default by the City.

**11.3 Termination by the City for Cause.** Except as otherwise provided in this Agreement, the City shall have the right (but not the obligation) to terminate this Agreement (in accordance with the terms of this Agreement) upon any of the following:

- (a) the occurrence of any Event of Default by Rayburn; or
- (b) if Rayburn has not taken delivery of Project Water for a period of twelve (12) consecutive months after the Effective Date; or
- (c) Rayburn has failed to make or dispute a payment pursuant to Section 6.2 and such non-payment has lasted for more than sixty (60) Days; or

**11.4 Automatic Termination.** This Agreement shall automatically terminate in the event that:

(a) the City fails to deliver the Notice of Supply due to failure of the GTUA and NTMWD to execute the transportation agreement referenced in Section 3.1 above (provided that the City has used its best efforts to secure the transportation agreement) within six (6) months after the Effective Date of this Agreement; or

(b) notwithstanding any rights and remedies available to Rayburn, the City is unable to obtain any necessary Permit, Permit amendment, or other necessary authorization from the TCEQ, such that the City is unable to perform its obligations hereunder and the City is unable to cure such defect for a period of twelve (12) consecutive months; provided it has used its best efforts to remedy such defect and provided, further, that Rayburn has not terminated this Agreement pursuant to Section 11.2.

**11.5 Termination by Either Party for Force Majeure.** Either Party shall have the right (but not the obligation) to terminate this Agreement upon seven (7) Days prior written notice to the other Party in the event the suspension of any material obligation of the Affected Party resulting from one or more events of Force Majeure continues (i) prior to the Effective Date, for a period of more than one (1) month, or (ii) from and after the Effective Date, for a period of more than three (3) consecutive months or for a period of more than three (3) months in the aggregate during a one (1) year period; provided that the Affected Party shall only be entitled to terminate this Agreement under this Section 11.6 if it has met its obligations under Section 7.1. The Party not claiming Force Majeure may, but shall not be obligated to, extend either such period for such additional period as it deems appropriate if the Affected Party is exercising due diligence in its efforts to cure the Force Majeure event.

**11.6 Effect of Termination; Survival.** Upon receipt of any notice of termination delivered pursuant to this Article XI, this Agreement shall terminate, effective immediately, and will be of no further force or effect, except with respect to (i) rights and obligations of the Parties arising during

or relating to any period prior to termination, and (ii) the covenants and obligations of the Parties set forth in this Agreement intended to survive the expiration or termination of this Agreement, which shall survive the expiration or earlier termination of this Agreement as expressly provided in this Agreement or, if no express survival period is provided for, then until such obligations have been satisfied or, if later, pursuant to any applicable statute of limitations.

**11.7 Termination Fee.** If, any time following the Effective Date, this Agreement is terminated by the City pursuant to Section 11.3, Rayburn shall pay to the City an annual amount of Two Hundred Nineteen Thousand Dollars and No Cents (\$219,000.00) as may be adjusted below (the "Termination Fee") until Rayburn has made such payment for a number of years equal to thirty (30) less the actual Term of the Agreement (taking into account full years only). The Termination Fee shall automatically be reduced by Twenty-Two Dollars and Twenty-Three Cents (\$22.23) per every equivalent acre foot of water sold by the City for industrial uses. It is the Parties' intent that the Termination Fee shall only be adjusted downward, with the adjusted Termination Fee carrying forward each year until the City has contracted to sell an equivalent of approximately Four Thousand (4,000) cumulative acre feet of water for industrial uses. The first Termination Fee shall be paid no later than sixty (60) days following the date of termination and on the anniversary of the termination date each year thereafter for the applicable time period set forth in this Section 11.7. The Parties acknowledge that, if Rayburn should default under this Agreement, the amount of damages to the City would be difficult if not impossible to determine; and the amount specified as liquidated damages in this section that Rayburn would incur is sufficient and shall represent the City's sole and exclusive remedy and shall be paid in lieu of any Minimum Annual Fee that may be owed at the time of termination pursuant to Section 6.1(c).

**11.8 Friendly Consultation and Mediation.** Except in circumstances where equitable relief is sought by a Party, any dispute, controversy or claim between the Parties arising out of or relating to this Agreement, or the breach, termination or invalidity thereof (collectively, a "Dispute"), the Parties shall attempt in the first instance to resolve such Dispute through friendly consultations between the Parties. If such consultations do not result in a resolution of the Dispute within fifteen (15) days, then the Dispute shall be submitted to a senior executive officer of Rayburn on the one hand and the City Manager on the other hand, with authority to resolve all issues and who shall meet within ten (10) days after the date of a written submission by either Party, describing the Dispute. If such senior executive officer and the City Manager do not resolve the Dispute within five (5) days, then the Parties agree to submit the Dispute to non-binding mediation prior to the initiation of judicial proceedings. If mediation is not conducted within ninety (90) days after the date of written notification of dispute, then either party can initiate judicial proceedings. The Parties agree to provide each other with reasonable access during normal business hours to any and all non-privileged and nonconfidential records, information and data pertaining to any such Dispute, and such other information as the Parties may mutually agree. Notwithstanding each Party's right of reasonable access under this subparagraph, this requirement may be satisfied by supplying copies of such materials to the requesting Party.

## **Article XII. MISCELLANEOUS**

**12.1 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the heirs, successors and permitted assigns of the Parties.

**12.2 Entire Agreement.** This Agreement embodies the entire agreement of the Parties on the subjects contained herein and therein and shall supersede all previous communications, representations, or agreements either verbal or written between the Parties with respect to the same.

**12.3 Assignment.** 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 Rayburn 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.

**12.4 Financing Parties.** The City acknowledges that Rayburn or its Affiliates will borrow funds for the development, construction, ownership and operation of the Plant from a Financing Party. Any Financing Party, as a condition to making such loans or other payment, may request as a condition to such financing, and certain due diligence or other, documents from the City. In connection therewith, the City agrees to use its best efforts to promptly furnish, at Rayburn's expense, to such Financing Party, such written information, certificates, opinions, affidavits, and other like documents as Rayburn or the Financing Party may reasonably request. However, in no event shall the City Attorney be obligated to provide an opinion letter to Rayburn or a Financing Party concerning the rights or obligations of either Party under this Agreement. The parties shall negotiate, in good faith, changes to this Agreement reasonably requested by a Financing Party; and any amendment will be in accordance with Section 12.8.

**12.5 Notice.** Unless otherwise stated herein, any notice or other communication required or permitted under this Agreement shall be in writing, may be delivered (and shall be deemed to be received) as follows: (i) when delivered personally or by a nationally recognized overnight courier service that provides written proof of delivery, upon the date of delivery; (ii) when delivered by United States mail, registered or certified, with return receipt requested and postage prepaid, on the date of receipt, refusal or non-delivery as indicated on the return receipt; and (iii) when delivered by facsimile, upon confirmation of receipt from the recipient's fax portal; provided that, in each such case, such notice is sent to the address or fax number of the recipient set forth below:

If to City:

City Manager  
City of Sherman, Texas  
220 West Mulberry Street  
P.O. Box 1106  
Sherman, Texas 75091- 1106  
Facsimile: (903) 892-7355

If to Rayburn:

Rayburn Electric Cooperative  
950 Sids Road  
Rockwall, TX 75032  
Attention: General Counsel  
Email: Notices@rayburnelectric.com

Any Party may change the address at which it is to receive any notice to be sent under this Agreement by providing notice of such change to the other Party in the manner set forth in this Section 12.5.

**12.6 Cooperative Drafting.** This Agreement is the product of a cooperative drafting effort by the Parties and shall not be construed or interpreted against either Party solely on the basis that one Party or its attorney drafted this Agreement or any portion of it.

**12.7 Severability.** If any provision of this Agreement is held to be in conflict with any applicable Requirement of Law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent.

**12.8 Amendment.** This Agreement may not be amended, modified, supplemented or revoked except by an instrument in writing signed by the Parties.

**12.9 Third Party Beneficiaries.** Except as expressly provided in this Agreement, nothing in this Agreement is intended or shall be construed to confer upon, or to give to, any legal Person other than the Parties, any right, remedy, or Claim under or by reason of this Agreement; or any covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Parties shall be for the sole and exclusive benefit of the Parties. Nothing in this Agreement is intended to interfere with any agreements of any Party with any third Party.

**12.10 Deadlines.** To the extent that the date for any payment or notice due hereunder by either Party shall fall on a Day that is not a Business Day, such deadline for payment or notice, as the case may be, shall be automatically extended to the next following Business Day.

**12.11 No Waiver of Rights.**

(a) No waiver by either Party of any default or defaults by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default or defaults whether of a like or different character or shall be effective unless in writing, duly executed by a duly authorized representative of the Party waiving any such default.

(b) Neither the failure by a Party to insist on any occasion upon the strict performance of the terms, conditions and provisions of this Agreement, nor time or other indulgence granted by one Party to the other, shall act as a waiver of such breach.

**12.12 Governing Law and Venue.** This Agreement shall be governed by and construed under the laws of the State of Texas, other than with respect to conflicts of law. Jurisdiction and venue shall be proper and exclusive in the state and federal district courts located in the County of Grayson, State of Texas. If the federal district courts are relocated from Grayson County during the pendency of this Agreement, then venue shall be proper in the federal district court in the Eastern District, Plano Division. Each of the Parties irrevocably submits to the exclusive jurisdiction of such courts in any such proceeding and waives any objection it may now or hereafter have as to venue or to convenience of forum.

**12.13 Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Parties may execute this Agreement and all other agreements, certificates, instruments and other documents contemplated by this Agreement and exchange the counterparts of such documents by means of facsimile transmission, and the Parties agree that the receipt of such executed counterparts shall be binding on such Parties and shall be construed as originals. Thereafter, the Parties shall promptly exchange original versions of this Agreement and all other agreements, certificates, instruments and other documents contemplated by this Agreement that were executed and exchanged by facsimile transmission.

**12.14 Recording.** The City shall file a copy of this Agreement with the TCEQ within thirty (30) Days of the Effective Date.

**12.15 2011 Agreement.** This Agreement amends and restates the 2011 Agreement. On the execution of this Agreement by all parties, the provisions of the 2011 Agreement shall be void and of no further force or effect, and this Agreement shall supersede the same.

**12.16 Effective Date.** The Effective Date of this Agreement shall be immediately upon the latter of the date that this Agreement is executed by the City and Rayburn.

**IN WITNESS WHEREOF,** the Parties have executed this Agreement as of the day and year first above-written.

RAYBURN ELECTRIC COOPERATIVE, INC  
a Texas Cooperative Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

CITY OF SHERMAN, TEXAS,  
a body corporate and politic

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Exhibit A

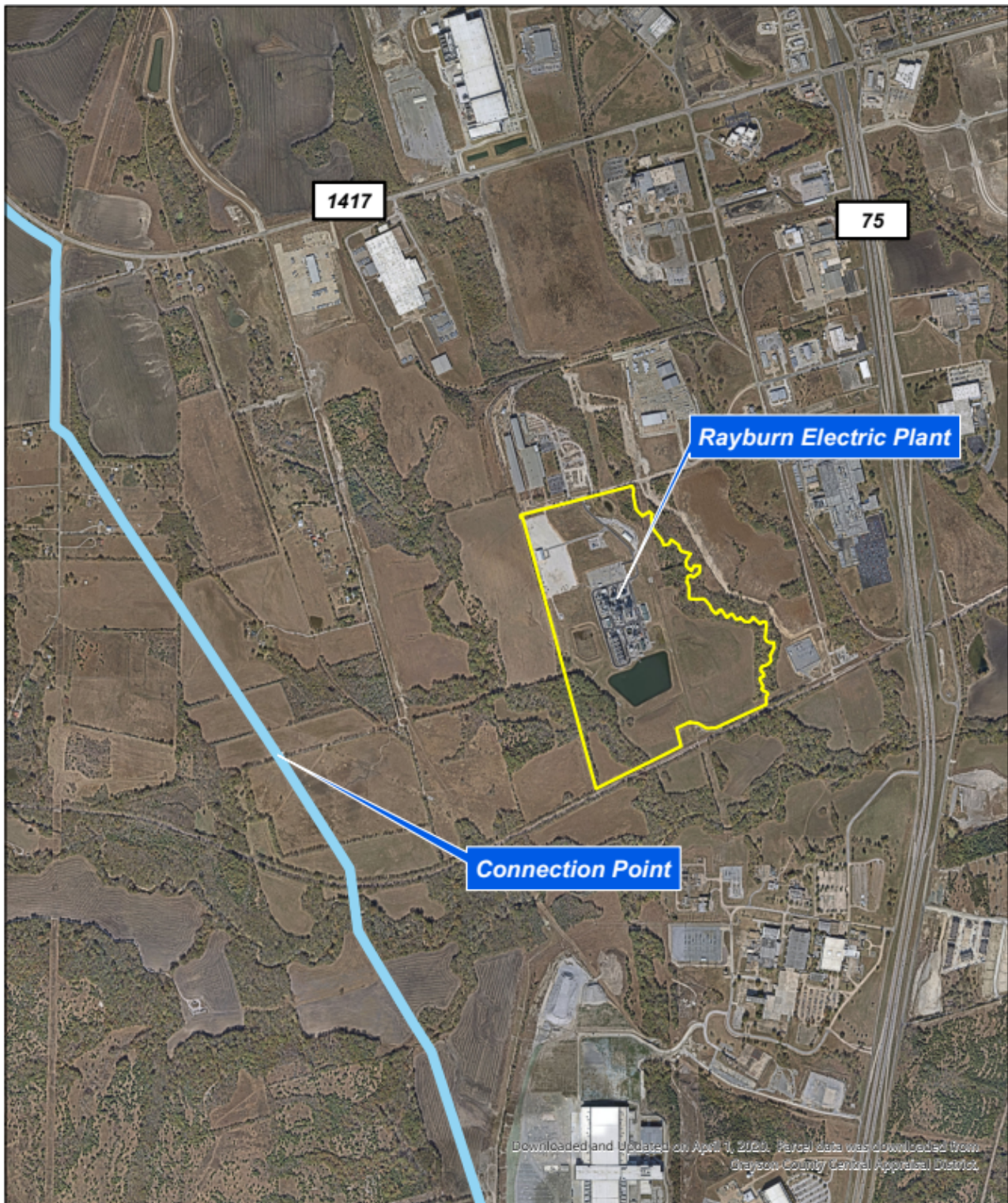


Downloaded and Updated on April 1, 2020. Parcel data was downloaded from Clayton County Central Appraisal District

**Location of Rayburn Electric Plant**  
1" = 3000'



Exhibit B



**Location of Raw Water Interconnection Point**

1" = 1500'



## Exhibit C

*Excerpt from Civil Works Construction Cost Index System*

Index Code	Feature Code	Cost Index		
		Year 3 (2028)	Year 2 (2027)	Year 1 (2026)
02	Relocations	1,306.81	1,273.69	1,241.42
03	Reservoirs	1,382.43	1,347.40	1,313.25
04	Dams	1,287.16	1,254.54	1,222.75
08	Roads, Railroads & Bridges	1,306.81	1,273.69	1,241.42
11	Levees & Floodwalls	1,301.82	1,268.83	1,236.68
19	Buildings, Grounds & Utilities	1,278.04	1,245.65	1,214.09
20	Permanent Operating Equipment	1,278.04	1,245.65	1,214.09
Total		9,141.11	8,909.45	8,683.70

Percentage Change from Year 1 total to Year 2 total

2.600%

Percentage Change from Year 2 total to Year 3 total

2.600%

*Currently Adopted 5 Year Residential Rate Schedule*

*3/4" Residential Meter using 6,000 gal/month*

(Illustrative, actual rate used will be based on Council Approval)

	Year 3 (2028)	Year 2 (2027)	Year 1 (2026)
	48.00	46.94	44.28

Percentage Change from Year 1 total to Year 2 total

6.007%

Percentage Change from Year 2 total to Year 3 total

2.258%

Calculation of Project Water and Annual Reservation Fee

Project Year	Calculation	Project Water (per 1,000 gal)
Year 1 (2026)	Raybum Contract Base Amount	0.95
Year 2 (2027)	$\$0.95 + (6.007\% \times \$0.95)$	1.01
Year 3 (2028)	$\$1.01 + (2.60\% \times \$1.01)$	1.03

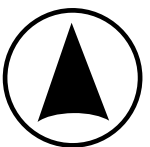
Project Year	Calculation	Annual Reservation Fee
Year 1 (2026)	Raybum Contract Base Amount	\$ 336,000
Year 2 (2027)	$\$336,000 + (6.007\% \times \$336,000)$	\$ 356,184
Year 3 (2028)	$\$267,138 + (2.60\% \times \$267,138)$	\$ 365,446



Downloaded and Updated on April 1, 2020. Parcel data was downloaded from Grayson County Central Appraisal District.

**Exhibit A to the Water Services Agreement**  
**Location of Rayburn Electric Plant**

1" = 3000'



RESOLUTION NO. 5627

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR WATER SERVICES; 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, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an Agreement with Panda Sherman Power, LLC, a Delaware Limited Liability Corporation, for Water Services in accordance with the terms and provisions of the contract documents attached hereto and incorporated herein for all purposes.

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 17th day of October, 2011.

CITY OF SHERMAN, TEXAS

BY:   
BILL MAGERS, MAYOR

ATTEST:

BY:   
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM  
AND CONTENT:

BY:   
BRANDON S. SHELBY,  
CITY ATTORNEY

**WATER SERVICES AGREEMENT**

**between**

**THE CITY OF SHERMAN, TEXAS**

**and**

**PANDA SHERMAN POWER, LLC**

**October 17, 2011**

## WATER SERVICES AGREEMENT

This Water Services Agreement (this "Agreement") is entered into as of this 17<sup>th</sup> day of October, 2011, by and between the CITY OF SHERMAN, TEXAS, a municipal corporation in the County of Grayson, Texas (the "City"), and PANDA SHERMAN POWER, LLC, a Delaware limited liability company authorized to conduct business in the State of Texas ("Panda"). Each of the City and Panda is referred to herein, individually, as a "Party" and, collectively, as the "Parties."

### Recitals

**WHEREAS**, Panda is developing for construction and operation an approximately five hundred (500) megawatt power plant and related infrastructure as may be expanded and/or upgraded (the "Plant") to be located exclusively in the city limits of Sherman, Texas as further described on Exhibit A (the "Property"); and

**WHEREAS**, Panda requires a supply of water for the construction, testing and operation of such Plant at an initial estimated average rate of approximately four million (4,000,000) gallons per day on an annualized basis; and

**WHEREAS**, the City obtains a water supply from the GTUA (as defined below), pursuant to a certain "Contract for Water Supply and Sewer Service" dated March 1, 1985, between GTUA and the City ("Water Supply Contract"); and

**WHEREAS**, the City desires to make available to Panda a supply of water in connection with its operations at the Plant according to the terms and conditions set forth in this Agreement; and

**WHEREAS**, prior to the Effective Date, Panda is under no obligation to purchase water from the City, and the City is under no obligation to sell water to Panda; and

**WHEREAS**, the Parties desire to enter into a water services agreement for Project Water, whereby the City will provide to Panda, and Panda will purchase from the City, Project Water on a take or pay basis, according to the terms and conditions in this Agreement; and

**WHEREAS**, the Sherman City Council, at its October 6, 2008 City Council meeting, approved the delivery of water to the Plant on the terms and subject to the conditions set forth in this Agreement by Resolution No. 5280 on October 6, 2008, in accordance with City Code; and

**WHEREAS**, the Parties enter into this Agreement with the understanding and intent that City will be under no duty to provide Panda with water once this Agreement terminates as set forth herein;

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto agree as follows:

**Article I.  
DEFINITIONS**

**1.1 Defined Terms.** The following capitalized terms used in this Agreement and in any exhibit or attachment that is or is made a part of this Agreement, and not otherwise defined herein, shall have the following meanings:

(a) "Affected Party" has the meaning ascribed to such term in Section 1.1(u) of this Agreement.

(b) "Affiliate" means, in relation to any Person, any Person (i) who directly or indirectly controls, or is controlled by, or is under common control with, such other Person; or (ii) who directly or indirectly beneficially owns or holds fifty percent (50%) or more of any class of voting stock of such other Person; or (iii) who has fifty percent (50%) or more of any class of voting stock that is directly or indirectly beneficially owned or held by such other Person; or (iv) who either holds a general partnership interest in such other Person or such other Person holds a general partnership interest in the Person.

(c) "Agreement" has the meaning ascribed to such term in the Preamble hereto.

(d) "Business Day" means any Day other than Saturdays, Sundays and Days on which banks in the City of Sherman, Texas are required or permitted to be closed for all or part of their customary hours of operation.

(e) "Calendar Year" shall mean January 1 through December 31 of any given year.

(f) "City" has the meaning ascribed to such term in the Preamble hereto.

(g) "City Code" means the Sherman municipal code and all other Requirements of Law of the City, as the same may be amended from time to time.

(h) "City System" means the infrastructure owned and operated by the City pursuant to which it delivers Project Water to the Plant and includes all of the City's facilities, infrastructure, properties, and any interests it may hold in GTUA or NTMWD (as defined below) infrastructure and facilities, insofar as they are related to the City providing Project Water to the Plant, together with all future extensions, improvements, enlargements, additions to and replacements of such systems.

(i) "Claim" means any claim, action, cause of action, suit or proceeding before any Governmental Authority (as defined below) or arbitral tribunal.

(j) "Commission" or "TCEQ" means the Texas Commission on Environmental Quality, or its successor agencies.

(k) "Commencement Date" has the meaning ascribed to such term in Section 2.1(c) of this Agreement.

(l) "Confidential Information" means certain information relating to Panda, its contractors and Affiliates, that includes aspects of their respective businesses or operations, including designs and/or patented process, if such information is expressly and specifically labeled as Confidential Information.

(m) "Daily Requirement" has the meaning ascribed to such term in Section 2.1(a) of this Agreement.

(n) "Day" means a 24-hour period commencing at 0:00:00 hours each Day and ending at 23:59:59 hours on the same Day, determined by reference to prevailing Central time.

(o) "Discharge Permit" means the Texas Pollutant Discharge Elimination System Permit No. WQ0010329001, issued by the State of Texas to the City for the Post Oak Wastewater Treatment Facility.

(p) "Economic Indicators" means the annual change in costs as reflected in the US Army Corps of Engineers' *Civil Works Construction Cost Index System (CSCCIS), Table A-2, Yearly Cost Indexes by CWBS Feature Code*. The change shall be calculated as the weighted-average change in the following feature codes, as reflected in Table A-2:

- (i) Relocations (02)
- (ii) Reservoirs (03)
- (iii) Dams (04)
- (iv) Roads, Railroads & Bridges (08)
- (v) Levees & Floodwalls (11)
- (vi) Buildings, Grounds & Utilities (19)
- (vii) Permanent Operating Equipment (20)

An example of the calculation and use of the Economic Indicator is attached hereto as Exhibit C.

(q) "Effective Date" has the meaning ascribed to such term in Section 12.15 of this Agreement.

(r) "Encumbrance" means any lien, claim, interest, security interest, charge or other encumbrance.

(s) "Event of Default" has the meaning ascribed to such term in Section 8.1 of this Agreement.

(t) "Financing Party" means one or more Person or Persons providing debt and/or equity contributions, commitments or financing in connection with Panda property or Plant, including any Person or Persons providing credit enhancement for Panda or its Affiliates, refinancing or take-out of any financing with respect to the Property or Plant, and any trustee, agent or authorized representative of such Person or Persons.

(u) "Force Majeure" means and shall be limited to any event or circumstance which is beyond the reasonable control of, without the fault or negligence of, and should not, in the exercise of reasonable caution, have been foreseen and avoided or mitigated by, the Party asserting Force Majeure (the "Affected Party"), and which delays or prevents the Affected Party from timely performing any obligation hereunder, including, without limitation: (i) acts of God, earthquakes, fire, storms, severe droughts, floods, lightning, hurricanes, tornadoes, and severe snow storms; (ii) explosions, wars, civil insurrections, acts of the public enemy, acts of civil or military authority, sabotage, and terrorism; (iii) strikes, lockouts or other labor disputes with respect to which the Affected Party has not been determined by the National Labor Relations Board to have engaged in any unfair labor practices; (iv) any event which would require either Party to act illegally in order to remain in conformance with this Agreement; (v) an event that would prohibit the City from utilizing any City, NTMWD or GTUA utility infrastructure in the delivery of Project Water to Panda; and (vi) any change in any Requirement of Law or the interpretation thereof by a responsible Governmental Authority which shall in any circumstances under this Subsection; and (vi) require or prevent any change in the development, construction, ownership, operation or financing of the Plant or related real property (including, without limitation, Panda's inability, despite due diligence, to obtain any Permit of any Governmental Authority required for the development, construction, ownership, operation or financing of the Property or the Plant); provided that "Force Majeure" shall not include (a) economic conditions that render a Party's performance of this Agreement unprofitable or otherwise uneconomic or (b) inability of a Party to make payment when due under this Agreement, unless the cause of such inability is an event that physically prevents payment and that would otherwise constitute Force Majeure as described above.

(v) "Forced Outage" means a shut down by the City in the operation of that portion of the City System such that no Project Water is delivered to any Interconnection Point(s): (i) which shut down is in the reasonable opinion of the City, and consistent with Prudent Water Industry Practice, necessary or required to protect Persons or property (including such water and wastewater system) from contamination or releases that could reasonably result in harm, injury or material damage; (ii) with respect to which the City has notified Panda in accordance with Subsection 2.3(b); (iii) which is of no more than five (5) Days in duration; and (iv) has an impact on operations at the Plant.

(w) "Governmental Authority" means any federal, state, local or other governmental body; any governmental or quasi-governmental, regulatory or administrative agency commission, body or other authority exercising or entitled to

exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power; or any court or other governmental tribunal.

(x) "GTUA" means the Greater Texoma Utility Authority, a conservation and reclamation authority created by the Texas Legislature or any successor agency.

(y) "Interconnection Point" means the location where Project Water from the City System passes through a Master Meter and enters Panda's water infrastructure as more specifically described in Exhibit B hereto.

(z) "Loss(es)" means any loss, cost, expense, Claim, demand, damage, fine, liability, obligation or penalty (including court costs and reasonable attorney's fees and expenses).

(aa) "Master Meter" means the necessary metering equipment, including a meter house or pit, and any other required devices of standard type, for properly measuring the quantity of Project Water traveling through the Interconnection Point.

(ab) "Minimum Annual Fee" has the meaning ascribed to such term in Section 6.1(a) of this Agreement.

(ac) "Notice of Supply" has the meaning ascribed to such term in Section 3.3 of this Agreement.

(ad) "NTMWD" means the North Texas Municipal Water District, a conservation and reclamation authority created by the Texas Legislature or any successor agency.

(ae) "Panda" has the meaning ascribed to such term in the Preamble hereto.

(af) "Permit" means any permit, order, license, declaration, consent, waiver, approval, registration or filing with or other requirement of any Governmental Authority.

(ag) "Person" means an individual, partnership, corporation, limited liability company, company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other legally recognized entity of whatever nature.

(ah) "Planned Outage" means a shut down by the City in the operations the City System such that no Project Water is delivered to the Interconnection Point: (i) which shut down is scheduled by the City in order to carry out foreseeable preventive, corrective and other maintenance activities on such system; (ii) for which the City has notified Panda in accordance with Section 2.3(a); (iii) which lasts for no more than seven (7) Days; and (iv) has a negative impact on operations at the Plant.

(ai) "Plant" has the meaning ascribed to such term in the Recitals hereto.

(aj) "Post Oak Facility" has the meaning ascribed to such term in Section 2.4 of this Agreement.

(ak) "Project Water" means a supply of untreated raw water received by the City pursuant to the Water Supply Contract from a NTMWD water line extending from Lake Texoma and delivered by the City to Plant at the Interconnection Point.

(al) "Project Water Fee" has the meaning ascribed to such term in Section 6.1(a) of this Agreement.

(am) "Property" has the meaning ascribed to such term in the Recitals hereto.

(an) "Prudent Water Industry Practice" means those practices, methods, standards and acts engaged in or approved by a significant portion of the water supply industry in the United States that, during the relevant time period, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts reflect due regard for operation and maintenance standards recommended by applicable equipment suppliers and manufacturers, operational limits, and all applicable Requirements of Law (as defined below).

(ao) "Requirement of Law" means any statute, ordinance, code, rule or regulation, tariff or policy, and judicial or administrative order, request or judgment, any common law doctrine or theory, any provision or condition of any Permit or any other binding determination of any Governmental Authority.

(ap) "Reservation Fee" has the meaning ascribed to such term in Section 6.1(b) of this Agreement.

(aq) "Term" has the meaning ascribed to such term in Section 11.1 of this Agreement.

(ar) "Termination Fee" has the meaning ascribed to such term in Section 11.8 of this Agreement.

(as) "Water Infrastructure" means (i) the planning, siting, development, design, engineering, procurement, construction and testing; (ii) all pipes, pumps, mains, trunk lines, junctions, extensions, and other infrastructure, improvements and facilities, including but not limited to the Master Meter and the Interconnection Point; and (iii) easements and rights-of-way acquisitions required for the City to deliver Project Water to the Interconnection Point.

(at) "Water Pipelines" means (i) the planning, siting, development, design, engineering, procurement, construction and testing; (ii) all pipes, interconnects, pumps, mains, trunk lines, junctions, extensions, and other infrastructure, equipment,

improvements and facilities; and (iii) the easements and right-of-way acquisitions required for Panda to transport the Project Water from the Interconnection Point.

(au) "Water Supply Contract" has the meaning ascribed to such term in the Recitals hereto.

**1.2 Rules of Construction.** In this Agreement:

(a) unless the context otherwise clearly requires, (i) references to the plural include the singular, and references to the singular include the plural, (ii) references to the masculine, feminine or neuter include all such forms, (iii) the words "include," "includes," and "including" do not limit the preceding terms or words and shall be deemed to be followed by the words "without limitation," (iv) the terms "hereof," "herein," "hereunder," "hereto," and similar terms refer to the entire agreement in which they appear and not to any particular provision of such agreement, (v) "or" is used in the inclusive sense of "and/or," (vi) unless otherwise specified, the terms "day" and "days" mean and refer to calendar day(s), and (vii) the terms "year" and "years" mean and refer to year(s);

(b) unless otherwise specified, any reference to any document, instrument or agreement (i) includes and incorporates all exhibits, schedules and other attachments thereto, (ii) includes and incorporates all documents, instruments or agreements issued or executed in connection therewith or in replacement thereof, and (iii) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified or supplemented from time to time in accordance with its terms and in effect at any given time;

(c) unless otherwise specified, all references to articles, sections, schedules and exhibits are references to the Articles, Sections, Schedules and Exhibits of this Agreement; and

(d) the headings are for reference purposes only and shall not affect in any way the meaning or interpretation of such agreement.

**1.3 Recitals.** All of the above recitals of this Agreement are incorporated and made a part of this Agreement.

**1.4 Captions.** All titles of the Sections of this Agreement have been inserted for reference only, and shall in no way affect the interpretation of any provisions of this Agreement.

**Article II.  
SUPPLY OF PROJECT WATER**

**2.1 Supply.**

(a) **Delivery.** Beginning on the Commencement Date and each Day thereafter during the Term, the City agrees to make available and deliver to the Interconnection

Point the Project Water in amounts needed by Panda on any given Day to operate the Plant (the "Daily Requirement"), not to exceed in the aggregate Four Thousand Five Hundred (4,500) acre-feet per year. Accordingly, for the Term of this Agreement, the City agrees to reserve a supply of Four Thousand Five Hundred (4,500) acre-feet per year of Project Water for exclusive use by Panda.

(b) **Specifications.** The City shall deliver the Project Water to the Interconnection Point located in the City limits with a peak rate of not less than Four Thousand (4,000) gallons per minute and not more than Four Thousand Five Hundred (4,500) gallons per minute at the Master Meter. Panda agrees that the City is under no obligation to increase any of its water utility infrastructure or capacity to satisfy any of the provisions of the Agreement, except as otherwise expressly stated herein. The Parties may agree in writing to relocate the Interconnection Point or to add additional Interconnection Points within the City limits, as necessary, and at Panda's sole expense, within the City limits.

(c) **Commencement of Water Services.** Following the completion of the construction of the Water Infrastructure and Water Pipelines in accordance with the requirements of Article III herein, and the City's delivery of the Notice of Supply pursuant to Section 3.3 herein, the City shall commence supplying Project Water to the Interconnection Point on the date set forth in a written notice from Panda to commence water services (the "Commencement Date"). From and following the Commencement Date, the City will use its best efforts to ensure a continuous flow of Project Water to the Interconnection Point.

(d) **Water Conservation and Drought Contingency Planning.** Panda shall comply with the provisions of any water conservation and drought contingency plan adopted by the City which is prescribed or approved by the TCEQ, including implementation of any necessary rationing plan or program which the City adopts for implementation. In lieu of adopting the City's water conservation and drought contingency plans, Panda may implement alternative water conservation and drought contingency plans, provided those plans comply with Title 30 Texas Administrative Code, Chapter 288 and will conserve the same or a greater amount of water as under the plans implemented by the City, and further provided the alternative plans are approved by the City within thirty (30) Days after the Effective Date. Such water conservation and/or drought contingency plans shall be applicable to Project Water accepted by Panda from the City. At all times, the City shall provide Panda with an updated copy of any applicable water conservation and drought contingency plans.

(e) **Resale of Water.** Except as provided in Section 12.3, Panda shall have no right to transfer, transport, reallocate, or resell any water received under this Agreement without the prior written authorization by the City. If the Agreement is assigned to another party pursuant to Section 12.3, once the Agreement is assigned, any subsequent assignees shall have no right to transfer, transport, reallocate, or resell any water received under this Agreement without the prior written authorization by the City.

(f) **WATER QUALITY AND "AS IS" SALE.** OTHER THAN THE REPRESENTATION, WARRANTIES AND COVENANTS PROVIDED FOR HEREIN, THE PARTIES ACKNOWLEDGE THAT THERE IS NO WARRANTY WITH RESPECT TO THE QUALITY OF THE PROJECT WATER UNDER THIS AGREEMENT, EITHER EXPRESS OR IMPLIED, AND THAT PROJECT WATER IS PROVIDED TO PANDA BY THE CITY "AS IS", WITHOUT WARRANTY OF ANY KIND AS TO QUALITY, SUFFICIENCY, ADEQUACY OR USEFULNESS FOR ANY INTENDED PURPOSE; PROVIDED, THAT THE CITY HAS NOT AND SHALL NOT ALTER, TREAT OR OTHERWISE MODIFY THE PROJECT WATER IN ANY WAY BEFORE SUCH PROJECT WATER PASSES THROUGH THE INTERCONNECTION POINT.

**2.2 Title, Care, Custody and Control; Risk of Loss.** As between the Parties, the City shall be deemed to have exclusive title, care, custody and control for all Project Water up to, and shall be responsible for all Losses associated with all Project Water to, the Interconnection Point. The City shall deliver to Panda, at the Interconnection Point, good and marketable title to all Project Water delivered under this Agreement, free and clear of all Encumbrances. Panda shall be deemed to take exclusive title, care, custody and control of all Project Water, and shall be responsible for all Losses associated with all Project Water, from and after the Interconnection Point.

**2.3 Maintenance and Outages.**

(a) **Planned Outages.** By December 1 of any Calendar Year during the Term, the City shall provide notice to Panda of the number and duration of any Planned Outages to be conducted by the City during the following Calendar Year; provided, however, that the City shall not schedule more than two (2) such Planned Outages in any given Calendar Year. The City shall coordinate the timing of any Planned Outage with Panda and shall cooperate with Panda to minimize the impact of any Planned Outage on the operation and maintenance of the Plant.

(b) **Forced Outages.** When a Forced Outage occurs, curtailing the flow of Project Water to the Interconnection Point, the City shall notify Panda of the existence, nature and expected duration of the Forced Outage as soon as practical. The City shall use its best efforts to ensure that any interruption in Project Water service to the Plant due to a Forced Outage shall continue only for so long as reasonably necessary. The City shall immediately inform Panda of any changes in the nature and expected duration of such Forced Outage for the duration of such Forced Outage.

**2.4 Additional Water Services.** The Parties acknowledge that, pursuant to its current Discharge Permit, the City is unable to provide effluent as an alternative water source in connection with the operation of the Plant. In the event that the City makes upgrades to its Post Oak Wastewater Treatment Facility, located on the date hereof generally in the southeastern quadrant of the City of Sherman, Texas (the "Post Oak Facility"), and obtains modifications to its Discharge Permit such that (i) Panda would be able to utilize effluent from the Post Oak Facility in connection with its operations at the Plant; and/or (ii) the City would be able to take return wastewater from the Plant at the Post Oak Facility; the Parties hereto agree to negotiate in good faith terms and conditions relating to such water services that may be provided by the City; provided,

that nothing in this Section 2.4 shall require Panda to construct or fund the construction of any additional infrastructure in order to deliver effluent to the Plant or return wastewater to the Post Oak Facility, and nothing in this Section 2.4 shall require the City to accept or treat wastewater from the Plant at the Post Oak Facility or any other City-owned wastewater treatment facility.

### **Article III.**

## **DESIGN AND CONSTRUCTION OF ADDITIONAL INFRASTRUCTURE FOR DELIVERING PROJECT WATER AND RETURN FLOWS**

### **3.1 Water Infrastructure.**

(a) **Design and Construction.** Panda shall be responsible for and shall pay all costs of the Water Infrastructure in accordance with this Agreement. The City shall grant all easements in, through and over real property owned or controlled by the City necessary for the design and construction of the Water Infrastructure. Panda shall design and construct the Water Infrastructure pursuant to Prudent Water Industry Practice and City standards as may be more specifically provided for in the City Code. Upon completion of the Water Infrastructure design, Panda shall submit such designs to the City for approval; and such approval shall not be unreasonably withheld, conditioned or delayed. Upon completion of the Water Infrastructure, Panda shall transfer title to the Water Infrastructure, and any and all real property interests associated with the Water Infrastructure, to the City free and clear of all Encumbrances. In connection with the construction of the Water Infrastructure, Panda shall obtain a warranty from the construction contractor for the Water Infrastructure, which shall extend for a period of at least one (1) year from the final completion of the Water Infrastructure and shall warrant that the construction work furnished or performed by such contractor (i) has been performed in a good and workmanlike manner and is of the quality specified in the applicable construction contract; (ii) has been performed in accordance with and conformed in all respects to the specifications of the applicable construction contract and all Requirements of Laws and applicable Permits; and (iii) is free of defects and deficiencies. In addition, Panda shall use reasonable efforts to obtain a warranty from the construction contractor that the construction work performed by the contractor associated with the Water Infrastructure is fit for its intended purpose.

(b) **Use of Water Infrastructure.** During the Term, the City shall not use the Water Infrastructure for any purpose other than to deliver Project Water to the Plant and perform its obligations under this Agreement without the prior written consent of Panda, which such consent shall be at Panda's sole discretion.

**3.2 Additional Infrastructure.** Panda shall be responsible for and shall pay all costs associated with the Water Pipelines in accordance with this Agreement. Panda shall design and construct the Water Pipelines pursuant to Prudent Water Industry Practice and City standards as may be more specifically provided for in the City Code.

### **3.3 Commencement of Design and Construction.**

(a) Panda may, at its sole discretion, design and/or construct the Water Infrastructure or Water Pipelines before it has received written notice from the City that GTUA and NTMWD have entered into an agreement providing for the transportation and supply of Project Water to the Interconnection Point (the "Notice of Supply"). Notwithstanding the foregoing, in no event shall the City be required to provide Project Water to Panda until the Notice of Supply has been issued, the design of the Water Infrastructure and Water Pipelines have been approved, and the Water Infrastructure and Water Pipelines have been constructed in accordance with the requirements of this Agreement.

(b) Panda agrees that the construction of the Water Infrastructure and Water Pipelines necessary to provide Project Water on the Commencement Date shall be completed within five (5) years of the Effective Date of this Agreement.

(c) The City agrees that it will, at Panda's request and in accordance with its normal practice, process all City or other regulatory agency permits, approvals, or processes reasonably requested by Panda for its performance under this Agreement. Panda agrees to provide the City with a copy of any licenses, permits, or approvals that are not obtained from the City.

## **Article IV. METERING EQUIPMENT**

**4.1 Master Meter.** The City shall furnish, install, operate and maintain, at Panda's sole expense, a Master Meter at the Interconnection Point. The Master Meter shall remain the property of the City at all times and shall be located on the City's property. For the purposes of this Agreement, the volume of water delivered by the City through the Interconnection Point to the Plant shall be determined based upon the data collected at the Master Meter.

**4.2 Access to Master Meter.** Panda may have access to the Master Meter only upon approval by the City. Such approval shall not be unreasonably withheld or delayed, so long as Panda provides the City with a written request forty-eight (48) hours before such access would occur.

**4.3 Regular Testing of the Master Meter.** The City shall test the Master Meter for accuracy once each twelve (12) month period in accordance with Prudent Water Industry Practice and in accordance with the American Water Works Association Standards for water meters. In the event the percentage of accuracy of the Master Meter is found to be within the tolerance of two percent (2%), such meter shall be deemed to have correctly measured the quantity of water taken under this Agreement. The City shall provide Panda with five (5) Days' notice of its intent to test the Master Meter; and Panda shall have the right to be present when such testing is conducted. If, however, upon any test of the percentage of accuracy tolerance, such tolerance is found to be in excess of two percent (2%), then the Master Meter shall be adjusted at once to

register correctly and accurately; and the amount of water accepted by Panda shall be corrected in accordance with the percentage of inaccuracies found by such test for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then the correction shall account for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. Any amounts owed to either Party as a result of the testing provided for in this Section 4.3 and Section 4.4 shall be paid in accordance with Section 6.3(b) hereof.

**4.4 Additional Testing of the Master Meter(s).** Panda shall have the right to request the City to test the Master Meter more frequently than once per year as contemplated by Section 4.3 herein, but no more frequently than once per month. Upon any such request, the City agrees to perform its testing and calibration of the Master Meter in the presence of a representative of Panda; and the Parties shall jointly observe any adjustments that are made to the Master Meter in case any adjustments shall be necessary. For such additional testing requests, the City shall give Panda notice forty-eight (48) hours in advance of the time when any such testing shall occur. The City may proceed with such testing and adjustment, if necessary, in the absence of any representative of Panda. Panda shall pay the cost of any additional test for the Master Meter if the test shows that the Master Meter is accurate [within two percent (2%) registration]; but the City shall pay the costs of the additional test for such if the results indicate that such Master Meter is not accurate [in excess of two percent (2%) registration].

**4.5 Maintenance of the Master Meter(s).** Except as provided in Section 4.4 above, all maintenance and/or repairs to the Master Meter at the Interconnection Point shall be made by the City or a contractor on behalf of the City, at Panda's sole expense. All expenses thereof shall be the usual and customary expenses in accordance with Prudent Water Industry Practices. The City shall provide repairs to the Master Meter in a prompt and timely manner and in accordance with Prudent Water Industry Practice and in accordance with the American Water Works Association Standards for water meters. If the City cannot make such repairs in a timely manner, then Panda shall have the option of making such repairs at its own expense, subject to prior approval and post-inspection of the repairs by the City Manager or the City Manager's designee.

#### **Article V.**

### **OWNERSHIP, OPERATION AND MAINTENANCE OF WATER INFRASTRUCTURE; COMMENCEMENT OF WATER SERVICE**

#### **5.1 Ownership and Operation; Required Permits.**

(a) Upon conveyance of the Water Infrastructure and the underlying real property by Panda to the City, the City shall maintain and operate the Water Infrastructure during the Term of this Agreement, in accordance with Prudent Water Industry Practices, all applicable Requirements of Law, and all applicable Permits; and Panda shall reimburse the City for the usual and customary expenses in accordance with

Prudent Water Industry Practices costs associated therewith as provided for in Section 6.2.

(b) Panda, at all times during the Term of this Agreement, shall operate and maintain the Water Pipelines at its sole cost and in accordance with Prudent Water Industry Practices, all applicable Requirements of Law, and all applicable Permits.

(c) During the Term of this Agreement, the City shall obtain and use its best efforts to maintain in full force and effect all Permits and agreements required as of the Effective Date and during the term of this Agreement, for the City to perform its obligations under this Agreement.

**5.2 Relationship of the Parties.** Each of the Parties undertake performance of this Agreement as an independent contractor. Nothing in this Agreement shall create a relationship of agency, employment, joint venture or partnership between Panda and the City, or their respective officers, directors, employees, agents, subcontractors and representatives for any purpose whatsoever.

## **Article VI. BILLING AND PAYMENT FOR SERVICES**

**6.1 Water Fees.** Beginning on the Commencement Date and continuing throughout the duration of this Agreement, unless otherwise provided for herein, Panda agrees to pay to the City the following fees:

(a) **Project Water Fee and Minimum Annual Fee.** Panda shall pay the City a fee, which shall initially be set at a rate of sixty-one cents (\$0.61) per one thousand (1,000) gallons, for all of the Project Water flowing through the Master Meter at the Interconnection Point (the "Project Water Fee"). In the event that the total amount of Project Water Fees paid by Panda in any given Calendar Year is less than Four Hundred Forty-Six Thousand Dollars and No Cents (\$446,000.00) [as may be adjusted pursuant to Section 6.1(c) below] (the "Minimum Annual Fee"), at the end of such Calendar Year, Panda shall pay an amount to the City equal to the Minimum Annual Fee less the actual amount of Project Water Fees paid by Panda in accordance with Section 6.2. If the first and/or last year of the Term of this Agreement shall be less than a full Calendar Year, then the applicable Minimum Annual Fee shall be pro-rated accordingly.

(b) **Reservation Fee.** In addition to any amounts paid pursuant to Section 6.1(a) above, Panda agrees to pay the City a fee in the initial amount of Twenty Thousand Three Hundred Fifty Dollars and No Cents (\$20,350.00) per month, in consideration for the City's reservation of Four Thousand Five Hundred (4,500) acre-feet of Project Water per year (the "Reservation Fee"). The Reservation Fee shall be adjusted in accordance with Section 6.1(c) below.

(c) **Modification of the Rates.** The Project Water Fee, the Minimum Annual Fee, and the Reservation Fee shall be adjusted annually starting with the first full Calendar Year during the Term of this Agreement by multiplying the applicable fee by

one plus the Economic Indicator, which shall be calculated for the applicable Calendar Year as shown on Exhibit C hereto. The City shall make any adjustments for the upcoming Calendar Year and shall send written notice of such adjustments to Panda by December 1<sup>st</sup> of the then current Calendar Year. Additionally, the Parties recognize that the City obtains its water supply from various sources, the costs of which are also subject to change. At each and every instance that the City's direct costs associated with providing the Project Water increase, the Parties agree that the City may further adjust the Project Water Fee once each Calendar Year to reflect such actual proportional cost increases. Panda may dispute any adjustments made in the fees charged by the City in accordance with this Section 6.1(c) and request that such adjustments be reviewed by an independent third-party accounting firm selected by the City and approved by Panda. The City and Panda shall share equally in all costs associated with such independent review; provided, that, if such review results in no changes to the adjustments calculated by the City, Panda shall reimburse the City for all costs relating to such review previously paid by the City and if such review results in changes to the adjustments calculated by the City, the City shall reimburse Panda for all costs relating to such review previously paid by Panda.

(d) **Just and Reasonableness of the Rates.** The Parties recognize that the City is subject to public utility regulations in connection with providing Project Water to the Interconnection Point and, accordingly, the Parties agree that the initial Project Water Fee established in Section 6.1(a), above, is just and reasonable and does not adversely affect the public interest. The Parties further agree that any increases to the Project Water Fee are also just and reasonable and do not adversely affect the public interest, so long as such increases are made in accordance with Section 6.1(c) of this Agreement. Panda agrees not to object, oppose, or contest the Project Water Fee, so long as the Project Water Fee and/or any increases thereto are made in accordance with Section 6.1(c) of this Agreement. Notwithstanding the foregoing, nothing herein shall limit or prohibit Panda from exercising its right to contest and/or dispute any fee as set forth herein.

**6.2 Billing and Payment.** The City shall invoice Panda on a monthly basis in an amount equal to the Project Water Fee plus the Reservation Fee; and Panda shall pay all amounts within fifteen (15) Days of its receipt of any such invoice. By January 15<sup>th</sup> of every year during the Term of this Agreement, the City shall invoice Panda for an amount representing the shortfall, if any, between the total Project Water Fee paid for the prior Calendar Year and the applicable Minimum Annual Fee, as set forth in Section 6.1(a), and any applicable operation and maintenance costs for the Water Infrastructure incurred by the City during the prior Calendar Year. In the event Panda does not pay any amounts in full within thirty (30) Days of each and every invoice date, the City may charge interest on the unpaid balance at a rate of one and one-half percent (1.5%) per month as calculated from the date when the invoice payment is due until the date that such payment is received by the City. If Panda at any time disputes the fees charged by the City or the amount of a monthly invoice, Panda agrees to nevertheless timely make the disputed payment or payments. If it is subsequently determined by agreement or court decision that the disputed amount paid by Panda should have been less, or more,

the City shall promptly revise the monthly invoice amount in a manner that Panda or the City will recover the amount due and interest, with interest being calculated at the rate of one and one-half percent (1.5%) per month. Notwithstanding the foregoing, in the event Panda has failed to pay an invoice and such non-payment has lasted for at least sixty (60) Days, then the City may immediately stop supplying Project Water pursuant to Section 2.1 until it has received the payment in question and such non-payment shall qualify as an Event of Default by Panda.

### **6.3 Maintenance and Audit of Records.**

(a) During the Term, and for a minimum period of one (1) year from and after the termination or expiration of this Agreement (unless Panda is making payments pursuant to Section 11.8, in which case this Section 6.3 shall stay in full force and effect until twelve (12) months following the last payment made by Panda pursuant to Section 11.8), the City shall keep all books and records necessary for calculation, billing and payment of all fees to be paid by Panda pursuant to this Agreement and shall allow Panda, its Affiliates, lenders, auditors, representatives, agents and advisors reasonable access to those books and records at any time during the period such books and records are required to be maintained, upon request and during normal business hours.

(b) In the event an audit discloses an overpayment by Panda to the City, the City shall reimburse Panda within thirty (30) Days of written notification of such overpayment. If the Parties mutually agree, the overpayment to be reimbursed may be applied to current or future amounts owed by Panda to the City based upon the terms of this Agreement. In the event an audit discloses that an underpayment by Panda was made to the City, Panda shall reimburse the City within thirty (30) Days of written notification of such underpayment.

## **Article VII. FORCE MAJEURE**

### **7.1 Procedure for Calling Force Majeure**

(a) **Notice of Force Majeure.** The Affected Party shall give prompt notice to the other Party of any event or circumstance of Force Majeure as soon as reasonably practicable after becoming aware of such event or circumstance. Each notice served by an Affected Party to the other Party pursuant to this Section 7.1(a) shall specify the event or circumstance of Force Majeure in respect of which the Affected Party is claiming relief. Noncompliance by the Affected Party with the procedure specified in this Section 7.1(a) shall relieve the other Party from accepting the Affected Party's claim of Force Majeure until the Affected Party so complies; and the Affected Party shall not be excused from performance of any obligation under this Agreement until it so complies.

(b) **Obligations During Pendency of Force Majeure.** The Affected Party shall, by reason of any event or circumstance of Force Majeure in respect of which it has claimed relief under this Section 7.1:

- (i) use its best efforts to mitigate the effects of such Force Majeure and to remedy any inability to perform its obligations hereunder due to such event or circumstance as promptly as reasonably practicable;
- (ii) furnish weekly reports to the other Party regarding the progress in overcoming the adverse effects of such event or circumstance of Force Majeure; and
- (iii) resume the performance of its obligations under this Agreement as soon as is reasonably practicable after the event or circumstance of Force Majeure is remedied or such event or circumstance, or the effect thereof on the Affected Party, ceases to exist.
- (iv) If performance is available in part and appropriate under the circumstances of the Force Majeure, then the Party that is claiming the Force Majeure will perform to the performance level not affected by the Force Majeure, with the approval of the other Party. This subparagraph shall not apply if the performance level available under the circumstances of the Force Majeure will interfere with the City's ability to provide necessary water services to the general public.

(c) **Resumption of Performance.** When the Affected Party is able, or would have been able if it had complied with its obligations under this Section 7.1, to resume the performance of any or all of its obligations under this Agreement affected by the occurrence of an event or circumstance of Force Majeure, then the period of Force Majeure relating to such event or circumstance shall be deemed to have ended.

## **7.2 Effects of Force Majeure**

(a) **Relief From Obligation of Performance.** Provided it has complied with its obligations under Section 7.1, the Affected Party shall be relieved from any liability for the non-performance of its obligations under this Agreement where and to the extent that such non-performance is attributable directly to the event or circumstance of Force Majeure asserted.

(b) **Relief From Obligation of Counterperformance.** The non-Affected Party shall not be required to perform or resume performance of its obligations to the Affected Party corresponding to the obligations of the Affected Party excused by reason of Force Majeure.

### 7.3 Limitations on Force Majeure

(a) **Scope and Duration.** No event or circumstance of Force Majeure shall relieve the Affected Party of any obligation that accrued prior to the commencement of such event or circumstance of Force Majeure; and the suspension of the Affected Party's performance shall be no longer in duration and no greater scope than is required by the event or circumstance of Force Majeure.

(b) **No Extension of Term.** Except as agreed by the Parties, no suspension, delay or failure of performance caused by a Force Majeure event shall extend this Agreement beyond the Term.

## **Article VIII. DEFAULT AND REMEDIES; INDEMNITY**

### 8.1 Event of Default.

(a) **By the City.** The following event shall each be an "Event of Default" by the City, immediately upon its occurrence, without requirement of notice or right to cure: any failure to deliver Project Water in the Daily Requirement as set forth in Section 2.1(a) on or after the Commencement Date to the Interconnection Point due to any cause other than a Forced Outage, a Planned Outage, a cessation of Project Water as authorized in Section 6.2 or Section 8.2, or an outage due to Force Majeure, whenever occurring.

(b) **By Either Party.** Except as set forth in Sections 8.1(a), it shall be an "Event of Default" by either Party if such Party shall breach any material covenant, obligation, representation or warranty of such Party under this Agreement, which breach remains uncured for a period of thirty (30) Days after written notice from the non-breaching Party of the existence of such breach; provided, that the non-breaching Party shall extend the cure period for any such breach (and no Event of Default shall occur) if the nature of the default is such that it cannot reasonably be remedied within such thirty (30) Day period, and the breaching Party has diligently commenced corrective action within such thirty (30) Day period and is diligently pursuing such correction thereafter.

**8.2 Remedies.** Other than as set forth in Section 11.8, if an Event of Default has occurred and is continuing, the non-defaulting Party shall be entitled to the following remedies which shall be cumulative: (i) injunctive relief; (ii) specific performance; (iii) the right to cure the other Party's default; (iv) termination; (v) any of the remedies afforded in this Agreement; and (vi) any other remedies permitted at law or in equity, including damages. In addition to the aforementioned remedies, in the occurrence of an Event of Default by Panda, the City shall also be entitled to stop supplying Panda with Project Water pursuant to Section 2.1 herein until the Event of Default is cured.

### **8.3 Indemnification by Panda.**

(a) **Indemnification by Panda.** IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, PANDA 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) PANDA'S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.

(b) **Notice of Indemnified Loss.** The City's Indemnified Party shall promptly notify Panda 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 8.3. 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, Panda shall, upon notice from the City's Indemnified Party or its authorized agents or representatives, at Panda's sole cost and expense, resist and defend the same with legal counsel selected by Panda; provided, however, that Panda shall not admit liability in any such matter on behalf of the City's Indemnified Party. Panda'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 Panda and participating in the defense of any litigation by their own counsel. If Panda 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 Panda 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.

### **8.4 Insurance.**

(a) Panda shall, at its sole cost and expense, obtain, maintain and provide, throughout the term of this Contract, insurance in the amounts, types and coverages in accordance with Prudent Water Industry Practices. Such insurance may be in the form

of self-insurance to the extent permitted by applicable law or by obtaining insurance, as follows:

- (1) General commercial liability of Two Million Dollars and No Cents (\$2,000,000.00) per occurrence and Two Million Dollars and No Cents (\$2,000,000.00) in the aggregate.
- (2) Automobile liability coverage with a minimum policy limit of One Million Dollars and No Cents (\$1,000,000.00) combined single limit. This coverage shall include all owned, hired and non-owned automobiles.
- (3) Workers compensation and employers liability coverage. Statutory coverage limits for Coverage A and Five Hundred Thousand Dollars and No Cents (\$500,000.00) Coverage B employers' liability is required. Panda must provide the City with a waiver of subrogation for worker's compensation claims.

(b) The insurance coverage required herein must include coverage for work performed by Panda's contractors and subcontractors.

(c) Panda shall provide the City with written proof of insurance at least thirty (30) Days prior to the start of construction of the Water Infrastructure, and such insurance shall list the City as an additional insured, except for the Worker's compensation coverage. Panda shall not be required to furnish separate proof when applying for permits.

#### **Article IX.**

#### **REPRESENTATIONS, WARRANTIES AND COVENANTS**

**9.1 City Representations and Warranties.** The City hereby represents and warrants to Panda, as of the date hereof, as follows:

(a) The City is a municipal corporation organized under the laws of the State of Texas and has all requisite power and authority to enter into and to perform its obligations hereunder and to carry out the terms hereof and the transactions contemplated hereby.

(b) This Agreement has been duly executed and delivered on behalf of the City by the appropriate officials of the City and constitutes the legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles.

(c) The execution, delivery and performance of this Agreement by the City have been duly authorized under the Charter, the City Code and all other applicable Requirements of Law of the City and will not contravene any provision of or constitute

a default under any other agreement or instrument to which the City is a party or by which the City or its property may be bound, and do not conflict with any Requirement of Law currently in force and applicable to the City.

(d) There is no legislation, litigation, action, suit, proceeding or investigation pending or (to the best of the City's knowledge) threatened, against the City, whether related to the operation of any City facility that will supply Project Water under this Agreement, or otherwise, before or by any Governmental Authority which, if adversely determined, individually or in the aggregate, (i) could adversely affect the performance by the City of its obligations hereunder, (ii) could have a material adverse affect on the condition (financial or otherwise), business or operations of the City, or (iii) questions the validity, binding effect or enforceability thereof or of this Agreement, any action taken or to be taken pursuant hereto or any of the transactions contemplated hereby.

**9.2 Panda Representations and Warranties.** Panda represents and warrants to City, as of the date of this Agreement, as follows:

(a) Panda is a limited liability company organized and in good standing under the laws of the State of Delaware, is authorized to conduct business in Texas, and has all requisite power and authority to enter into and to perform its obligations hereunder, and to carry out the terms hereof and the transactions contemplated hereby.

(b) This Agreement has been duly executed and delivered on behalf of Panda, and constitutes the legal, valid and binding obligation of Panda, enforceable against Panda in accordance with its terms except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) general equitable principles.

(c) There is no legislation, litigation, action, suit, proceeding or investigation pending or (to the best of Panda's knowledge) threatened, against Panda or related to the operation of the Plant before or by any court, administrative agency, arbitrator or governmental authority, body or agency which, if adversely determined, individually or in the aggregate, (i) could adversely affect the performance by Panda of its obligations hereunder, (ii) could have a material adverse affect on the condition (financial or otherwise), business or operations of Panda, or (iii) questions the validity, binding effect or enforceability thereof or of this Agreement, any action taken or to be taken pursuant hereto or any of the transactions contemplated hereby.

(d) No City officer or employee has been or will be compensated in any manner with respect to directly or indirectly bringing the Parties together, agreement negotiations, or the entering into this Agreement. In no event will Panda pay a fee to or in any other manner compensate any City of Sherman Council member, officer, or employee in connection with the acceptance of this Agreement. A breach of this Section 9.2(d) shall result in automatic and immediate termination of this Agreement and shall be an Event of Default.

**Article X.**  
**CONFIDENTIALITY**

**10.1 Confidential Information.** The City acknowledges that the City and its officers, directors, employees, contractors, agents and representatives may have access to Confidential Information and that such information constitutes the valuable, special and unique property of Panda, its contractors and affiliates, to the extent that such information is expressly and specifically labeled as "Confidential Information."

**10.2 Limitations on Use and Disclosure.** The City shall maintain the Confidential Information pursuant to the Public Information Act (formerly known as the Open Records Act), Chapter 552 of the Texas Government Code. In the event a request is made for Confidential Information under such Chapter, the City shall promptly inform Panda of the request and shall seek all protective measures as may be provided by such Chapter in connection with such disclosure.

**10.3 Survival.** The provisions of this Article X shall survive the dissolution or termination of this Agreement.

**Article XI.**  
**TERM, SUSPENSION AND TERMINATION, DISPUTE RESOLUTION**

**11.1 Term.** Unless earlier terminated in accordance with this Agreement, this Agreement shall be effective as of the Effective Date; and the Term of this Agreement shall continue in full force and effect for a period of thirty (30) years from the Commencement Date.

**11.2 Termination by Panda for Cause.** Panda shall have the right (but not the obligation) to terminate this Agreement upon thirty (30) Days prior written notice to the City upon the occurrence of any Event of Default by the City.

**11.3 Termination or Suspension by Panda for Convenience.** At any time prior to the Commencement Date, Panda shall have the right, for its sole convenience and without cause, to terminate or suspend, for a period not to exceed three (3) years, in whole or in part, the City's performance of any of its duties or obligations under this Agreement, upon thirty (30) Days prior written notice to the City. If this Agreement is terminated pursuant to this provision or if the suspension of the Agreement exceeds three (3) years, then the City is entitled to all expenses it incurred as a result of this Agreement after the Effective Date of the Agreement.

**11.4 Termination by the City for Cause.** Except as otherwise provided in this Agreement, the City shall have the right (but not the obligation) to terminate this Agreement (in accordance with the terms of this Agreement) upon any of the following:

- (a) the occurrence of any Event of Default by Panda; or
- (b) if Panda has not taken delivery of Project Water for a period of twelve (12) consecutive months after the Commencement Date; or

- (c) Panda has failed to make or dispute a payment pursuant to Section 6.2 and such non-payment has lasted for more than sixty (60) Days; or
- (d) Panda's construction of the Water Infrastructure and Water Pipelines necessary to provide Project Water on the Commencement Date is not completed within five (5) years of the Effective Date of this Agreement.

**11.5 Automatic Termination.** This Agreement shall automatically terminate in the event that:

(a) the City fails to deliver the Notice of Supply due to failure of the GTUA and NTMWD to execute the transportation agreement referenced in Section 3.3 above (provided that the City has used its best efforts to secure the transportation agreement) within six (6) months after the Effective Date of this Agreement; or

(b) notwithstanding any rights and remedies available to Panda, the City is unable to obtain any necessary Permit, Permit amendment, or other necessary authorization from the TCEQ, such that the City is unable to perform its obligations hereunder and the City is unable to cure such defect for a period of twelve (12) consecutive months; provided it has used its best efforts to remedy such defect and provided, further, that Panda has not terminated this Agreement pursuant to Section 11.2.

**11.6 Termination by Either Party for Force Majeure.** Either Party shall have the right (but not the obligation) to terminate this Agreement upon seven (7) Days prior written notice to the other Party in the event the suspension of any material obligation of the Affected Party resulting from one or more events of Force Majeure continues (i) prior to the Commencement Date, for a period of more than one (1) month, or (ii) from and after the Commencement Date, for a period of more than three (3) consecutive months or for a period of more than three (3) months in the aggregate during a one (1) year period; provided that the Affected Party shall only be entitled to terminate this Agreement under this Section 11.6 if it has met its obligations under Section 7.1. The Party not claiming Force Majeure may, but shall not be obligated to, extend either such period for such additional period as it deems appropriate if the Affected Party is exercising due diligence in its efforts to cure the Force Majeure event.

**11.7 Effect of Termination; Survival.** Upon receipt of any notice of termination delivered pursuant to this Article XI, this Agreement shall terminate, effective immediately, and will be of no further force or effect, except with respect to (i) rights and obligations of the Parties arising during or relating to any period prior to termination, and (ii) the covenants and obligations of the Parties set forth in this Agreement intended to survive the expiration or termination of this Agreement, which shall survive the expiration or earlier termination of this Agreement as expressly provided in this Agreement or, if no express survival period is provided for, then until such obligations have been satisfied or, if later, pursuant to any applicable statute of limitations.

**11.8 Termination Fee.** If, any time following the Commencement Date, this Agreement is terminated by the City pursuant to Section 11.4, Panda shall pay to the City an annual amount of Two Hundred Nineteen Thousand Dollars and No Cents (\$219,000.00) as may be adjusted below (the "Termination Fee") until Panda has made such payment for a number of years equal to thirty (30) less the actual Term of the Agreement (taking into account full years only). The Termination Fee shall automatically be reduced by Twenty-Two Dollars and Twenty-Three Cents (\$22.23) per every equivalent acre foot of water sold by the City for industrial uses. It is the Parties' intent that the Termination Fee shall only be adjusted downward, with the adjusted Termination Fee carrying forward each year until the City has contracted to sell an equivalent of approximately Four Thousand Five Hundred (4,500) cumulative acre feet of water for industrial uses. The first Termination Fee shall be paid no later than sixty (60) days following the date of termination and on the anniversary of the termination date each year thereafter for the applicable time period set forth in this Section 11.8. The Parties acknowledge that, if Panda should default under this Agreement, the amount of damages to the City would be difficult if not impossible to determine; and the amount specified as liquidated damages in this section that Panda would incur is sufficient and shall represent the City's sole and exclusive remedy and shall be paid in lieu of any Minimum Annual Fee that may be owed at the time of termination pursuant to Section 6.1(c).

**11.9 Friendly Consultation and Mediation.** Except in circumstances where equitable relief is sought by a Party, any dispute, controversy or claim between the Parties arising out of or relating to this Agreement, or the breach, termination or invalidity thereof (collectively, a "Dispute"), the Parties shall attempt in the first instance to resolve such Dispute through friendly consultations between the Parties. If such consultations do not result in a resolution of the Dispute within fifteen (15) days, then the Dispute shall be submitted to a senior executive officer of Panda on the one hand and the City Manager on the other hand, with authority to resolve all issues and who shall meet within ten (10) days after the date of a written submission by either Party, describing the Dispute. If such senior executive officer and the City Manager do not resolve the Dispute within five (5) days, then the Parties agree to submit the Dispute to non-binding mediation prior to the initiation of judicial proceedings. If mediation is not conducted within ninety (90) days after the date of written notification of dispute, then either party can initiate judicial proceedings. The Parties agree to provide each other with reasonable access during normal business hours to any and all non-privileged and nonconfidential records, information and data pertaining to any such Dispute, and such other information as the Parties may mutually agree. Notwithstanding each Party's right of reasonable access under this subparagraph, this requirement may be satisfied by supplying copies of such materials to the requesting Party.

## **Article XII. MISCELLANEOUS**

**12.1 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the heirs, successors and permitted assigns of the Parties.

**12.2 Entire Agreement.** This Agreement embodies the entire agreement of the Parties on the subjects contained herein and therein and shall supersede all previous

communications, representations, or agreements either verbal or written between the Parties with respect to the same.

**12.3 Assignment.** 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 Panda 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.

**12.4 Financing Parties.** The City acknowledges that Panda or its Affiliates will borrow funds for the development, construction, ownership and operation of the Plant from a Financing Party. Any Financing Party, as a condition to making such loans or other payment, may request as a condition to such financing, and certain due diligence or other, documents from the City. In connection therewith, the City agrees to use its best efforts to promptly furnish, at Panda's expense, to such Financing Party, such written information, certificates, opinions, affidavits, and other like documents as Panda or the Financing Party may reasonably request. However, in no event shall the City Attorney be obligated to provide an opinion letter to Panda or a Financing Party concerning the rights or obligations of either Party under this Agreement. The parties shall negotiate, in good faith, changes to this Agreement reasonably requested by a Financing Party; and any amendment will be in accordance with Section 12.8.

**12.5 Notice.** Unless otherwise stated herein, any notice or other communication required or permitted under this Agreement shall be in writing, may be delivered (and shall be deemed to be received) as follows: (i) when delivered personally or by a nationally recognized overnight courier service that provides written proof of delivery, upon the date of delivery; (ii) when delivered by United States mail, registered or certified, with return receipt requested and postage prepaid, on the date of receipt, refusal or non-delivery as indicated on the return receipt; and (iii) when delivered by facsimile, upon confirmation of receipt from the recipient's fax portal; provided that, in each such case, such notice is sent to the address or fax number of the recipient set forth below:

If to City:

City Manager  
City of Sherman, Texas  
220 West Mulberry Street  
P. O. Box 1106  
Sherman, Texas 75091-1106  
Facsimile: (903) 892-7355

If to Panda:

Panda Sherman Power, LLC  
4100 Spring Valley Road, Suite 1001  
Dallas, Texas 75244  
Attention: General Counsel  
Facsimile: (972) 455-3890

Any Party may change the address at which it is to receive any notice to be sent under this Agreement by providing notice of such change to the other Party in the manner set forth in this Section 12.5.

**12.6 Cooperative Drafting.** This Agreement is the product of a cooperative drafting effort by the Parties and shall not be construed or interpreted against either Party solely on the basis that one Party or its attorney drafted this Agreement or any portion of it.

**12.7 Severability.** If any provision of this Agreement is held to be in conflict with any applicable Requirement of Law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent.

**12.8 Amendment.** This Agreement may not be amended, modified, supplemented or revoked except by an instrument in writing signed by the Parties.

**12.9 Third Party Beneficiaries.** Except as expressly provided in this Agreement, nothing in this Agreement is intended or shall be construed to confer upon, or to give to, any legal Person other than the Parties, any right, remedy, or Claim under or by reason of this Agreement; or any covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Parties shall be for the sole and exclusive benefit of the Parties. Nothing in this Agreement is intended to interfere with any agreements of any Party with any third Party.

**12.10 Deadlines.** To the extent that the date for any payment or notice due hereunder by either Party shall fall on a Day that is not a Business Day, such deadline for payment or notice, as the case may be, shall be automatically extended to the next following Business Day.

**12.11 No Waiver of Rights.**

(a) No waiver by either Party of any default or defaults by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default or defaults whether of a like or different character or shall be effective unless in writing, duly executed by a duly authorized representative of the Party waiving any such default.

(b) Neither the failure by a Party to insist on any occasion upon the strict performance of the terms, conditions and provisions of this Agreement, nor time or other indulgence granted by one Party to the other, shall act as a waiver of such breach.

**12.12 Governing Law and Venue.** This Agreement shall be governed by and construed under the laws of the State of Texas, other than with respect to conflicts of law. Jurisdiction and venue shall be proper and exclusive in the state and federal district courts located in the County of Grayson, State of Texas. If the federal district courts are relocated from Grayson County during the pendency of this Agreement, then

venue shall be proper in the federal district court in the Eastern District, Plano Division. Each of the Parties irrevocably submits to the exclusive jurisdiction of such courts in any such proceeding and waives any objection it may now or hereafter have as to venue or to convenience of forum.

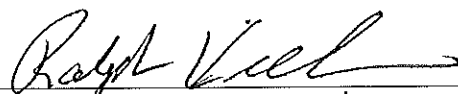
**12.13 Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Parties may execute this Agreement and all other agreements, certificates, instruments and other documents contemplated by this Agreement and exchange the counterparts of such documents by means of facsimile transmission, and the Parties agree that the receipt of such executed counterparts shall be binding on such Parties and shall be construed as originals. Thereafter, the Parties shall promptly exchange original versions of this Agreement and all other agreements, certificates, instruments and other documents contemplated by this Agreement that were executed and exchanged by facsimile transmission.

**12.14 Recording.** The City shall file a copy of this Agreement with the TCEQ within thirty (30) Days of the Effective Date.

**12.15 Effective Date.** The Effective Date of this Agreement shall be immediately upon the latter of the date that this Agreement is executed by the City and Panda.

**IN WITNESS WHEREOF,** the Parties have executed this Agreement as of the day and year first above-written.

**PANDA SHERMAN POWER, LLC**  
a Delaware limited liability company

By:   
Name: RALPH KILLIAN  
Title: SR. VICE PRESIDENT  
Date: OCTOBER 26, 2011 SVE

**CITY OF SHERMAN, TEXAS,**  
a body corporate and politic

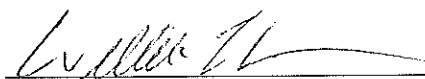
By:   
Name: Bill Magers  
Title: Mayor  
Date: October 19, 2011

Exhibit A  
to the  
Water Services Agreement

Location of the Panda Plant



**Exhibit B  
to the  
Water Services Agreement**

Location of the Raw Water Interconnection Point

The location of the Raw Water Interconnection will be located between Point A and Point B (To be determined).



**Exhibit "C"**

*Excerpt from Civil Works Construction Cost Index System*

Index Code	Feature Code	Year 3	Cost Index Year 2	Year 1
02	Relocations	690.68	676.51	646.72
03	Reservoirs	726.73	709.45	672.52
04	Dams	685.12	667.25	635.50
08	Roads, Railroads, & Bridges	690.42	676.51	635.39
11	Levees & Floodwalls	702.01	685.57	655.37
19	Buildings, Grounds & Utilities	702.49	681.88	645.52
20	Permanent Operating Equipment	702.49	681.88	645.52
	Total	4,899.94	4,779.05	4,536.54
Percentage Change from Year 1 total to Year 2 total			5.346%	
Percentage Change from Year 2 total to Year 3 total		2.530%		

*Calculation of Project Water and Annual Reservation Fee*

Project Year	Calculation	Project Water (per 1k gal)
Year 1	Panda Contract Base Amount	\$ 0.610
Year 2	\$ .61 + (5.346% X \$ .61)	\$ 0.643
Year 3	\$ .643 + (2.53% X \$ .643)	\$ 0.659

Project Year	Calculation	Annual Reservation Fee
Year 1	Panda Contract Base Amount	\$ 244,200
Year 2	\$244,200 + (5.346% X \$244,200)	\$ 257,254
Year 3	\$257,254 + (2.53% X \$257,254)	\$ 263,762



**City Council Regular Meeting**

Agenda Item No. F.2.

**Meeting Date:** 5/18/2026

**Prepared By:** Teri Fine, Assistant to the City Manager

**Approved By:**

**Caption:**

**\* Resolution No. 7647**

Adopting a Low Income Housing Tax Credit Policy

**Issue:**

Adopting a Low Income Housing Tax Credit Policy

**Background:**

A Policy Committee has been created to review City policies and create a central repository for policies. The Policy Committee will review and revise City policies regularly to ensure compliance with all local, state and federal regulations.

The Low-Income Housing Tax Credit (LIHTC) program is the federal government's primary tool for promoting affordable rental housing. It provides tax incentives to private developers and investors to build or rehabilitate housing that remains affordable for low-income households.

**Capital Improvement Program:**

**Origination:**

City Manager's Office

**Financial Consideration:**

None

**Staff Recommendation:**

Staff recommends approval of the policy

**Alternatives:**

Council may request additional changes

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**Attachments:**

1. Resolution No. 7647
2. LIHTC - Final Approval 2026-05-18

**RESOLUTION NO. 7647**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ADOPTING A LOW INCOME HOUSING TAX CREDIT POLICY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.**

**WHEREAS**, City policies are used to provide the City Council guidance to determine if projects comply with certain principles and policies in the City’s Comprehensive Master plan and is in the best interest of the City; and

**WHEREAS**, the City of Sherman Policy Committee has developed a Low Income Housing Tax Credit Policy which meets these goals; and

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

**SECTION 1.** That all prior Low Income Housing Tax Credit Policies of the City of Sherman are hereby revoked in their entirety.

**SECTION 2.** That the City of Sherman a Low Income Housing Tax Credit Policy attached hereto and made a part hereof for all purposes, is hereby adopted and shall now and hereafter govern the Low Income Housing Tax Credit activity of the City of Sherman.

**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.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS**, on this the 18<sup>th</sup> day of May 2026.

**CITY OF SHERMAN, TEXAS**

**ATTEST:**


**BY:** \_\_\_\_\_  
**TERI FINE, CITY CLERK**

**BY:** \_\_\_\_\_  
**SHAWN TEAMANN, MAYOR**

**APPROVED AS TO FORM AND CONTENT:  
THE LAW FIRM OF ABERNATHY,  
ROEDER, BOYD & HULLETT, P.C.**

**BY:** \_\_\_\_\_  
**RYAN D. PITTMAN, CITY ATTORNEY**



<b>City of Sherman Procedure Manual Administrative Directive</b>	
<b>Subject: LOW INCOME HOUSING TAX CREDIT (LIHTC)</b>	<b>Number: Admin 5</b>
<b>Effective Date: 2026-05-18 Res #XXXX</b>	
<b>Review/Revision Date:</b>	<b>Approved:</b>    <b>Dr. Zachary Flores</b>

### **I. Policy Statement**

The Low-Income Housing Tax Credit (LIHTC) program is the federal government’s primary tool for promoting affordable rental housing. It provides tax incentives to private developers and investors to build or rehabilitate housing that remains affordable for low-income households.

The Texas Department of Housing and Community Affairs administers both federal LIHTCs and a newly created state-level LIHTC, under House Bill 1058, effective January 1, 2024.

### **II. Purpose**

The City of Sherman is committed to improving affordable housing for its residents. To meet the housing and development objectives of the City of Sherman, it shall bethe City’s policy to analyze projects requesting support for proposed Low Income Housing Tax Credits (LIHTC). Such analysis is to determine if the projects comply with certain principles and policies in the City’s Comprehensive Master Plan, as well as various other master, strategic, and redevelopment or neighborhood plans adopted by the City of Sherman. The goal of this analysis is to (a) establish if LIHTC projects merit local support and/or funding assistance, and (b) prioritize LIHTC submissions if more than a single proposal is received during an evaluation period. The Planning and Development Office serves as the City’s primary staff and point of contact for all LIHTC applications for support.

### **III. Policy**

The City of Sherman will use the following criteria in evaluation of projects for consideration of City support and/or funding assistance:

- Alignment with the priorities stated in the City's Comprehensive Master Plan;
- Alignment with the City's zoning and ordinances;
- Involvement and support from local stakeholders and neighborhood organizations;
- Impact on existing affordable housing;
- Quality of design;
- Projected longevity of the development;
- Impact on City infrastructure;
- Developments that pay property taxes, or a payment-in-lieu of taxes (PILOT);
- Demonstrated development team experience;
- Contribution to the elimination of blight;
- Impact of traffic associated with the project;
- Availability of, and impact on, public transit service;
- Impact on area schools;
- Preservation of environmental assets and/or enhancement of landscaping;
- Impact on surrounding neighborhood(s);
- Amenities and services for residents included at the project;
- Provision of both tax credit and market rate units;
- Level of funding assistance requested;
- Impact of developer's past projects on previous City partners;
- Ability of the developer to successfully implement the project;
- Any other factor relevant to the best interest of the City.

### **IV. Authority of the City**

The City of Sherman reserves the right to deviate from any policy when it considers such action to be in the best interests of the City. In addition, the City may, at its discretion, consider other factors as part of its evaluation of an application for LIHTC project support.

### **V. Procedure**

Required Information: Before any project will be evaluated by City staff, each entity requesting support and/or funding assistance must submit the City of Sherman's LIHTC Project Support and Funding Assistance Application with all attachments. The application and list of required documents are available on the City's website at [www.ci.sherman.tx.us/1031/LIHTC-Policy](http://www.ci.sherman.tx.us/1031/LIHTC-Policy). Completed applications and question need to be submitted to the Planning Department at [planning@cityofsherman.com](mailto:planning@cityofsherman.com).

Following the submittal of an application, meetings with the developer, sponsor, and relevant City staff may take place to discuss the proposed project, as well as any issues and concerns identified in the application. Should City staff deem an application

acceptable under the criteria listed above, the applicant will be requested to give a presentation to the City Council seeking support approval for their project.

**Decisions on Requests of Support:** No commitment of support will be provided for a proposed LIHTC project that was denied support by the City Council. An exception can be granted if the applicant has made modifications to the project based on feedback from Council. No commitment of support for a proposed LIHTC project will remain in effect for more than one (1) year from the date of written support. If a project is not started within the year of application and a new application must be submitted, a new commitment of support will be required.

**Substantial Changes:** Should a project which receives support and/or funding assistance from the City have a substantial change, including, but not limited to, the following, before the start of construction, the developer must notify the City of Sherman in writing and request a new commitment of support:

- Number of units;
- Type of units;
- Target population;
- Amenities;
- Type of construction;
- Developer / sponsor / owner;
- Assistance required from City;
- Final site development plan

**Administration of the LIHTC Program:** The LIHTC program in the State of Texas is administered by the Texas Department of Housing & Community Affairs. The City of Sherman has no responsibility for application approval for LIHTC projects or for the administration of the LIHTC program.



**City Council Regular Meeting**

Agenda Item No. F.3.

**Meeting Date:** 5/18/2026

**Prepared By:** Clint Philpott, Assistant City Manager

**Approved By:**

**Caption:**

**\* RESOLUTION NO. 7648**

Approving the Greater Texoma Utility Authority's Intention to Approve the Cost Share Agreement for the Lake Texoma Pump Station Improvements and Texoma Raw Water Pipeline No. 2 Projects

**Issue:**

To consider approving the Greater Texoma Utility Authority's Intention to Approve the Cost Share Agreement for Lake Texoma Pump Station Improvements and Texoma Raw Water Pipeline No. 2 Projects.

**Background:**

The City of Sherman needed to make improvements to the Lake Texoma Pump Station from its existing 14-MGD capacity to 30-MGD capacity to meet the demands of recent growth. This project included shared infrastructure with North Texas Municipal Water District (NTMWD).

Based on continued growth and redundancy, both the City of Sherman and NTMWD need to construct a parallel 84-inch pipeline from Lake Texoma to the North Texas Howe Balancing Reservoir.

This agreement details what portions of both projects are shared cost. The Lake Texoma Pump Station is complete, and the shared cost is being credited to Sherman towards the 84-inch water line project in the amount of about \$11 million.

The total cost for both projects is about \$550 million, with the Sherman portion of that cost being about \$70 million.

The total amount remaining to be paid by Sherman to North Texas is about \$45 million, which is to be paid in two separate payments. The first in August 2026 (\$2.9 million) for pipe procurement and the second in March 2027 (\$42.1 million) for the Pipeline CMAR Contract.

Approval is contingent on GTUA award.

**Capital Improvement Program:**

**Origination:**

Management Services

**Financial Consideration:**

Funds for this project will be provided by GTUA through the 2025 Open Market Bond and the 2027 Open Market Bond.

**Staff Recommendation:**

It is recommended that the City Council approve GTUA's intention to Approve the Cost Share Agreement for

Lake Texoma Pump Station Improvements and Texoma Raw Water Pipeline No. 2 Projects.

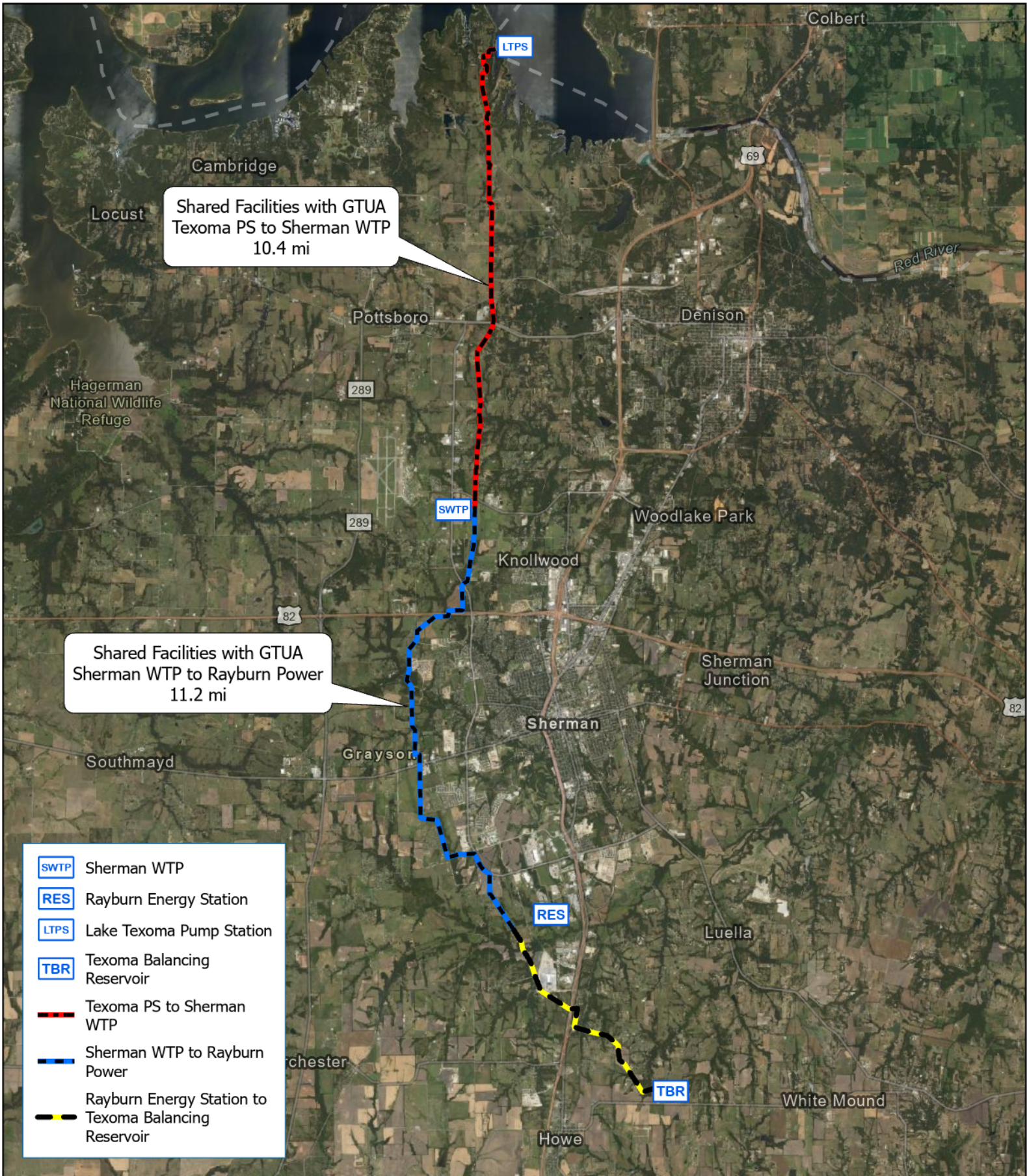
**Alternatives:**

As may be directed by the City Council

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**Attachments:**

1. Pipeline Location Map
2. ILA NTMWD-GTUA-Sherman - 20260512 Final
3. ILA NTMWD-GTUA-Sherman - Exhibits Final



**Texoma Raw Water Pipeline No. 2  
Shared Facilities with GTUA  
Project No. 101-0633-23**



**COST SHARE AGREEMENT  
FOR LAKE TEXOMA PUMP STATION IMPROVEMENTS AND TEXOMA RAW  
WATER PIPELINE NO. 2 PROJECTS**

This Cost Share Agreement for Lake Texoma Pump Station Improvements, SHM23287, and Texoma Raw Water Pipeline No.2, Project No. 101-0633-23, Projects (the “**Agreement**”) is made this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, (the “**Effective Date**”) by and between North Texas Municipal Water District, a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution (“**NTMWD**”) and Greater Texoma Utility Authority, a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution (“**GTUA**”). NTMWD and GTUA may be collectively referred to herein as the “**Parties**”.

**RECITALS**

WHEREAS, NTMWD and GTUA entered into that certain *Contractual Agreement – Texoma Water Diversion* dated October 31, 1985 (the “**Water Diversion Contract**”) which, among other things, contemplated the construction of certain intake pump facilities for raw water intake and distribution from Lake Texoma, defined as the “**Joint Facilities**” in the Water Diversion Contract; and

WHEREAS, previous cost share agreements for Lake Texoma facilities benefiting both NTMWD and GTUA have historically reflected an 80/20 split between NTMWD and GTUA contributions, respectively. This Agreement establishes a revised cost allocation of 75/25 between NTMWD and GTUA. All existing executed cost share agreements remain separate and are unaffected by this Agreement, with payments between GTUA and NTMWD continuing in accordance with the terms of their respective agreements; and

WHEREAS, the Water Diversion Contract contemplates that the Parties shall enter into separate agreements for the distribution of proportionate costs of future improvements related to the Joint Facilities; and

WHEREAS, in association with the Lake Texoma Pump Station Improvements, Project No. SHM23287, the City of Sherman, Texas (“**City**”) has completed the design and construction of improvements to the City’s designated pumps and associated infrastructure (collectively, the “**Pump Station Improvements**”). The Parties have agreed to allow NTMWD future use of the proposed 54-inch pipeline header from any side of the pump station and associated appurtenances to the parallel pipe connection, which comprise a portion of the Pump Station Improvements, making a limited portion of the Pump Station Improvements a “**Joint Facility**” as defined in the Water Diversion Contract (the “**Shared Pump Station Improvements**”); and

WHEREAS, in association with the Texoma Raw Water Pipeline (RWPL) No. 2, Project No. 101-0633-23, NTMWD will design and build an 84-inch Poly-coated, mortar-lined steel pipeline with associated valves and appurtenances, from the existing Lake Texoma Pump Station to the Texoma Balancing Reservoir in Howe, Texas (collectively, the “**Pipeline Improvements**”). The Parties have agreed to include take points from the Pipeline Improvements to the Sherman

Water Treatment Plant at the two take points that match the existing take points along the 72-inch raw water pipeline and a third take point that matches the existing take point at the Rayburn Energy Station (previously known as Panda Power Plant); hence considering it a Joint Facility as defined in the Water Diversion Contract (the “**Shared Pipeline Section**” and together with the Shared Pump Station Improvements, the “**Shared Infrastructure**”); and

WHEREAS, each Party represents that it is independently authorized to perform the functions or services contemplated in this Agreement; and

WHEREAS, each Party desires to enter into this Agreement pursuant to Chapter 791 of the Texas Government Code, the Interlocal Cooperation Act, as amended; and

WHEREAS, the subject matter of this Agreement constitutes a governmental function that serves the public health, safety and welfare and is of mutual concern to the Parties; and

WHEREAS, each Party obligated to pay for the performance of governmental functions or services under this Agreement shall make those payments from current revenues available to the paying Party and all payments are in an amount that fairly compensates the performing Party for the services or functions performed under this Agreement; and

WHEREAS, the Parties desire to memorialize their agreement as to the sharing of the costs of construction of the Shared Infrastructure.

## **AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Limits of Shared Pump Station Improvements.** The Shared Pump Station Improvements are limited to 114 linear feet of the 54-inch pipeline and associated appurtenances to the connection of the parallel transmission pipes, as depicted in the shaded portion of **Exhibit A-1**, attached hereto.
2. **Limits of Shared Pipeline Section.** The Shared Pipeline Section is limited to all portions of the pipeline and appurtenances from the connection at Lake Texoma Pump Station (PS) to Sherman Water Treatment Plant (WTP) at La Cima Road (approximately 10.4 miles south of the Lake Texoma Pump Station), then continuing on to the connection at Rayburn Energy Station at Progress Drive (approximately 11.2 miles south of Sherman WTP), for a total of approximately 21.6 miles of shared pipeline, as depicted in the red and blue sections of the pipeline shown on **Exhibit A-2**, attached hereto.
3. **Construction of the Pump Station Improvements.** City shall have the sole discretion and responsibility for the planning, design, construction, and installation of the Pump Station Improvements included in Project No. SHM23287). NTMWD agrees to credit

GTUA a percentage of the Shared Pump Station Improvements. The mutually agreed upon estimated costs of the Pump Station Improvements Project is attached hereto as **Exhibit B-1**.

4. **Construction of the Pipeline Improvements.** NTMWD shall have the sole discretion and responsibility for the planning, design, construction, and installation of the Pipeline Improvements as depicted in the contract documents for NTMWD Project No. 101-0633-23. NTMWD has entered into an agreement dated October 23, 2025, with Garney as the Construction Manager at Risk to construct this project, currently scheduled for final completion October 2030. The mutually agreed upon estimated costs of the Pipeline Improvements Project is attached hereto as **Exhibit B-2**.
5. **Costs of Construction.** Attached hereto as **Exhibit B-3** is a summary of the total estimated costs for each project and the calculation of estimated shared costs (the “**Total Project Costs**”). Each Party shall maintain a system of records necessary to support and establish the eligibility of all payment claims made under this Agreement. These records may be reviewed by the other Party at any reasonable time to substantiate the payment claim by a Party and/or determine the need for an adjustment in the payment amount asserted by a Party. Notwithstanding any statement to the contrary in this Agreement, in the event the estimated shared costs amounts set forth in **Exhibit B-3** exceed the actual shared costs amount of either project by 25% or more, the Parties agree to enter into good-faith negotiations regarding a final true-up to determine the amount due from either Party under this Agreement.
6. **GTUA Share.** In regard to the Shared Pump Station Improvements, GTUA hereby agrees to pay 25% of the actual cost of the Shared Pump Station Improvements as shown on **Exhibit B-3**. In regard to the Shared Pipeline Section, GTUA hereby agrees to pay 25% of the actual cost of the Shared Pipeline Section depicted in red on Exhibit A-2 (the pipeline section from the Lake Texoma PS to the Sherman WTP) and 2% of the actual cost of the portion of the Shared Pipeline Section depicted in blue on Exhibit A-2 (the pipeline section from the Sherman WTP to the Rayburn Energy Station)(collectively, the “**GTUA Share**”). The GTUA Share is currently estimated to be \$60,499,608.53, as depicted on **Exhibit B-3**. (25% of Shared Pump Station Improvements=\$4,390,260.32; 25% of red portion of Shared Pipeline Section=\$51,658,748.35; 2% of blue portion of Shared Pipeline Section=\$4,450,599.86).
7. **NTMWD Share.** In regard to the Shared Pump Station Improvements, NTMWD hereby agrees to pay 75% of the actual cost of the Shared Pump Station Improvements, as shown on **Exhibit B-3**. In regard to the Shared Pipeline Section, NTMWD hereby agrees to pay 75% of the actual cost of the Shared Pipeline Section depicted in red on Exhibit A-2 (the

pipeline section from the Lake Texoma PS to the Sherman WTP) and 98% of the actual cost of the portion of the Shared Pipeline Section depicted in blue on Exhibit A-2 (the pipeline section from the Sherman WTP to the Rayburn Energy Station) (collectively, the “*NTMWD Share*”). The NTMWD Share is currently estimated to be \$384,181,477.04, as depicted on **Exhibit B-3**. (75% of Shared Pump Station Improvements=\$11,125,838.95; 75% of red portion of Shared Pipeline Section=\$154,976,245.05; 98% of blue portion of Shared Pipeline Section=\$218,079,393.04).

**8. Construction Costs Subject to Change.** Construction costs of the Pipeline Improvements, including the Shared Pipeline Section, are subject to change according to the contract awarded, change orders, amendments, and final payment as approved by the NTMWD’s Board of Directors. Construction costs of the Pump Station Improvements, including the Shared Pump Station Improvements, are subject to change according to the contract awarded, change orders, amendments, and final payment as approved by GTUA’s Board of Directors. While Exhibit B-3 to the Agreement includes projected costs of construction, it is understood by all Parties that these are just estimates and that the final calculation of the GTUA Share and NTMWD Share will be based upon the actual final costs and allocated based upon the percentages set forth in Paragraphs 6 and 7, above.

**9. Payments/Credit of Parties’ Respective Shares.**

A. **Payment for Pump Station Improvements.** GTUA shall make all payments related to the planning, design, construction, and installation of the Pump Station Improvements. As detailed in Section 7, above, NTMWD has agreed to pay 75% of the actual cost of the Shared Pump Station Improvements. The estimated amount to be paid by NTMWD for its 75% of the Shared Pump Station Improvements costs is currently \$11,125,838.95, as detailed on **Exhibit B-3**. Rather than make this payment in cash to GTUA, NTMWD shall provide its 75% of the Shared Pump Station Improvements costs to GTUA in the form of a credit against GTUA’s obligations to pay the GTUA Share to NTMWD, the mechanics and timing of which is detailed in Section 9(B), below.

B. **Payment for the Pipeline Improvements.** NTMWD shall make all payments related to the planning, design, construction, and installation of the Pipeline Improvements. As detailed in Section 6, above, GTUA has agreed to pay to NTMWD 25% of the actual cost of the Shared Pipeline Section depicted in red on **Exhibit A-2** (the pipeline section from the Lake Texoma PS to the Sherman WTP) and 2% of the actual cost of the portion of the Shared Pipeline Section depicted in blue on **Exhibit A-2** (the pipeline section from the Sherman WTP to the Rayburn Energy Station). The estimated amount to be paid by GTUA for its 25% of the actual cost of the Shared Pipeline Section

depicted in red on **Exhibit A-2** (the pipeline section from the Lake Texoma PS to the Sherman WTP) is \$51,658,748.35, as detailed on **Exhibit B-3**. The estimated amount to be paid by GTUA for its 2% of the actual cost of the Shared Pipeline Section depicted in blue on **Exhibit A-2** (the pipeline section from the Sherman WTP to the Rayburn Energy Station) is \$4,450,599.86, as detailed on **Exhibit B-3**. The total estimated amount to be paid by GTUA to NTMWD for the Shared Pipeline Section is \$56,109,348.21. As described in Section 9(A), above, this amount shall be reduced by the credit to be given by NTMWD for its 75% of the Shared Pump Station Improvements costs, thereby reducing the total amount estimated to be paid by GTUA to NTMWD for its share of the Shared Pipeline Section costs to \$44,983,509.26 (i.e., \$56,109,348.21 minus \$11,125,838.95).

GTUA's payment schedule for its share of the Shared Pipeline Section costs are as follows:

1. GTUA shall pay to NTMWD an amount equal to 25% of the estimated GTUA Share minus the amount of the credit as described in Section 9(A) ( $\$56,109,348.21 * .25 = \$14,027,337.05 - \$11,125,838.95 = \mathbf{\$2,901,498.10}$ ) no later than thirty (30) days after NTMWD provides to GTUA written notice with supporting evidence that a work authorization for pipe material procurement has been awarded by NTMWD's Board of Directors for the Pipeline Improvements. Notwithstanding anything to the contrary, the above-reference payment shall be made by GTUA to NTMWD no later than August 1, 2026.
2. GTUA shall pay to NTMWD an amount equal to the balance (75%) of the estimated GTUA Share ( $\$56,109,348.21 * 0.75 = \$42,082,011.16$ ) no later than thirty (30) days after NTMWD provides to GTUA written notice with supporting evidence that the first work authorization for the Share Pipeline Section has been awarded by NTMWD's Board of Directors. Notwithstanding anything to the contrary, in no event must the payment required by this subsection be required to be made prior to September 30, 2026. Notwithstanding anything to the contrary, the above-reference payment shall be made by GTUA to NTMWD no later than March 1, 2027, in time for the contemplated March 25, 2027, NTMWD Board consideration of the construction work packages.
3. **"True Up."** Thirty (30) days after final completion of Texoma Raw Water Pipeline (RWPL) No. 2, Project No.101-0633-23, currently scheduled for October 2030 but subject to change, NTMWD and GTUA will prepare and deliver to each other a final accounting of all costs expended on the Texoma Pump Station Improvements Project and the Texoma Raw Water Pipeline

(RWPL) No. 2, Project No.101-0633-23, respectively, and the interest earnings on any of the GTUA deposited funds, along with backup documentation. In the event that upon accounting for the actual costs of construction, GTUA has paid to NTMWD more than the actual GTUA Share plus any interest earnings, NTMWD shall pay to GTUA within thirty (30) days any money necessary to “true up” the accounting. In the event that upon accounting for the actual costs of construction, GTUA has paid to NTMWD less than the actual GTUA Share plus any interest earnings, GTUA shall pay to NTMWD within thirty (30) days any money necessary to “true up” the accounting.

10. **Management of GTUA Deposited Funds.** NTMWD shall deposit and maintain all funds paid by GTUA pursuant to this Agreement in a separate, interest-bearing account, such as a Local Government Investment Pool or other similar account authorized under applicable law and in compliance with NTMWD’s Investment Policy. These funds shall not be commingled with any other funds of NTMWD. All interest or investment earnings accrued on the deposited funds shall be the sole property of GTUA and shall be credited accordingly.
11. **Operation and Maintenance.** Operation and maintenance of the Shared Infrastructure shall continue to be performed in accordance with that certain *Operation and Maintenance Agreement* between the Parties, dated January 20, 2004, including any amendments or successor agreements thereto.
12. **Notice / Opportunity to Cure / Remedies.** Each Party shall have any and all rights and remedies available to them at law or in equity in the event of a breach of this Agreement. In the event of a breach by either Party of any of the covenants or obligations contained in this Agreement, the non-breaching Party shall notify the breaching Party in writing and specify the nature of the breach. The breaching Party shall thereafter have thirty (30) days from date the notice is received in which to cure such breach, failing in which the non-breaching Party shall be entitled to terminate this Agreement by written notice to the breaching party and to seek recovery of any and all remedies to which it is entitled under the Agreement, at law, and/or in equity.
13. **Liability.** The provisions of this Agreement are solely for the benefit of the Parties and are not intended to create or grant any rights, contractual or otherwise, to any other person or entity other than as stated in this Agreement.
14. **Notice.** Any notice required herein must be in writing and served by depositing the same in the United States mail postpaid and registered or certified to the Party to be notified,

with return receipt requested. For the purposes of notice, the addresses of the Parties shall be as follows:

**NTMWD:**

Attn: Executive Director and General Manager  
North Texas Municipal Water District  
P.O. Box 2408  
Wylie, Texas 75098  
Phone: (972) 442-5405

**GTUA:**

Attn: General Manager  
Greater Texoma Utility Authority  
5100 Airport Road  
Denison, TX 75020  
Phone: (903) 786-4433

15. **No Third-Party Beneficiaries.** NTMWD and GTUA are entering into this Agreement solely for the benefit of themselves and agree that nothing in this Agreement shall be construed to confer any right, privilege or benefit on any person or entity other than the Parties.
16. **No Partnership.** None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in their respective businesses or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise. Each Party shall be considered a separate entity, and no Party shall have the right to act as an agent for another Party, unless expressly authorized to do so herein or by separate written instrument signed by the Party to be charged.
17. **Entire Agreement; Amendments; Captions.** This Agreement, along with the Water Diversion Contract, contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior or contemporaneous agreements or understandings, verbal or written, between the parties hereto respecting such matters. This Agreement may be amended by written agreement of amendment executed by both parties thereto, but not otherwise. Section headings shall not be used in construing this Agreement.
18. **Attorneys' Fees.** In the event any legal action or proceeding is commenced to interpret or enforce the terms of, or obligations arising out of, this Agreement, or to recover damages for the breach thereof, the Party prevailing in any such action or proceedings shall be entitled to recover from the non-prevailing Party all reasonable attorneys' fees and

reasonable costs and expenses incurred by the prevailing Party, including such fees and costs incurred with respect to appeals, arbitrations and bankruptcy proceedings.

19. **Cumulative Remedies.** No remedy conferred upon a Party in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute (except as otherwise expressly herein provided).
20. **Binding Effect; Governing Law.** Except as expressly provided otherwise in this Agreement, all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without regard to the rules governing choice of law. The parties agree that the exclusive venue for any dispute arising out of this Agreement shall be the State District Courts of Collin County Texas.
21. **Successors and Assigns.** Neither Party may assign or transfer its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall be at the sole discretion of such Party.
22. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.
23. **Severability.** If any provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and every other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
24. **Immunity.** It is expressly understood and agreed that, in the execution and performance of this Agreement, neither Party has waived, nor shall be deemed hereby to have waived, any defense or immunity, including governmental, sovereign and official immunity, that would otherwise be available to it against claims arising in the exercise of governmental powers and functions. By entering into this Agreement, the Parties do not create any obligations, express or implied, other than those set forth herein.

**NTMWD:**

**NORTH TEXAS MUNICIPAL WATER DISTRICT**, a  
conservation and reclamation district created pursuant to Article  
XVI, Section 59, of the Texas Constitution

By: \_\_\_\_\_

Name: Jennafer P. Covington

Title: Executive Director and General Manager

Attest: \_\_\_\_\_

**GTUA:**

**GREATER TEXOMA UTILITY AUTHORITY**, a  
conservation and reclamation district created pursuant to Article  
XVI, Section 59, of the Texas Constitution

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

**EXHIBIT A**

***Limits of Shared Infrastructure per Project***

*Exhibit A-1*  
*Pump Station Improvements*

*Exhibit A-2*  
*Pipeline Improvements*

**EXHIBIT B**  
*Estimated Total Project Costs*

*Exhibit B-1*  
*Pump Station Improvements Costs*

***Exhibit B-2***  
***Texoma Raw Water Pipeline No. 2 OPCC***

*Exhibit B-3*  
*Costs Table Summary*

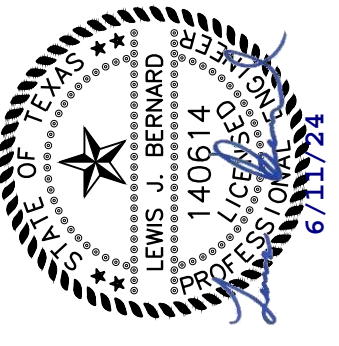
*Exhibit B-4*  
*GTUA Estimated Payments Schedule*

**EXHIBIT A**

*Limits of Shared Infrastructure per Project*

*Exhibit A-1*

*Lake Texoma Pump Station Expansion Project*



CITY OF SHERMAN, GRAYSON COUNTY, TEXAS  
**LAKE TEXOMA PUMP STATION EXPANSION**

PROCESS

LOWER LEVEL PLAN

NO.	ISSUE	DATE	BY	FILE NAME
0	VERIFY SCALE			TU-SHM23287-R23.RVT
1	Bar is one inch on original drawing. If not one inch on this sheet, adjust scale.			

DESIGNED	LIB	DRAWN	WFA	LIB	LIB	EJE
SHM23287						
DATE	5/27/2024					

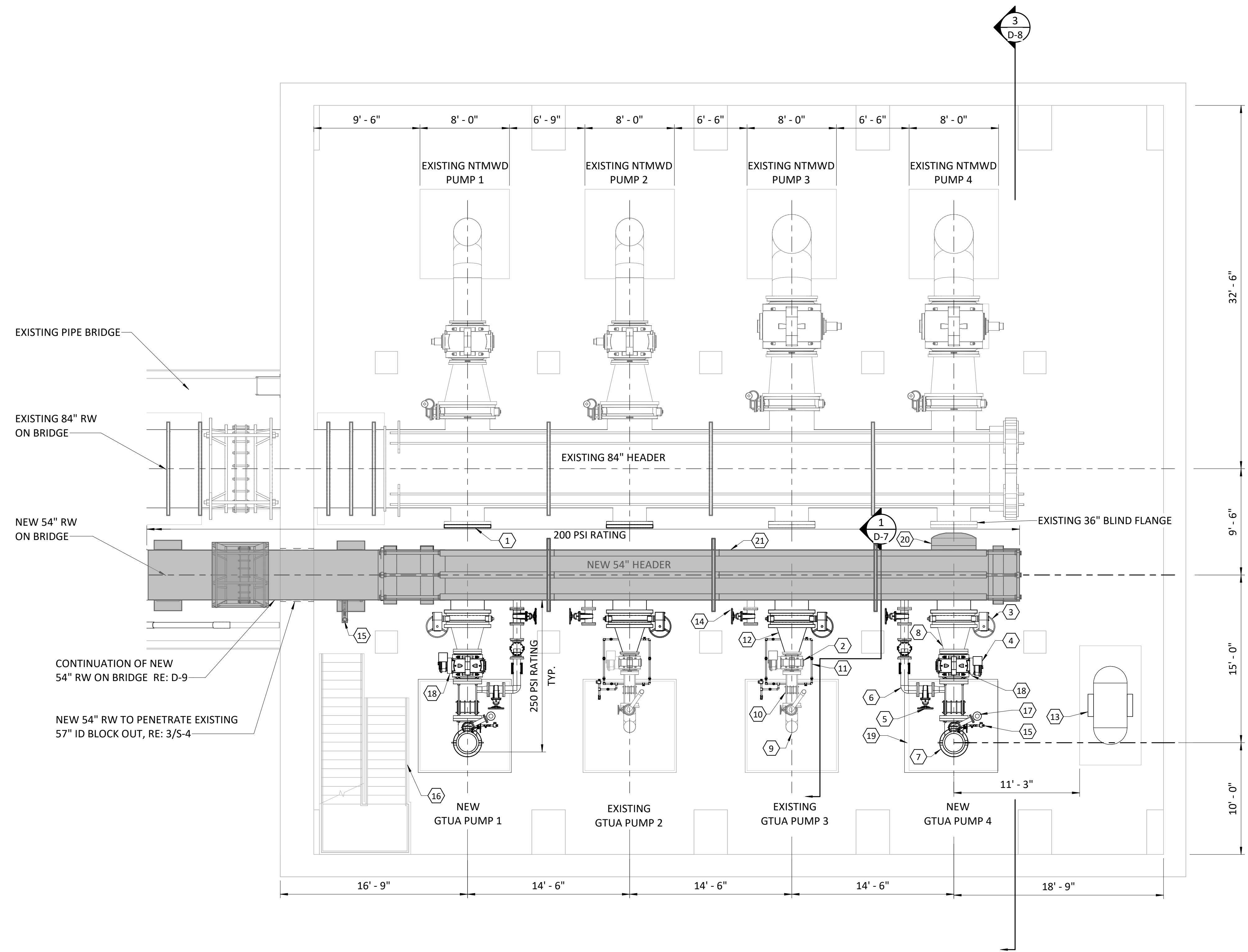
Shared Infrastructure -  
City of Sherman and  
NTMWD

**GENERAL NOTES**

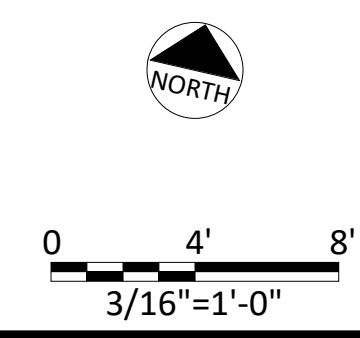
1. THE DIMENSIONS OF VALVES, PIPING AND PUMPS ARE BASED UPON EXISTING PROJECT INFORMATION AND GENERAL DESIGN STANDARDS. CONTRACTOR TO VERIFY ALL LAY LENGTHS PRIOR TO THE SUBMITTAL OF LAY DRAWINGS AND INCORPORATE INTO THE LAY DRAWINGS ANY ADJUSTMENTS REQUIRED TO ACCOMMODATE ANY EQUIPMENT OR PIPING DIMENSIONS WHICH DIFFER FROM THOSE SHOWN. ANY QUESTIONS REGARDING DIMENSION ADJUSTMENT SHALL BE DIRECTED TO THE ENGINEER.
2. ALL BUTTERFLY VALVES SHALL BE INSTALLED WITH THE SEAT FACING THE UPSTREAM SIDE.
3. RE: SECTION G. OF GENERAL NOTES. COORDINATE SHUTDOWNS WITH OWNER'S REPRESENTATIVE.
4. NOTES BY SYMBOL SHOWN FOR GTUA PUMP 3 ARE SIMILAR FOR PUMP 2. NOTES BY SYMBOL SHOWN FOR GTUA PUMP 4 ARE SIMILAR FOR PUMP 1.
5. ALL PIPING, VALVES, APPURTENANCES, AND ACCESSORIES BETWEEN THE PUMP AND HEADER SHALL BE RATED AT 250 PSI. ALL OTHER PIPING, VALVES, APPURTENANCES AND ACCESSORIES SHALL BE RATED AT 200 PSI.

**NOTES BY SYMBOL "X"**

- 1 36" BLIND FLANGE (NEW) TYP OF 3
- 2 12" PUMP CONTROL BALL VALVE (EXISTING), TYP OF 2
- 3 36" BUTTERFLY VALVE (NEW) TYP OF 4
- 4 20" PUMP BALL CONTROL VALVE (NEW) TYP OF 2
- 5 20" THRUST HARNESS WITH DRESSER COUPLING (NEW) TYP OF 2
- 6 8" BYPASS W/ ISOLATION AND CHECK VALVES, (NEW) TYP OF 2
- 7 20" PUMP DISCHARGE HEAD W/ PRESSURE AND AIR/VACUUM TAPS, 16.5 MGD TYP OF 2
- 8 36" X 20" REDUCER (NEW) TYP OF 2
- 9 12" PUMP DISCHARGE HEAD, 7 MGD, (EXISTING) TYP OF 2
- 10 12" THRUST HARNESS W/ DRESSER COUPLING, (EXISTING), TYP OF 2
- 11 1" PUMP BYPASS W/ ISOLATION AND CHECK VALVES (NEW), TYP OF 2
- 12 36" X 12" REDUCER, (NEW), TYP OF 2
- 13 HYDRAULIC POWER UNIT FOR CONTROL VALVE (EXISTING)
- 14 8" FLANGED CONNECTION W/ GATE VALVE AND BLIND FLANGE FOR FUTURE PUMP BYPASS, TYP OF 2
- 15 PRESSURE GAUGE AND TRANSMITTER, TYP OF 3
- 16 EXISTING STAIRS FROM PUMP STATION UPPER LEVEL TO LOWER LEVEL
- 17 4" AIR RELEASE ASSEMBLY WITH DRAIN PIPE, 4" PAV, 4" CAV AND ISOLATION VALVES, TYP OF 2
- 18 BALL VALVE CONTROL PANEL (NEW) TYP OF 2
- 19 PUMP BAY COVER PLATE (NEW) RE: 3/D-11, TYP OF 2
- 20 NEW 48" WELDED PLUG
- 21 54" HEADER (NEW), REFER TO SECTION 33 05 24.10 PRESSURE BALANCED UNIVERSAL EXPANSION JOINT



1 LOWER LEVEL FLOOR PLAN  
3/16" = 1'-0"



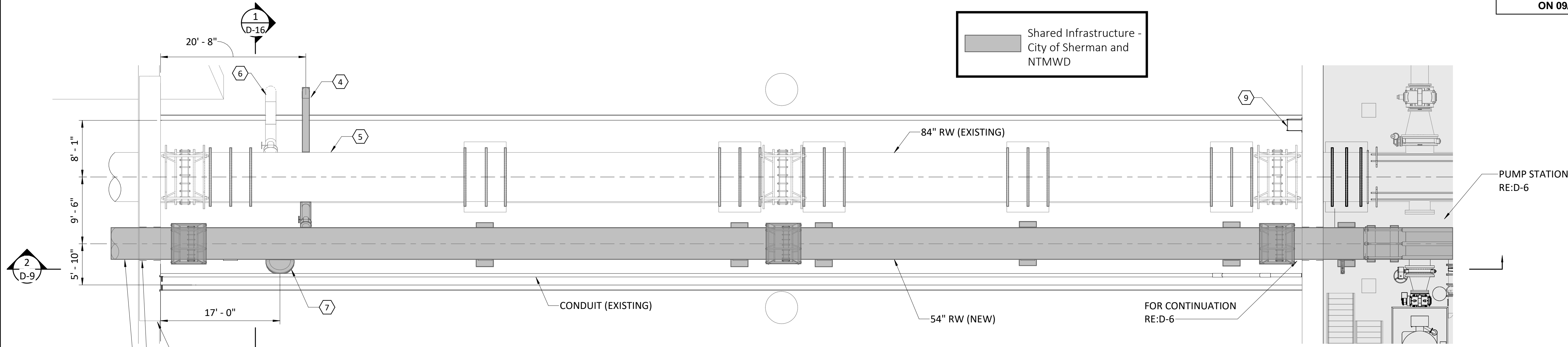


**Freesee and Nichols**  
5805 Main Street, Suite B  
Frisco, TX 75034  
Phone - (972) 624-9201  
Web - www.freesee.com

CITY OF SHERMAN, GRAYSON COUNTY, TEXAS  
**LAKE TEXOMA PUMP STATION EXPANSION**

PROCESS  
**PIPE AT BRIDGE PLAN AND SECTION**

PROJ. NO.	SHM23287
DATE	5/27/2024
DESIGNED	TSG
DRAWN	WFA
LIB	LIB
BY	LIB
DATE	6/26/2024
ISSUE	EJE
NO.	1
FILE NAME	TU-SHM23287-R23.RVT



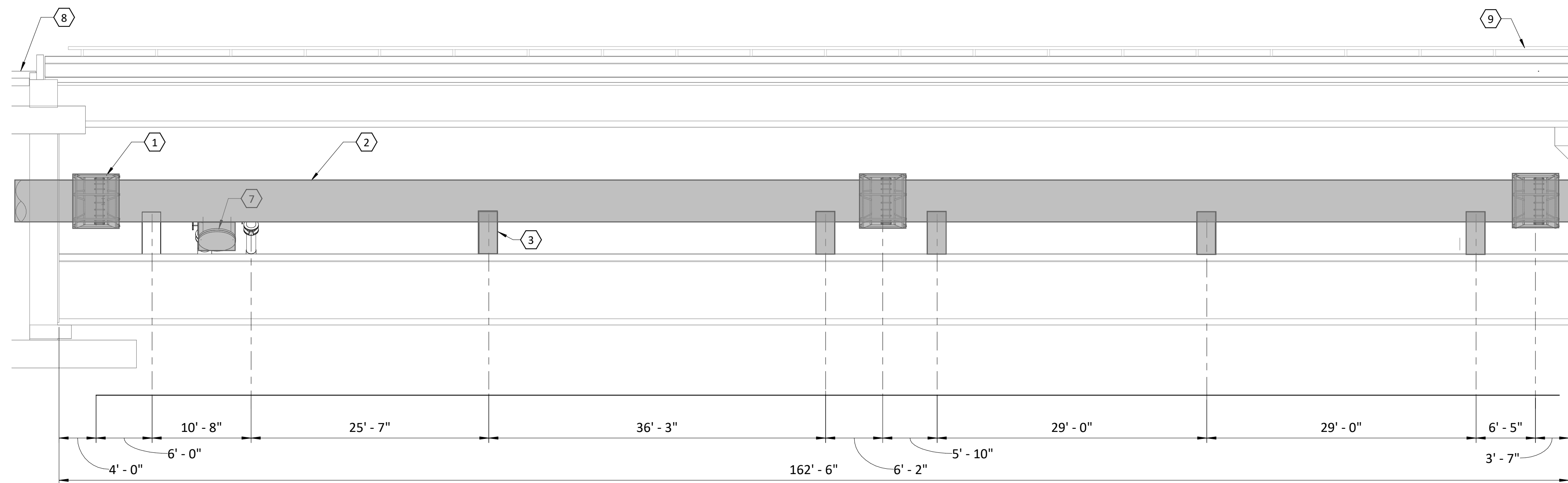
**1 BRIDGE PIPING PLAN**  
1/8" = 1'-0"

**NOTES BY SYMBOL "X"**

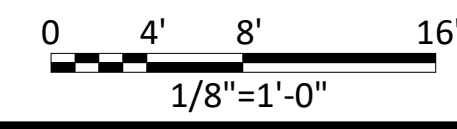
- 1 54" HARNESSSED COUPLING (NEW) RE: 5/D-15
- 2 54" RW (NEW)
- 3 54" PIPE SUPPORT (NEW)
- 4 12" DRAIN (NEW)
- 5 84" RW (EXISTING)
- 6 18" DRAIN (EXISTING)
- 7 36" MANWAY (NEW)
- 8 EXISTING VEHICULAR BRIDGE
- 9 NEW BRIDGE ACCESS LADDER (NOTE 4)

**GENERAL NOTES**

1. THE DIMENSIONS OF VALVES, PIPING AND PUMPS ARE BASED UPON EXISTING PROJECT INFORMATION AND GENERAL DESIGN STANDARDS. CONTRACTOR TO VERIFY ALL LAY LENGTHS PRIOR TO THE SUBMITTAL OF LAY DRAWINGS AND INCORPORATE INTO THE LAY DRAWINGS ANY ADJUSTMENTS REQUIRED TO ACCOMMODATE ANY EQUIPMENT OR PIPING DIMENSIONS WHICH DIFFER FROM THOSE SHOWN. ANY QUESTIONS REGARDING DIMENSION ADJUSTMENT SHALL BE DIRECTED TO THE ENGINEER.
2. EXISTING CONDUIT IS SHOWN SCHEMATICALLY AND MUST REMAIN IN SERVICE. CONTRACTOR SHALL FAMILIARIZE THEMSELVES WITH THE NUMBER, SIZE AND LOCATION OF CONDUIT PRIOR TO BID.
3. 84" RW NOT SHOWN IN SECTION VIEW FOR CLARITY.
4. A NEW BRIDGE ACCESS LADDER WILL BE INSTALLED UNDER A SEPERATE CONTRACT PRIOR TO COMMENCMENT OF THIS CONTRACT.

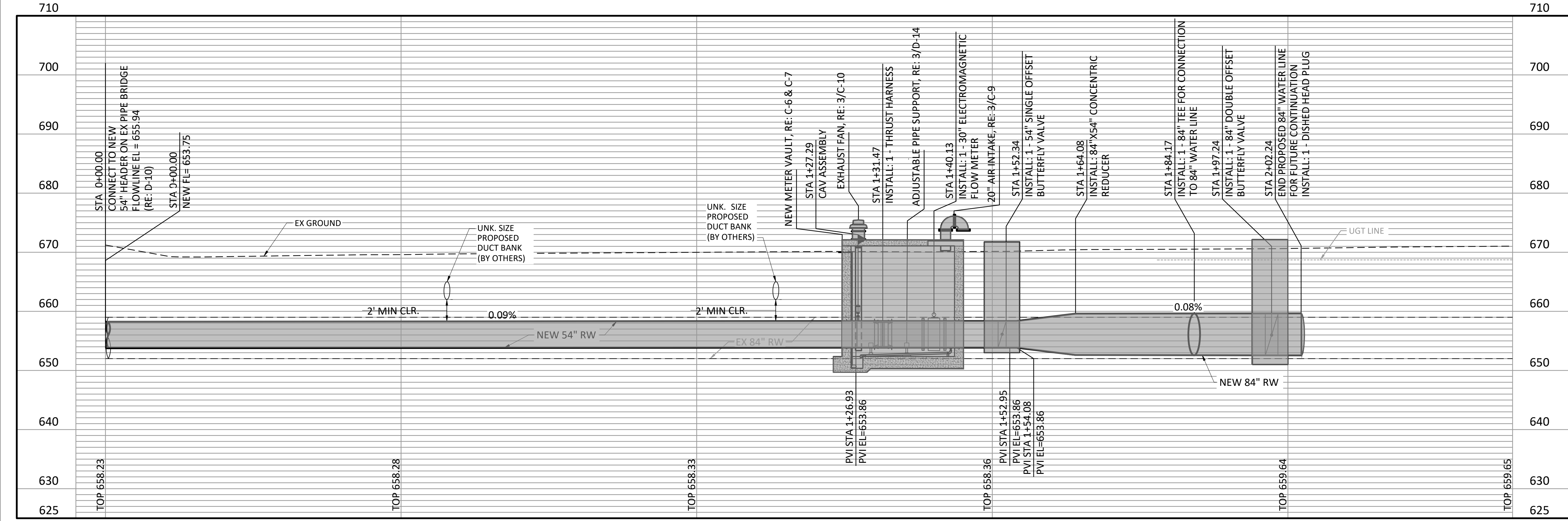
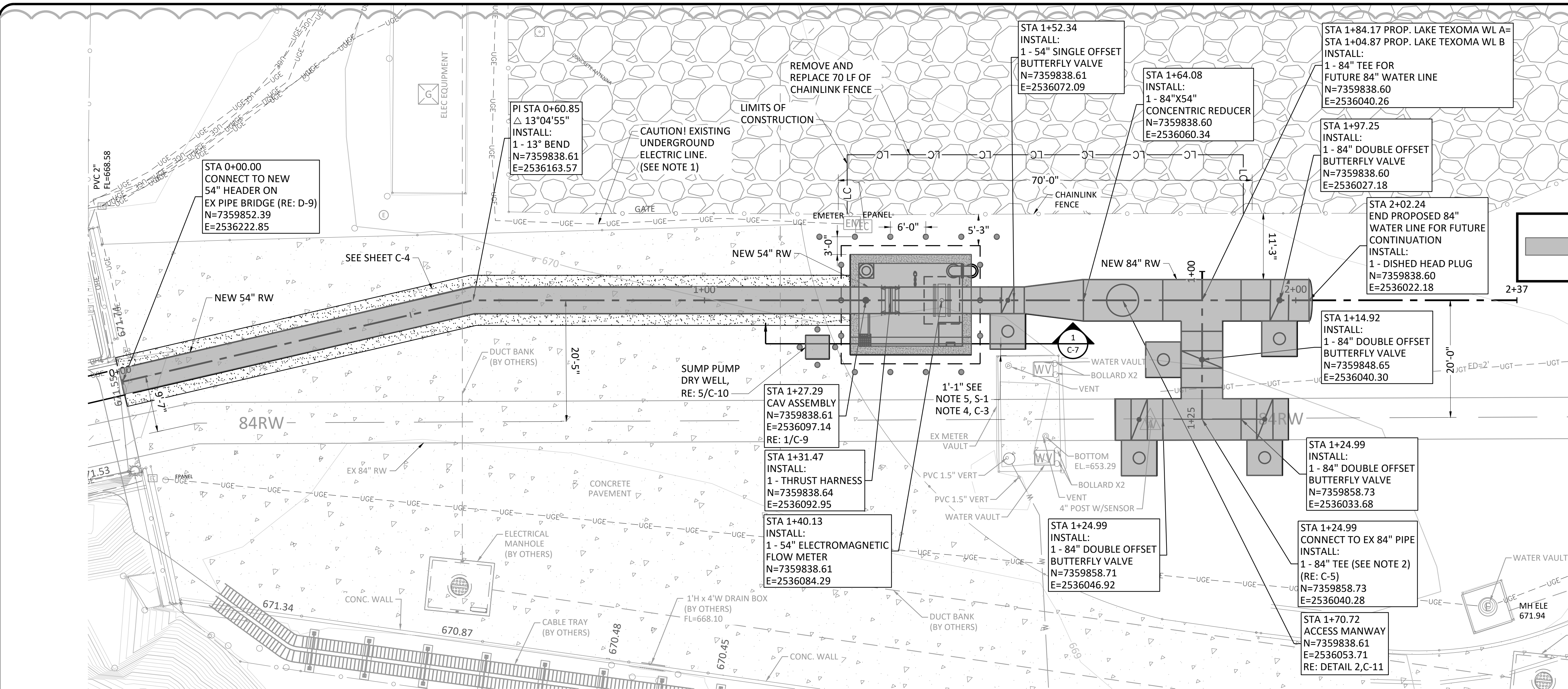


**2 SECTION**  
1/8" = 1'-0"

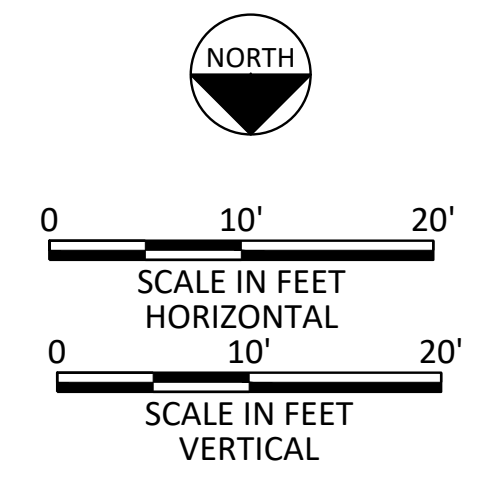


ISSUED FOR BID

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- NOTES:**
- CONTRACTOR SHALL VERIFY LOCATION AND DEPTH OF ALL UTILITIES PRIOR TO BEGINNING OF CONSTRUCTION.
  - TIE-IN CONNECTION TO 84" WATER LINE TO BE LOCATED BETWEEN TWO CLOSEST PIPE JOINTS OF EXISTING 84" WATER LINE.
  - CONTRACTOR SHALL VERIFY DATUM ADJUSTMENT AND MATCH PROPOSED PIPE TO THE EXISTING BLOCK OUT IN BRIDGE ABUTMENT.
  - BFV VAULT AND OPERATOR MAY BE POSITIONED ON THE OPPOSITE SIDE, CONTRACTOR TO CONFIRM WITH VALVE SUPPLIER, RYAN MOORE, FERGUSON, 817-267-3900



Freese and Nichols, Inc.  
 Texas Registered Engineering Firm #24,144

LEWIS J. BERNARD  
 LICENSE NO. 140614  
 STATE OF TEXAS  
 4/4/25

**FREES & NICHOLS**  
 5805 Main Street, Suite B  
 Frisco, Texas 75034  
 Phone - (972) 624-9201  
 Web - www.freese.com

CITY OF SHERMAN, GRAYSON COUNTY, TEXAS  
**LAKE TEXOMA PUMP STATION EXPANSION**  
 CIVIL

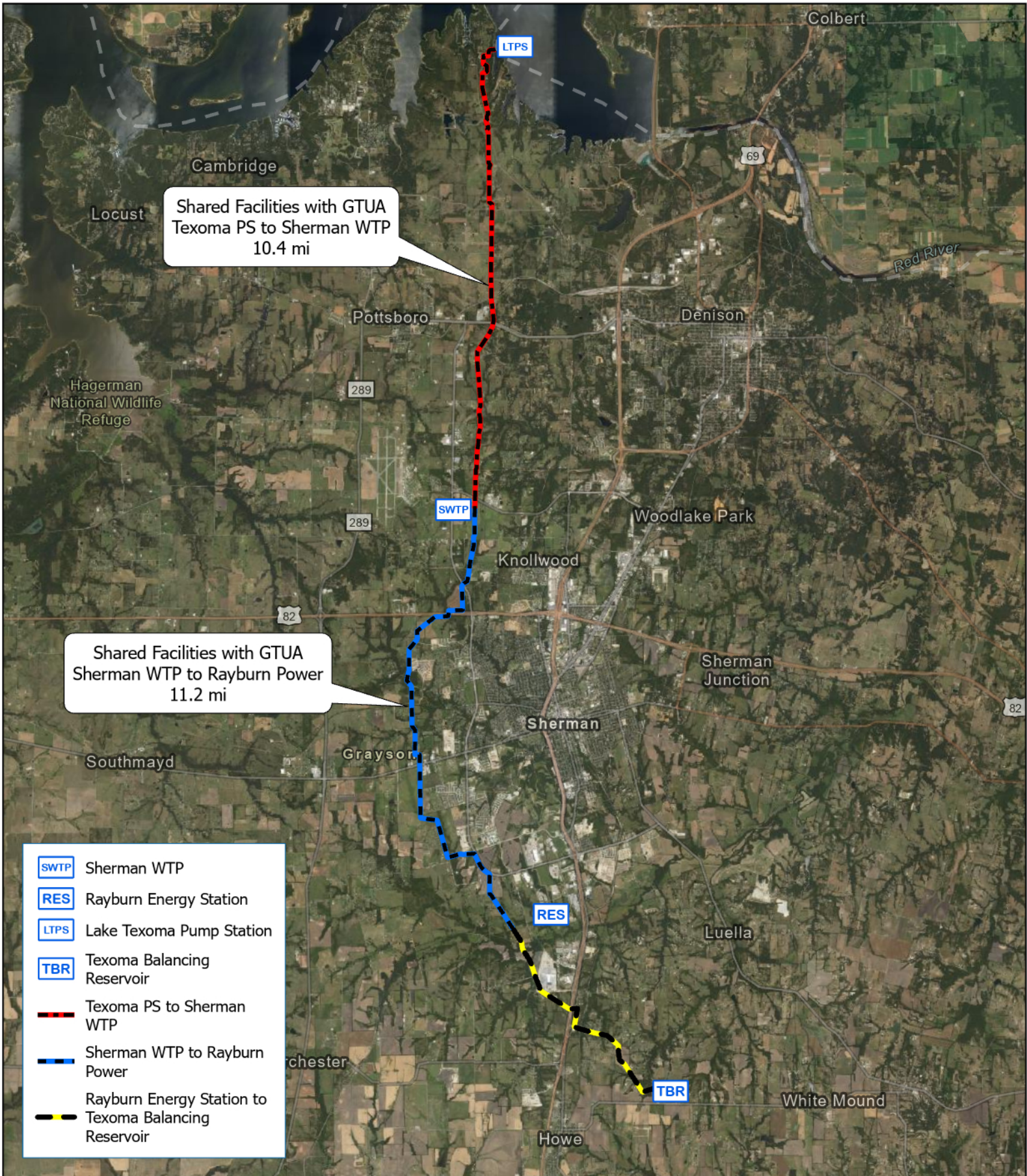
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VERIFY SCALE: 0 1  
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SHEET 1 OF 7  
 A-2-3

ISSUED FOR BID

*Exhibit A-2*  
*Texoma Raw Water Pipeline No. 2*



**Texoma Raw Water Pipeline No. 2  
Shared Facilities with GTUA  
Project No. 101-0633-23**



**EXHIBIT B**

*Estimated Total Project Costs*

***Exhibit B-1***

***Lake Texoma Pump Station Improvements Costs***

Exhibit B-1 Lake Texoma Pump Station Improvement Costs

BID ITEM	DESCRIPTION	UNIT	UNIT PRICE	Quantity	Project Share		TOTAL	
					CITY OF SHERMAN Share	NTMWD Share	CITY OF SHERMAN Cost	NTMWD Cost
<b>Pump Station Expansion</b>								
BC-01	Mobilization	LS	\$ 350,000.00	1.0	0.25	0.75	\$ 87,500.00	\$ 262,500.00
BC-02	Installation of pre-purchased GTUA Pump 1	LS	\$ 253,900.00	1.0	1.00	0.00	\$ 253,900.00	\$ -
BC-03	Installation of pre-purchased GTUA Pump 4	LS	\$ 256,300.00	1.0	1.00	0.00	\$ 256,300.00	\$ -
BC-04	Installation of pre-purchased 36-inch butterfly	EA	\$ 4,937.00	4.0	1.00	0.00	\$ 19,748.00	\$ -
BC-05	Installation of pre-purchased 20-inch ball	EA	\$ 40,100.00	2.0	1.00	0.00	\$ 80,200.00	\$ -
BC-06	Remove and salvage existing equipment	LS	\$ 118,200.00	1.0	1.00	0.00	\$ 118,200.00	\$ -
BC-07	Demolition	LS	\$ 117,500.00	1.0	1.00	0.00	\$ 117,500.00	\$ -
BC-08	Piping, Valves and Accessories for GTUA Pump	EA	\$ 250,600.00	2.0	1.00	0.00	\$ 501,200.00	\$ -
BC-09	Piping, Valves and Accessories for GTUA Pump	EA	\$ 87,800.00	2.0	1.00	0.00	\$ 175,600.00	\$ -
BC-10	54-inch Metal Expansion Joint	LS	\$ 836,900.00	1.0	0.25	0.75	\$ 209,225.00	\$ 627,675.00
BC-11	54-Inch Piping on Pipe Bridge	LS	\$ 565,300.00	1.0	0.25	0.75	\$ 141,325.00	\$ 423,975.00
<b>Yard Piping and Sitework</b>								
BC-12	Furnish, Install and Establish Site Preparation,	LS	\$ 49,100.00	1.0	0.25	0.75	\$ 12,275.00	\$ 36,825.00
BC-13	Saw-Cut for Blockout at Bridge Abutment, Excavation and Repair of Bulkhead	LS	\$ 255,200.00	1.0	0.25	0.75	\$ 63,800.00	\$ 191,400.00
BC-14	Trench Excavation Protection	LF	\$ 50.00	200.0	0.25	0.75	\$ 2,500.00	\$ 7,500.00
BC-15	Fittings, Welded Joints and Appurtenances in Open Cut, With Standard Bedding and Backfill,	LF	\$ 11,644.00	142.0	0.25	0.75	\$ 413,362.00	\$ 1,240,086.00
BC-16	Construction Access	LS	\$ 50,000.00	1.0	0.25	0.75	\$ 12,500.00	\$ 37,500.00
BC-17	Vault As Required For Tie-In to the Existing 84" Pipeline	LS	\$ 4,353,600.00	1.0	0.25	0.75	\$ 1,088,400.00	\$ 3,265,200.00
BC-18	Proposed Meter Vault, piping, valves and appurtenances	LS	\$ 3,177,700.00	1.0	0.25	0.75	\$ 794,425.00	\$ 2,383,275.00
BC-19	Special Shoring for Proposed Meter Vault	LS	\$ 860,000.00	1.0	0.25	0.75	\$ 215,000.00	\$ 645,000.00
BC-20	Remove and Replace Concrete Driveway, Complete in Place	SY	\$ 1,069.00	183.0	0.25	0.75	\$ 48,906.75	\$ 146,720.25
BC-21	Shut Down and Drain Header/Pipeline	LS	\$ 15,900.00	1.0	0.25	0.75	\$ 3,975.00	\$ 11,925.00
BC-22	Geotextile	SY	\$ 18.00	217.0	0.25	0.75	\$ 976.50	\$ 2,929.50
<b>Electrical</b>								
BC-23	Electrical System	LS	\$ 3,115,700.00	1.0	1.00	0.00	\$ 3,115,700.00	\$ -
BC-24	Instrumentation and Controls System	LS	\$ 292,400.00	1.0	1.00	0.00	\$ 292,400.00	\$ -
BC-25	Miscellaneous Electrical and Instrumentation	LS	\$ 47,200.00	1.0	1.00	0.00	\$ 47,200.00	\$ -
<b>Procurement Contracts</b>								
1	PUMP/MOTOR PROCUREMENT - SMITH PUMP	LS	\$ 2,446,700.00	1.0	1.00	0.00	\$ 2,446,700.00	\$ -
2	MCC PROCUREMENT - ELLIOT ELECTRIC BID	LS	\$ 701,900.00	1.0	1.00	0.00	\$ 701,900.00	\$ -
3	VALVE PROCUREMENT - FERGUSON BID							
BFV-01	84-Inch Double Offset Butterfly Valve	EA	\$ 375,000.00	4.0	0.25	0.75	\$ 375,000.00	\$ 1,125,000.00
BFV-02	54-inch Butterfly Valve	EA	\$ 100,000.00	1.0	0.25	0.75	\$ 25,000.00	\$ 75,000.00
BFV-03	36-Inch Butterfly Valve	EA	\$ 60,000.00	4.0	1.00	0.00	\$ 240,000.00	\$ -
BV-01	20-Inch Pump Control Ball Valve	EA	\$ 360,000.00	2.0	1.00	0.00	\$ 720,000.00	\$ -
D-01	Allowance and Extra Work Items	LS	\$ 100,024.00	1.0	1.00	0.00	\$ 100,024.00	\$ -
CR *	Credit if all work items are selected	LS	\$ (150,000.00)	1.0	0.50	0.50	\$ (75,000.00)	\$ (75,000.00)
<b>Contract Changes</b>								
CO #1	Archer Wester - Meter Vault Changes	LS	\$ (156,081.73)	1.0	0.25	0.75	\$ (39,020.43)	\$ (117,061.30)
CO #2	Ferguson - 84 BFV Bonnet Replacement	LS	\$ 14,000.00	1.0	0.25	0.75	\$ 3,500.00	\$ 10,500.00
<b>CONSTRUCTION COST (AS BID COSTS)</b>				\$22,871,171.27	0.55	0.45	\$ 12,570,221.82	\$ 10,300,949.45
<b>PLANNING AND DESIGN COST</b>				\$1,831,500.00	0.55	0.45	\$ 1,006,610.50	\$ 824,889.50
<b>PROJECT TOTAL COST</b>				\$24,702,671.27	0.55	0.45	\$ 13,576,832.32	\$ 11,125,838.95

***Exhibit B-2***  
***Texoma Raw Water Pipeline No. 2 OPCC***

Exhibit B-2 Texoma Raw Water Pipeline No. 2 OPCC

**Project Summary**

NTMWD Project Number: 101-0633-23

<b>Total Costs on CIP</b>		
Engineer's Opinion of Probable Cost	\$	493,096,500.00
Right of Way	\$	9,000,000.00
Engineering/Design	\$	18,747,983.00
CMAR Procurement	\$	750,000.00
Construction Management and Inspection	\$	10,888,000.00
<b>TOTAL</b>	<b>\$</b>	<b>532,482,483.00</b>

*Exhibit B-3*  
*Costs Table Summary*

Exhibit B-3 Costs Table Summary

Texoma Pump Station Capacity						
With existing 72-in Pipeline and New 84-in Pipeline						
Projected Shared Capacities:	278 MGD					
	254 MGD					
NTMWD Wylie	120 MGD	74.8%	75%			
NTMWD Leonard	70 MGD					
GTUA to Sherman WTP	64 MGD	25.2%	25%			
Sherman to Rayburn ( from GTUA's 64)	5 MGD	2%	2%			

Project Name	ENG starts	Const Start	Completion	Cost Estimates allocated	CIP	GTUA Facilities	NTMWD Facilities	Shared Facilities
City of Sherman - Texoma PS ("Pump Station Improvements")	Bid tab	Oct-24	Dec-26	\$ 24,702,671.27	\$	9,186,572.00		
a. Shared Header and appurtenances ("Shared Pump Station Improvements")								\$ 15,516,099.27
NTMWD - Texoma Raw Water Pipeline No.2 - Construction ("Pipeline Improvements")	Jan-24	Mar-26	Feb-29	\$ 532,482,483.00			\$ 103,317,496.70	
a. Shared Facilities from Texoma PS to Sherman WTP ("Shared Pipeline Section"-Red)								\$ 206,634,993.40
b. Shared Facilities from Sherman WTP to Rayburn ("Shared Pipeline Section"-Blue)								\$ 222,529,992.90
TOTAL Shared costs for Texoma System				\$ 557,185,154.27	\$	9,186,572.00	\$ 103,317,496.70	\$ 444,681,085.57
						double check		\$ 557,185,154.27

Shared Percentages of the Shared Facilities	NTMWD Totals *	GTUA Totals
GTUA Only	\$	\$ 9,186,572.00
NT-75/GTUA-25	\$ 11,125,838.95	\$ 4,390,260.32
Total GTUA project - funded by GTUA	\$ 11,125,838.95	\$ 13,576,832.32
*NTMWD to pay GTUA		
	NTMWD Totals	GTUA Totals**
NTMWD only	\$ 103,317,496.70	
NT-75/GTUA-25	\$ 154,976,245.05	\$ 51,658,748.35
NT-98/GTUA-2	\$ 218,079,393.04	\$ 4,450,599.86
Total NTMWD Project - Funded by TWDB	\$ 476,373,134.79	\$ 56,109,348.21
** GTUA to pay NTMWD (GTUA total for TRWPL2 [2] project minus NTMWD portion for Texoma PS project[1])		\$ 44,983,509.26
Total	\$ 487,498,973.74	\$ 69,686,180.53
	double check	\$ 557,185,154.27

*Exhibit B-4*  
*GTUA Estimated Payments Schedule*

Exhibit B-4 GTUA Estimated Payments Schedule

<b>Project Summary</b>	<b>Texoma Raw Water Pipeline No.2</b>
NTMWD PN:	101-0633-23

<b>Total Costs on CIP</b>		Estimated Date
Award of GMP for Pipe Material Procurement	\$ 2,901,498.10	8/01/2026
Award of Construction GMP for RWPL No. 2 Section No. 1 - Texoma PS to Sherman WTP	\$ 42,082,011.16	3/01/2027
True Up	TBD	10/01/2030

<b>TOTAL</b>	<b>\$ 44,983,509.26</b>
--------------	-------------------------



**City Council Regular Meeting**

Agenda Item No. G.1.

**Meeting Date:** 5/18/2026

**Prepared By:** Teri Fine, Assistant to the City Manager

**Approved By:**

**Caption:**

**Other Business**

Consider Appeal for a Variance to Allow Mixed Beverage Sales within 300 feet of a Church (4800 Texoma Parkway Suite 300); Leidy Ibanez, Owner, Leidy's Kitchen LLC (4800 Texoma Parkway B704)

**Issue:**

Consider Appeal for a Variance to Allow Mixed Beverage Sales within 300 feet of a Church (4800 Texoma Parkway Suite 300); Leidy Ibanez, Owner, Leidy's Kitchen LLC (4800 Texoma Parkway B704)

**Background:**

Leidy's Kitchen LLC applied for a MB Mixed Beverage Permit for their restaurant located in Midway Mall (4800 Texoma Parkway B740). Upon inspection, it was determined that the property is located within 300 feet of a church also operating inside Midway Mall (4800 Texoma Parkway Suite 300).

According to Section 4.14.035 of the City's Code of Ordinances, entitled "Development Standards," the sale of alcoholic beverages for off-premises consumption is not permitted within 300 feet of a church. This measurement of distance is provided for in State law and is measured "along the property lines of the street fronts and from front door to front door, and in a direct line across intersections."

The variance request is governed by Section 109.33(e) of the Texas Alcoholic Beverage Code. The provision states as follows:

"(e) The commissioners court of a county or the governing board of a city or town that has enacted a regulation under Subsection (a) of this section may also allow variances to the regulation if the commissioners court or governing body determines that enforcement of the regulation in a particular instance is not in the best interest of the public, constitutes waste or inefficient use of land or other resources, creates an undue hardship on an applicant for a license or permit, does not serve its intended purpose, is not effective or necessary, or for any other reason the court or governing board, after consideration of the health, safety, and welfare of the public and the equities of the situation, determines is in the best interest of the community."

A notice was sent to The Well (4800 Texoma Parkway Suite 300) on 5/6/2026 stating an appeal has been filed. The Clerk's office has not received a response as of 5/11/2026.

**Capital Improvement Program:**

**Origination:**

Leidy Ibanez, Leidy's Kitchen LLC

**Financial Consideration:**

There is no direct cost to the City of Sherman

**Staff Recommendation:**

Staff recommends consideration of the variance request

**Alternatives:**

As directed by Council

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**Attachments:**

1. APPLICATIONSUMMARYLEIDYS
2. Request for Variance Permit #000181-2026 Leidys Kitchen LLC
3. Development standards
4. Location Map



Document reference ID : 595345

# Licensing Application Summary

You must review your application and confirm that the information displayed here is correct. Select **Review and Confirm** to continue and make the payment. If the information is not correct, select **Back** to return to the application, edit the data as needed and finalize the submission. If you need to store the application packet for your records, select **Download**.

**Application ID:** 595345

**Applicant Name:** Leidy's Kitchen LLC

**License Type applied for:** Mixed Beverage Permit (MB)

## Entity Information

**Business Structure:** Limited liability company

**FEIN/SSN Number:** 993790804

**Member Managed or Manager Managed:** Member Managed

**Historically Underutilized Business:** No

**Veteran-owned business:** No

**Fraternal Owned:** No

**Secretary of State Filing Number:** 0806268313

**Date Filed:** 10/31/2025

**Filing State:** TX

## Primary Business Entity Contact Information

**Legal First Name:** Lessly

**Legal Middle Name:** LopezGonzalez

**Email Address:** lessly.lopez98@gmail.com

**Phone Number:** 903-744-2022

## Initial Application Information

**Authority Type:** I am a principal or authorized user with binding authority

**Legal First Name:** Lessly

**Legal Middle Name:** Annette

**Legal Last Name:** LopezGonzalez

**Email Address:** lessly.lopez98@gmail.com

**Phone Number:** 903-744-2022

## Principal Parties

Principal Parent Entity	Principal Party	Role	Ownership %	Action
Leidy's Kitchen LLC	Lessly Lopez Gonzalez	Manager and/or Officer	51	Added
Leidy's Kitchen LLC	Leidy Ibanez	Manager and/or Officer	49	Added

## Basic Business information

**Business/Trade Name:** Leidy's Kitchen LLC

**Business Type** Restaurant

## Location's Phone Numbers

**Business Phone Number** 903-422-0123

## Location Address

**Address:** 4800 Texoma Pkwy, UnitB704, Sherman, TX, United States, Grayson 75090

**Is your location within city limits?** Yes

## Mailing Address Information

**Address:** 4800 Texoma Pkwy, UnitB704, Sherman, TX, United States, Grayson 75090

## Measurement Information

**Measuring from the public entrance of your location along street lines and directly across intersections, will your location be within 1,000 feet of the nearest property line of a public or private school?** No

**Is a residential address or established neighborhood association located within 300 feet of any property line of your premises?** No

## Location Additional Information

Is the proposed location in a hotel or motel?

No

## Sixty Day Sign Requirements

**Posted the 60 day sign:** Yes  
**Date Posted:** 3/3/2026

## Projected Sales Information

**Sales Year:** 2026  
**Alcohol Sale:** \$40,000.00  
**Food Sales:** \$65,000.00  
**Total Sales:** \$105,000.00

## Property Ownership

**Do you, the applicant, own the land, building, and/or warehouse at this proposed licensed location?** No  
**Are you operating under?** Sublease

## Franchise Agreement

**Do you or anyone else at the location operate under a franchise agreement?** No  
**Are there any agreements, exclusive of a franchise agreement, which involve alcohol in any way?** No

## Shared premise information

Do you share the premises with another business entity?

No

## Property Ownership Details

Property Type	Property Ownership Type	Entity Name
Land and Building	Sub-Lessor	Star Midway LLC

# Location Diagram

**Will the license or permit embrace the entire location address?**                      Yes



**CERTIFICATE OF CITY SECRETARY FOR: (MB, BG & BE)**

Section 11.37 & 61.37

Not later than the 30th day after the date a prospective applicant for a license or permit requests certification, the city secretary or clerk shall certify whether the location or address given in the request is in a wet area and whether the sale of alcoholic beverages for which the license or permit is sought is prohibited by ordinance.

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a **"wet"** area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

- MB**      Mixed Beverage Permit
- MB/FB**    Mixed Beverage Restaurant Permit with Food and Beverage Certificate  
(MB must also hold a Food and Beverage Certificate)
- BG/FB**    Wine and Beer Retailer's Permit with Food and Beverage Certificate  
(BG must also hold a Food and Beverage Certificate)
- BG**      Wine and Beer Retailer's Permit - **Election for given location was held for:**
  - legal sale of beer/wine (17%) on-premise **AFTER** Sept. 1, 1999
  - legal sale of beer/wine (14%) on-premise **BEFORE** Sept. 1, 1999
- BE**      Beer Retail Dealer's On-Premise License
- BE/FB**    Retail Dealer's On-Premise License with **required** Food and Beverage Certificate

**OR**

I hereby refuse on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ to certify this location.

**SIGN HERE**

\_\_\_\_\_  
City Secretary/Clerk

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City

, TEXAS

**S E A L**



### CERTIFICATE OF COUNTY CLERK FOR: (MB, BG & BE)

Section 11.37 & 61.37

Not later than the 30th day after the date a prospective applicant for a license or permit requests certification, the city secretary or clerk shall certify whether the location or address given in the request is in a wet area and whether the sale of alcoholic beverages for which the license or permit is sought is prohibited by ordinance.

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, that the location for which the license/permit is sought is in a "wet" and is not prohibited by any valid order of the Commissioner's Court.

- MB** Mixed Beverage Permit
- MB/FB** Mixed Beverage Restaurant Permit with Required Food and Beverage Certificate
- BG/FB** Wine and Beer Retailer's Permit with Required Food and Beverage Certificate
- BG** Wine and Beer Retailer's Permit - **Election for given location was held for:**
  - legal sale of beer/wine (17%) on-premise **AFTER** Sept. 1, 1999
  - legal sale of beer/wine (14%) on-premise **BEFORE** Sept. 1, 1999
- BE** Beer Retail Dealer's On-Premise License
- BE/FB** Retail Dealer's On-Premise License with **required** Food and Beverage Certificate

**OR**

I hereby refuse on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_ to certify this location.

SIGN HERE

\_\_\_\_\_  
County Clerk

\_\_\_\_\_  
County

**SEAL**



**COMPTROLLER OF PUBLIC ACCOUNTS CERTIFICATES**

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, the applicant holds or has applied for and satisfies all legal requirements for the issuance of a Sales Tax Permit under the Limited Sales, Excise and Use Tax Act or the applicant as of this date is not required to hold a Sales Tax Permit.

Sales Tax Permit Number \_\_\_\_\_

Outlet Number \_\_\_\_\_

Print Name of Comptroller Employee \_\_\_\_\_

Print Title of Comptroller Employee \_\_\_\_\_

**SIGN HERE**

\_\_\_\_\_  
Comptroller Representative

\_\_\_\_\_  
City

, TEXAS

**SEAL**



<b>PUBLISHER'S AFFIDAVIT</b>	
Name of newspaper	
City, County	
Dates notice published in daily/weekly newspaper (MM/DD/YYYY)	
<i>Publisher or designee certifies attached notice was published in newspaper stated on dates shown</i>	
Signature of publisher or designee	
Sworn to and subscribed before me on this date	
Signature of Notary Public	
<b>S E A L</b>	
<b>ATTACH PRINTED COPY OF THE NOTICE</b>	

City Council  
Sherman

RE: Request for Variance – Permit #000181-2026 (Leidy's Kitchen LLC)

Dear Members of the City Council,

I am writing on behalf of Leidy's Kitchen LLC to respectfully request a variance from the distance requirements associated with our alcohol permit application (Permit #000181-2026).

Leidy's Kitchen is a family-oriented restaurant concept that aims to provide a welcoming space for the Sherman community, offering a menu rooted in Mexican and Salvadoran cuisine. Our vision has always been centered around creating a safe, inclusive, and community-driven environment for families, friends, and local residents.

At the time we began the process of establishing our business at this location, we were not aware of any potential conflicts related to distance requirements. The nearby church began operating after we had already committed to this location and invested significant time and resources into building our restaurant. As such, this situation was not intentional, and we have made every effort to proceed thoughtfully and responsibly.

We want to emphasize that Leidy's Kitchen is not a bar or late-night establishment. Alcohol service would be limited and complementary to our food offerings, primarily consisting of beer and traditional beverages served alongside meals. Our goal is to enhance the dining experience, not to create an environment that would be disruptive or inconsistent with the values of the surrounding community.

We are committed to being respectful neighbors and contributing positively to the area. We are more than willing to comply with any reasonable conditions the City Council may require as part of granting this variance.

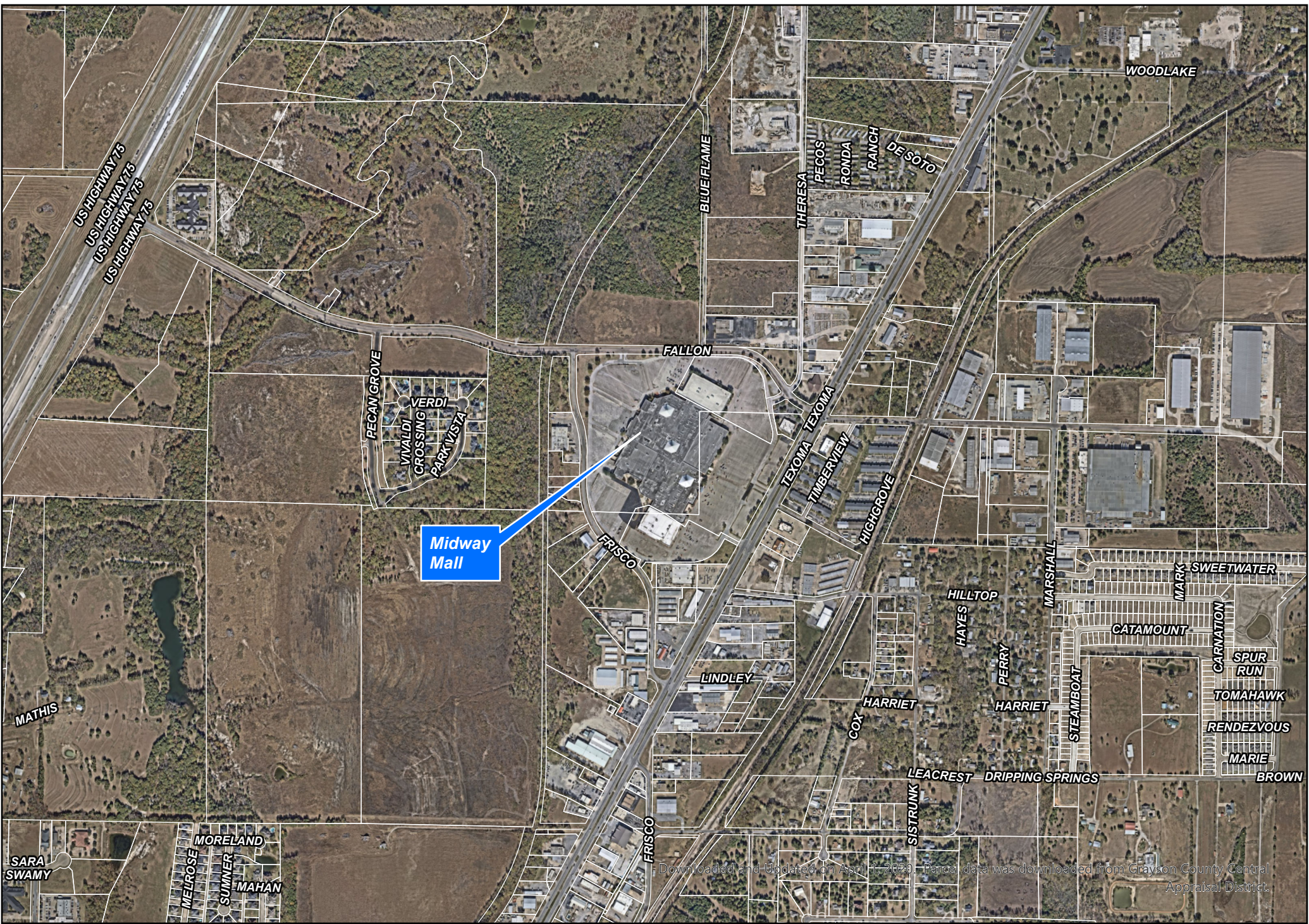
We kindly ask for your consideration and support in granting this request. Approving this variance would allow us to continue moving forward with our business while contributing to the local economy and community.

Thank you for your time and consideration.

Sincerely,  
Leidy Ibanez  
Leidy's Kitchen LLC  
903-870-6568  
leidyibanez@hotmail.com

**§ 4.14.035. Development standards.**

- (a) Alcoholic beverages for off-premises consumption only. The sale of alcoholic beverages is permitted only in a zoning district where retail sales are allowed. The minimum distance between retail stores that offer the sale of alcoholic beverages for off-premises consumption and the following uses are:
- (1) Schools (public and private) and day care centers: 300 feet. As allowed by state law, a school may petition for 1,000 feet. All measurements of distances are as provided for in state law (property line to property line and in a direct line across intersections).
  - (2) Churches: 300 feet. All measurements of distances are as provided for in state law (along the property lines of the street fronts and from front door to front door, and in a direct line across intersections).
  - (3) Hospitals: 300 feet. All measurements of distances are as provided for in state law (along the property lines of the street fronts and from front door to front door, and in a direct line across intersections).
- (b) Mixed beverages in a restaurant by food and beverage certificate holders only. The sale of mixed beverages in a restaurant by food and beverage certificate holders is allowed in any zoning district where restaurants are allowed. The holder of a permit under this subsection shall be required to meet distance requirements as set forth in subsection (a), above.
- (Ordinance 5994 adopted 12/5/16)



Downloaded and Updated on April 1, 2020. Parcel data was downloaded from Grayson County Central Appraisal District.



**Midway Mall - 4800 Texoma Parkway**

1" = 1000'



