CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
MONDAY, SEPTEMBER 21, 2015
5:00 P.M.

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

A. 2. PLEDGE OF ALLEGIANCE LED BY COUNCIL MEMBER TERRENCE R. STEELE

A. 3. INVOCATION BY COUNCIL MEMBER TERRENCE R. STEELE

A. 4. APPROVE MINUTES OF THE CALLED CITY COUNCIL MEETING OF SEPTEMBER 8, 2015

Proclamations

B. 1. PROCLAMATION
"Manufacturing Day" – October 2, 2015

Public Hearing

C. 1. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 5901
Amending Ordinance No. 5204, Authorizing the Issuance of "City of Sherman, Texas, Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2004 (Reinvestment Zone Number One)", at Section 18, entitled "Special Covenants", Paragraph (a); Providing an Effective Date

C. 2. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 5902
Approving the Amended Financing Plan for the Sherman Tax Increment Financing Reinvestment Zone Number One (TIF #1)

Close Public Hearing and Consider Adoption of Ordinances

C. 3. ADOPTION OF ORDINANCES
Consider Adoption of Ordinance Numbers: 5901 and 5902

C. 4. **ADOPTION OF ORDINANCE NO. 5891**
Providing for the Levy of Ad Valorem Taxes for the City of Sherman, Texas, for the Tax Year 2015; Distributing the Same Among the Various Funds; Providing for a Penalty and Interest for Failure to Pay the Taxes Levied within the Time Provided by Law

C. 5. **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

Resolutions

D. 1. **RESOLUTION NO. 6017**
Authorizing Execution of a Contract with the Sherman Chamber of Commerce for the Promotion of Tourism in Sherman and its Surrounding Area

D. 2. **RESOLUTION NO. 6018**
Authorizing Execution of an Agreement for Fire Protection Services between Grayson County and the City of Sherman for the Period of October 1, 2015 through September 30, 2016

D. 3. **RESOLUTION NO. 6019**
Authorizing Execution of an Agreement for Ambulance Services with Grayson County for the Period of October 1, 2015 through September 30, 2016

D. 4. **** RESOLUTION NO. 6020***
Authorizing Execution of a Contract with Grayson County, Texas, for Use of the City of Sherman Animal Shelter

D. 5. **** RESOLUTION NO. 6021***
Approving the Greater Texoma Utility Authority's Intention to Contract with H20 Innovation for the Membrane Filtration System for the City of Sherman Water Treatment Plant Project

Other Business

E. 1. **OTHER BUSINESS**
Consider Request of The RESET Group to Temporarily Close Travis Street for "Trick-or-Treat on Travis Street" on Thursday, October 29, 2015

E. 2. **** OTHER BUSINESS***
Consider Request of the Sherman Chamber of Commerce to Temporarily Close Certain Streets for the Annual Sherman Christmas Parade and Snowflake Festival on Saturday, December 5, 2015 with a Rain/Make Up Date of Saturday, December 12, 2015

E. 3. **OTHER BUSINESS**

Receive Director of Administration and Finance Don Keene's Presentation on Utility Service Fee Increases

F. **CITIZEN REQUESTS**

G. **MEDIA QUESTIONS**

Consider Board/Commission Appointments

H. 1. **APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS AND COMMISSIONS**

(a) Texoma Area Paratransit System (TAPS) Board of Directors (1)

I. **COUNCIL COMMENTS**

Executive Session

J. 1. **EXECUTIVE SESSION**

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

Section 551.071 Consultation with City Attorney concerning Pending or Contemplated Litigation:

(a) Receive the City Attorney's Briefing on Pending or Contemplated Litigation

Section 551.074 Personnel Matters:

(a) Consider the Qualifications, Appointment and Removal of Members to Boards and Commissions:
   (1) Planning and Zoning Commission (2)
   (2) Sherman Economic Development Corporation Board of Directors (3)

(b) Deliberate the Evaluation of a Public Officer or Employee:
   (1) Annual Performance Evaluation of the City Manager

Section 551.087 Deliberation Regarding Economic Development Negotiations:

(a) Deliberate Regarding Commercial or Financial Information that the City has Received from a Business Prospect and Deliberate any Offers or Incentives to the Business Prospect

The Council reconvenes into General Session

K. 1. OPEN MEETING

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

L. ADJOURNMENT

COUNCIL CALENDAR

CERTIFICATION

I, the undersigned authority, do hereby certify that the above Notice of Regular Meeting of the City Council of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board at City Hall of said City of Sherman, Texas, a place convenient to the public, and said notice was posted on September 17, 2015 at 4:00 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 17th day of September, 2015
City of Sherman, Texas

____
City Clerk

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

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

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

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

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

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 LINDA ASHBY AT (903) 892-7204, TWO (2) WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

Mayor	Deputy Mayor	Council Members	
Carolyn S. Wacker	David Plyler	Ryan Johnson, Council-At-Large, PL #1	Terrence R. Steele, Council – District #2
		Jason Sofey, Council-At-Large, PL #2	Tom Watt, Council – District #3
		Lawrence Davis, Council – District #1	David Plyler, Council – District #4

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. A. 4.**

Meeting Date: 09/21/2015

Prepared By: Linda Ashby, City Clerk

Approved By: Robby Hefton, City Manager

Caption:

APPROVE MINUTES OF THE CALLED CITY COUNCIL MEETING OF SEPTEMBER 8, 2015

Attachments

September 8, 2015

Equipment Service Center Presentation

STATE OF TEXAS §

September 8, 2015

COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Called Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Council Chambers of City Hall on September 8, 2015.

MEMBERS PRESENT: MAYOR CARY WACKER; DEPUTY MAYOR DAVID PLYLER. COUNCIL MEMBERS DAVIS, JOHNSON, STEELE, WATT.

MEMBERS ABSENT: COUNCIL MEMBER SOFEY.

CALL TO ORDER

CALL TO ORDER

Mayor Wacker called the meeting to order at 5:00 p.m. The Pledge of Allegiance and Invocation were given by Deputy Mayor David Plyler.

APPROVE MINUTES

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meetings of June 15, 2015 and August 17, 2015. Council Member Watt moved to approve the Minutes as presented; Second by Council Member Steele. All present voted AYE.
MOTION CARRIED.

PROCLAMATION
"LUCY KIDD-KEY MONTH" – SEPTEMBER 2015

PROCLAMATION LUCY KIDD-KEY MONTH (SEPT. 2015)

Mayor Wacker presented a proclamation designating September 2015 as "Lucy Kidd-Key Month" to Cecile Sanderson, Ms. Kidd-Key's great granddaughter.

Mayor Wacker said there will be several remembrances about Ms. Kidd-Key throughout the month, including celebrations at the Sherman Arts Festival and the "History Comes Alive" event at the Sherman Museum.

Ms. Sanderson said she wished everyone could have seen Kidd-Key College because it was a beautiful small college. She thanked the City Council for honoring her great grandmother. With the backing of the Methodist Church and other supporters, Ms. Kidd-Key created a College that became the finest Conservatory of Music in the Southwest, and known throughout the United States.

Ms. Sanderson said the College included seven buildings and served over 500 people, and was a financial "boost" to the City. She said there was a strong bond between the College and the City.

"RECOVERY AWARENESS MONTH" – SEPTEMBER 2015

RECOVERY AWARENESS MONTH (SEPT. 2015)

Deputy Mayor Plyler presented a proclamation designating September 2015 as "Recovery Awareness Month" to Daniel Thompson, Executive Director, Texoma Community Center.

Mr. Thompson thanked the City Council for the proclamation and for their support. He said the Texoma Community Center serves approximately 1,700 people per month and 200 of those are in the substance abuse recovery program. He thanked his staff and commended them publicly for the good job they do.

RES 6005 LUCY KIDD-KEY PARK

<u>RESOLUTION NO. 6005 – NAMING THE MUNICIPAL PARK SURROUNDING THE SHERMAN MUNICIPAL BUILDING / KIDD-KEY AUDITORIUM AS "LUCY KIDD-KEY PARK"</u>
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, NAMING THE MUNICIPAL PARK SURROUNDING THE SHERMAN MUNICIPAL BUILDING / KIDD-KEY AUDITORIUM AS "LUCY KIDD-KEY PARK".

Mayor Wacker moved Resolution 6005 for discussion at this point in the agenda. She said the Council was going to consider extending the Kidd-Key name officially onto the grounds of the Municipal Building to rename that area "Lucy Kidd-Key Park".

ACTION TAKEN.
Motion by Council Member Steele to approve Resolution No. 6005, as presented. Second by Council Member Watt.
VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED.

Mayor Wacker said there will be additional celebrations at the Sherman Arts Festival. She thanked Ms. Sanderson and her family for attending the Council Meeting.

<u>PUBLIC HEARING</u>

CAPITAL IMPROVEMENT PROGRAM

Mayor Wacker called for a public hearing on the Capital Improvement Program 2015-2020:
Capital Improvement Program 2015-2020

Don Keene, Director of Administration and Finance, outlined the projects included in the CIP. He said each City is required by law, to maintain a Five-Year Capital Improvement Plan, which was discussed during the Annual Budget Work Session.

The first year is the only year that is actually funded in the budget. Year one of Sherman's plan totals $24.5 million. The utility portion is $21 million of the total amount, and includes the Water Treatment Plant Expansion and the construction of the new Elevated Water Tank in the southwest part of Sherman. Both of these projects will be bonded through the Greater Texoma Utility Authority.

The general portion of the CIP is budgeted at $3.2 million, and includes Loy Lake Road construction between Sara Swamy Drive and US Hwy 82.

Mr. Keene added that there is also another $50 million in projects in years two through five of the CIP, which are yet to be funded. Those projects will be reviewed and prioritized during next year's budget process.

No citizens appeared before the City Council to discuss the Capital Improvement Program 2015-2020.

<u>SECOND PUBLIC HEARING OF ORDINANCE NO. 5891</u>

ORD 5891
AD VALOREM TAXES

Mayor Wacker called for the second public hearing on Ordinance 5891:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR THE LEVY OF AD VALOREM TAXES FOR THE CITY OF SHERMAN, TEXAS, FOR THE TAX YEAR 2015; DISTRIBUTING THE SAME AMONG THE VARIOUS FUNDS; PROVIDING FOR A PENALTY AND INTEREST FOR FAILURE TO PAY THE TAXES LEVIED WITHIN THE TIME PROVIDED BY LAW; PROVIDING FOR A REPEALER.

Mayor Wacker said the City Council will consider the adoption of the tax rate ordinance at the regular meeting scheduled for 5:00 p.m. on Monday, September 21, 2015, at Sherman City Hall, 220 West Mulberry Street, Sherman, Texas.

She explained that the City is not raising taxes and the tax rate will be the same as the past year, which is $0.372 per $100 valuation.

No citizens appeared before the City Council to discuss Ordinance 5891.

<u>INTRODUCTION AND PUBLIC HEARING OF ORDINANCES</u>

ORD 5898
SOLID WASTE
FEES

Mayor Wacker introduced Ordinance 5898 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 13 OF THE CODE OF ORDINANCES, ENTITLED "UTILITIES", AT ARTICLE 13.06, ENTITLED "SOLID WASTE", AT SECTIONS 13.06.005, 13.06.086, 13.06.087, AND 13.06.088 TO INCREASE CERTAIN SOLID WASTE FEES; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

Mary Lawrence, Director of Finance, explained that the proposed ordinance would increase the rates by 5% and would generate approximately $260,000. The last time solid waste rates were increased was in October 2013 with a 1% rate increase.

The rate increase would bring the City up to a level of funding where the fleet can be properly replaced on a schedule and the operation funded. The increase would be on commercial and residential service, but not on recycling.

No citizens appeared before the City Council to discuss Ordinance 5898.

ORD 5900
SUP FOR TIRE SALES, SERVICE, AUTO SALES, RENTALS (5504 TEXOMA PKWY)

Mayor Wacker introduced Ordinance 5900 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW AUTOMOTIVE REPAIR, TIRE SALES, SERVICE AND INSTALLATION AND AUTOMOBILE SALES AND RENTALS IN A C-2 (GENERAL COMMERCIAL) DISTRICT AT 5504 TEXOMA PARKWAY, BEING 5.25 ACRES IN THE D.C. SHELP SURVEY, ABSTRACT NO. 1097 (TAREQ HAMA INVESTMENT LLC, OWNER; ROBBY MOSSOP AND SARINA PAAPE, APPLICANTS); PROVIDING THAT THIS SPECIFIC USE PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED $2,000.00.

<u>Sarina Paape and Robby Mossop, 1523 Texoma Parkway</u>
Mr. Mossop said they are requesting to open a mechanics shop and were available to answer any questions that the Council might have.

No other citizens appeared before the City Council to discuss Ordinance 5900.

ORD 5899
NUMBER OF FIRE DEPT POSITIONS

Mayor Wacker said Ordinance 5899 would be removed from tonight's agenda.
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 9 OF THE CODE OF ORDINANCES, ENTITLED "PERSONNEL", ARTICLE 9.05, ENTITLED "CIVIL SERVICE FOR FIREFIGHTERS AND POLICE OFFICERS", AT SECTION 9.05.026, ENTITLED "AUTHORIZED NUMBER OF POSITIONS", TO AMEND THE NUMBER OF AUTHORIZED POSITIONS IN THE FIRE DEPARTMENT; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

She asked Robby Hefton, City Manager, to explain. Mr. Hefton said there are some items in this ordinance that might be affected by actions that the staff takes in the next four to six weeks. He wanted a chance to review the ordinance and changes to make sure it is only presented to the Council one time and he asked that it be removed from tonight's agenda.

The Public Hearing was closed.

<u>ADOPTION OF ORDINANCES</u>

ORD 5898
SOLID WASTE FEES

<u>Ordinance 5898</u>
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 13 OF THE CODE OF ORDINANCES, ENTITLED "UTILITIES", AT ARTICLE 13.06, ENTITLED "SOLID WASTE", AT SECTIONS 13.06.005,

13.06.086, 13.06.087, AND 13.06.088 TO INCREASE CERTAIN SOLID WASTE FEES; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

<u>Ordinance 5900</u>
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 9, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW AUTOMOTIVE REPAIR, TIRE SALES, SERVICE AND INSTALLATION AND AUTOMOBILE SALES AND RENTALS IN A C-2 (GENERAL COMMERCIAL) DISTRICT AT 5504 TEXOMA PARKWAY, BEING 5.25 ACRES IN THE D.C. SHELP SURVEY, ABSTRACT NO. 1097 (TAREQ HAMA INVESTMENT LLC, OWNER; ROBBY MOSSOP AND SARINA PAAPE, APPLICANTS); PROVIDING THAT THIS SPECIFIC USE PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED $2,000.00.

ORD 5900
SUP FOR TIRE SALES, SERVICE, AUTO SALES, RENTALS (5504 TEXOMA PKWY)

<u>Ordinance 5899</u>
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 9 OF THE CODE OF ORDINANCES, ENTITLED "PERSONNEL", ARTICLE 9.05, ENTITLED "CIVIL SERVICE FOR FIREFIGHTERS AND POLICE OFFICERS", AT SECTION 9.05.026, ENTITLED "AUTHORIZED NUMBER OF POSITIONS", TO AMEND THE NUMBER OF AUTHORIZED POSITIONS IN THE FIRE DEPARTMENT; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

ORD 5899
NUMBER OF FIRE DEPT POSITIONS (TABLED)

ACTION TAKEN.
Motion by Council Member Watt to approve Ordinance Nos. 5898 and 5900 and to table discussion of Ordinance No. 5899, as presented. Second by Deputy Mayor Plyler.
VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED TO APPROVE ORDINANCE NOS. 5898 AND 5900 AND TO TABLE ORDINANCE NO. 5899.

<u>CONSENT AGENDA</u>
The Council reviewed the Consent Agenda. Mayor Wacker removed Item D-9 entitled "Resolution 6011 – Authorizing the Execution of Agreements with the Sherman Housing Authority, the Texoma Area Paratransit System, Inc., the Grayson County Crisis Center, the Grayson County Shelter, Inc., Child & Family Guidance Center of Texoma, Boys & Girls Club of Sherman, Inc., and MasterKey Ministries of Grayson County, Inc., for the Use of Community Development Block Grant Funds" from the Consent Agenda for consideration in its regular order of business.

CONSENT AGENDA

Council Member Steele moved to approve the Consent Agenda, with the exception of Item D-9, which will be

considered in its regular order of business. Second by Council Member Davis. All present voted AYE.

RESOLUTIONS

RESOLUTION NO. 6004 – REVOKING AND REPLACING RESOLUTION NO. 5962; ESTABLISHING SALARY STRUCTURES AND INCENTIVE / CERTIFICATION PAY SCHEDULES FOR FIREFIGHTERS AND POLICE OFFICERS; ESTABLISHING SPECIAL LONGEVITY PAY SCHEDULES FOR NEWLY HIRED FIREFIGHTERS AND POLICE OFFICERS; PROVIDING FOR AN EFFECTIVE DATE

RES 6004 POLICE/FIRE INCENTIVE/ CERTIFICATION PAY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, REVOKING AND REPLACING RESOLUTION NO. 5962; ESTABLISHING SALARY STRUCTURES AND INCENTIVE / CERTIFICATION PAY SCHEDULES FOR FIREFIGHTERS AND POLICE OFFICERS; ESTABLISHING SPECIAL LONGEVITY PAY SCHEDULES FOR NEWLY HIRED FIREFIGHTERS AND POLICE OFFICERS; PROVIDING FOR AN EFFECTIVE DATE.

Mr. Hefton said the resolution includes adjustments that are done annually to adjust pay for police and fire under the Civil Service laws. The changes are for the upcoming fiscal year and includes changes such as the across-the-board increase that was approved by Council, as well as the compression changes that are being made. He said the changes would be effective October 1, 2015 for the next fiscal year.

Mayor Wacker verified that this is the adjustment to base pay and that the changes for the number of positions was tabled.

ACTION TAKEN.
Motion by Council Member Watt to approve Resolution No. 6004, as presented. Second by Deputy Mayor Plyler.
VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED.

RESOLUTION NO. 6003 – APPROVING AND ADOPTING A FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR THE CITY OF SHERMAN, TEXAS

RES 6003 FIVE-YEAR CIP

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING AND ADOPTING A FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR THE CITY OF SHERMAN, TEXAS.

Mayor Wacker said she is proud of the work that the City staff is accomplishing, as they move forward with some significant investment over the next few years that will set the stage for the growth of the City.

ACTION TAKEN.
Motion by Council Member Davis to approve Resolution No. 6003, as presented. Second by Council Member

Johnson.
VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED.

RES 6006 BIOSOLIDS DEWATERING FACILITIES

<u>RESOLUTION NO. 6006 – AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH FREEMAN-MILLICAN, INC. FOR THE DESIGN OF THE CITY OF SHERMAN BIOSOLIDS DEWATERING FACILITIES</u>
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH FREEMAN-MILLICAN, INC. FOR THE DESIGN OF THE CITY OF SHERMAN BIOSOLIDS DEWATERING FACILITIES.

Mark Gibson, Director of Utilities, said at the Wastewater Treatment Plant, in the past, they have had four large basins that held biosolids to allow them to de-water naturally. After the basins were dry, a contractor would empty them and spread the biosolids on adjacent property.

Over time, there were some concerns with the permeability of the bottom of the basins and the City decided to stop using the basins. During the last couple of years, the City has hired a contractor to use a belt press to process the biosolids that were produced at the Wastewater Treatment Plant. They were then land-applied.

The proposed project will allow the City to take over that operation and gain full control. The professional engineers will be designing the new facilities for the biosolids disposal. The City will then be performing the service that they are currently paying the contractor approximately $300,000 annually to do.

By bringing the operation in house, Mr. Gibson said the staff feels they will have more control and will save money. The proposed resolution is for the engineering services to continue with the project.

ACTION TAKEN.
Motion by Deputy Mayor Plyler to approve Resolution No. 6006, as presented. Second by Council Member Steele.
VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED.

RES 6007 WATER TREATMENT PLANT MEMBRANE FILTRATION SYSTEM

<u>RESOLUTION NO. 6007 – APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH H20 INNOVATION FOR THE MEMBRANE FILTRATION SYSTEM FOR THE CITY OF SHERMAN WATER TREATMENT PLANT PROJECT</u>
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH H20

INNOVATION FOR THE MEMBRANE FILTRATION SYSTEM FOR THE CITY OF SHERMAN WASTEWATER TREATMENT PLANT PROJECT.

Mr. Gibson said expansion at the Water Treatment Plant, which would basically double the capacity, has been discussed several times. The new portion of the plant will use the membrane process to treat the water.

The City undertook a pilot program with four vendors for four to five months to determine which membranes would work best with the actual water coming into the plant. After the testing process, the engineer gathered and evaluated the data to determine the best membranes for the City's use.

The two categories for rankings in the test were cost factors and non-cost factors. Cost factors included how much do the membranes cost up front. Non-cost factors included items such as the size of the building needed to house the membranes, would another supplier's membranes work in the tubes, the amount of electricity used, and what cleaning systems would be needed for the plant.

Following the evaluation, Mr. Gibson said it was determined that the H2O Innovation membranes would be the best membranes for the City. All four membranes were good, and there was a small difference between the first and second choices, but the engineers and the staff felt that the H2O Innovation membranes would be the best.

One of the primary reasons for this decision was that the H2O Innovation membranes are not a sole source vendor. Membranes will probably need to be replaced in about ten years, and their equipment will accept another manufacturer's membranes.

Mr. Gibson said based on this, H20 Innovation membranes will be best suited to Sherman's Water Treatment Plant. Cost of the project will be approximately $3.35 million.

Council Member Steele asked if the testing was done with a worst case scenario in mind. Mr. Gibson said the majority of the tests were run with the lake in its natural condition and that water is very clear water.

However, with the lake flooding during the late Spring, the water that was coming in was the worst that has ever entered the Water Treatment Plant. The membranes were tested under those conditions and they all performed well.

He added that when testing the membranes, the Texas Commission on Environmental Quality requires that poor quality water be included and the staff would have had to mix silt with water for the test if the flooding had not occurred.

ACTION TAKEN.

Motion by Council Member Steele to approve Resolution No. 6007, as presented. Second by Council Member Johnson.

VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED.

RES 6008
WATER WELL REPAIR

<u>RESOLUTION NO. 6008 – AUTHORIZING EXECUTION OF A CONTRACT WITH ADVANCED WATER WELL TECHNOLOGIES FOR THE REPAIR OF THE DORCHESTER 10 WOODBINE WATER WELL</u>

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A CONTRACT WITH ADVANCED WATER WELL TECHNOLOGIES FOR THE REPAIR OF THE DORCHESTER 10 WOODBINE WATER WELL.

Mr. Gibson said this resolution authorized repair of the Woodbine Water Well in Dorchester. In the past, the specifications for well repair have been set up to include a large work-over rig, which would be needed for the Trinity wells because they are so deep.

The Woodbine wells are shallower and the specifications have been written to allow the contractor to use smaller rigs. This is the first well repair that has used the specifications to allow the lighter equipment.

In order to let contractors know that the specifications had been changed, the staff contacted about 26 well contractors. They received three bids, with the low bid submitted by Advanced Water Well Technologies. The staff feels the contractor is capable of handling this project.

Mr. Gibson said the bids were close and Advanced Water Well Technologies was only about $1,100 cheaper than the contractor that usually gets the City's jobs.

Council Member Davis verified that the company that normally receives the City's work is based in Houston. Advanced Water Well Technologies is based in Fort Worth. He thanked the staff for working to obtain more bids and more competition.

Mayor Wacker said the City's drinking water comes from two sources, either from surface water of Lake Texoma or from well water. The wells from the City tap into two different aquifers. The shallower aquifer is the Woodbine and the deeper is the Trinity.

ACTION TAKEN.

Motion by Council Member Watt to approve Resolution No. 6008, as presented. Second by Council Member Steele.

VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED.

RES 6009 HOUSEHOLD HAZARDOUS WASTE

RESOLUTION NO. 6009 – AUTHORIZING EXECUTION OF A SECOND AMENDMENT TO CITY SECRETARY CONTRACT NO. 44903 BETWEEN THE CITY OF SHERMAN AND THE CITY OF FORT WORTH FOR HOUSEHOLD HAZARDOUS WASTE
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A SECOND AMENDMENT TO CITY SECRETARY CONTRACT NO. 44903 BETWEEN THE CITY OF SHERMAN AND THE CITY OF FORT WORTH FOR HOUSEHOLD HAZARDOUS WASTE SERVICES.
CONSENT AGENDA.

RES 6010 RESALE OF PROPERTIES FOR DELINQUENT TAXES

RESOLUTION NO. 6010 – AUTHORIZING THE EXECUTION OF DEEDS FOR THE RESALE OF PROPERTIES WITHIN THE SHERMAN CITY LIMITS SEIZED FOR DELINQUENT TAXES
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE EXECUTION OF DEEDS FOR THE RESALE OF PROPERTIES WITHIN THE SHERMAN CITY LIMITS SEIZED FOR DELINQUENT TAXES.
CONSENT AGENDA.

RES 6011 CDBG FUNDING

RESOLUTION NO. 6011 – AUTHORIZING THE EXECUTION OF AGREEMENTS WITH THE SHERMAN HOUSING AUTHORITY, THE TEXOMA AREA PARATRANSIT SYSTEM, INC., THE GRAYSON COUNTY CRISIS CENTER, THE GRAYSON COUNTY SHELTER, INC., CHILD & FAMILY GUIDANCE CENTER OF TEXOMA, BOYS & GIRLS CLUB OF SHERMAN, INC., AND MASTERKEY MINISTRIES OF GRAYSON COUNTY, INC. FOR THE USE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE EXECUTION OF AGREEMENTS WITH THE SHERMAN HOUSING AUTHORITY, THE TEXOMA AREA PARATRANSIT SYSTEM, INC., THE GRAYSON COUNTY CRISIS CENTER, THE GRAYSON COUNTY SHELTER, INC., CHILD & FAMILY GUIDANCE CENTER OF TEXOMA, BOYS & GIRLS CLUB OF SHERMAN, INC., AND MASTERKEY MINISTRIES OF GRAYSON COUNTY, INC. FOR THE USE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS.

Mayor Wacker removed Resolution No. 6011 from the Consent Agenda for consideration in its regular order of business.

She said part of the Federal funding that the City receives through Housing and Urban Development is used for rehab or for addressing issues with substandard housing. Some of the money is also allocated to community agencies that work with the needs of the community.

She felt it is a very good use of these funds and a good way the City can leverage the Federal dollars in the community to help citizens with various needs.

ACTION TAKEN.
Motion by Council Member Steele to approve Resolution No. 6011, as presented. Second by Council Member Davis.
VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED.

RESOLUTION NO. 6012 – AUTHORIZING EXECUTION OF A DEVELOPER'S AGREEMENT WITH GLOBITECH INCORPORATED FOR CONSTRUCTION OF PUBLIC FACILITIES IN THE CITY OF SHERMAN

RES 6012 DEVELOPER'S AGREEMENT WITH GLOBITECH, INC.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A DEVELOPER'S AGREEMENT WITH GLOBITECH INCORPORATED FOR CONSTRUCTION OF PUBLIC FACILITIES IN THE CITY OF SHERMAN.
CONSENT AGENDA.

RESOLUTION NO. 6013 – AUTHORIZING EXECUTION OF A CONTRACT WITH WEISINGER INCORPORATED FOR THE REPAIR OF THE LAKE TEXOMA CITY OF SHERMAN PUMP NO. 2

RES 6013 LAKE TEXOMA WATER PUMP REPAIR

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A CONTRACT WITH WEISINGER INCORPORATED FOR THE REPAIR OF THE LAKE TEXOMA CITY OF SHERMAN PUMP NO. 2.
CONSENT AGENDA.

RESOLUTION NO. 6014 – AMENDING THE 2014-2015 BUDGET OF THE CITY OF SHERMAN, TEXAS, APPROPRIATING AND ALLOCATING ADDITIONAL FUNDS FOR THE PERIOD OF OCTOBER 1, 2014, THROUGH SEPTEMBER 30, 2015

RES 6014 BUDGET AMENDMENT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE 2014-2015 BUDGET OF THE CITY OF SHERMAN, TEXAS, APPROPRIATING AND ALLOCATING ADDITIONAL FUNDS FOR THE PERIOD OF OCTOBER 1, 2014, THROUGH SEPTEMBER 30, 2015.
CONSENT AGENDA.

RESOLUTION NO. 6015 – ADOPTING AN INVESTMENT POLICY FOR THE CITY OF SHERMAN

RES 6015 INVESTMENT POLICY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ADOPTING AN INVESTMENT POLICY FOR THE CITY OF SHERMAN.
CONSENT AGENDA.

RESOLUTION NO. 6016 – NAMING AUTHORIZED REPRESENTATIVES TO INVEST CITY OF SHERMAN FUNDS WITH INVESTORS BROKERAGE OF TEXAS, LTD (IBOT)

RES 6016 INVESTORS BROKERAGE OF

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, NAMING AUTHORIZED REPRESENTATIVES TO INVEST CITY OF SHERMAN FUNDS WITH INVESTORS BROKERAGE OF TEXAS, LTD (IBOT). CONSENT AGENDA.

TEXAS (IBOT)

OTHER BUSINESS

APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S REJECTION OF BIDS FOR THE SEARS LIFT STATION RELIEF SEWER

GTUA REJECTION OF BIDS FOR SEARS LIFT STATION RELIEF SEWER

Mr. Gibson said the CIP contained a project to run a gravity sewer from the Sears Lift Station at El Dorado Mobile Home Park on Texoma Parkway to the newer lift station on FM 691 at US Hwy 75, across from Texoma Medical Center.

One bid was received for the project, and it was about 80% over the engineer's estimate and was definitely over-priced for the work involved.

The staff is recommending that the Council reject the bid and be granted permission to rebid the project after the first of the year.

Mr. Gibson said the staff did contact some of the contractors that would normally bid on this job to see if there was a problem. Basically the issue was that, due to the wet Winter and the Spring rains, most contractors were backlogged with work that they needed to complete and couldn't commit to any additional work. Several of the contractors said they would be willing to bid on the job after the first of the year.

ACTION TAKEN.

Motion by Council Member Davis to approve the Greater Texoma Utility Authority's rejection of bids for the Sears Lift Station Relief Sewer, and to rebid the project after January 1, 2016, as presented. Second by Council Member Johnson.

VOTING AYE: Davis, Johnson, Plyler, Steele, Watt.
VOTING NAY: None.
MOTION CARRIED.

CONSIDER REQUEST OF THE SHERMAN INDEPENDENT SCHOOL DISTRICT AND THE SHERMAN HIGH SCHOOL STUDENT COUNCIL TO TEMPORARILY CLOSE CERTAIN STREETS FOR THE "2015 SHERMAN HIGH SCHOOL HOMECOMING PARADE" ON MONDAY, SEPTEMBER 28, 2015

CLOSE STREETS HOMECOMING PARADE

The City Council approved the request of the Sherman Independent School District and the Sherman High School Student Council to temporarily close certain streets for the "2015 Sherman High School Homecoming Parade" on September 28, 2015.

The parade will assemble at 5:30 p.m. and will end no later than 7:30 p.m. and will require traffic control assistance and

barricades from the City.
CONSENT AGENDA.

CLOSE STREETS STROLL ON THE SQUARE

<u>CONSIDER REQUEST OF DOWNTOWN SHERMAN PRESERVATION & REVITALIZATION TO TEMPORARILY CLOSE CERTAIN STREETS FOR THE "STROLL ON THE SQUARE" ON SATURDAY, OCTOBER 10, 2015</u>
The City Council approved the request of Downtown Sherman Preservation & Revitalization to temporarily close certain streets for the "Stroll on the Square" on October 10, 2015.

The event will be held from 12:00 noon until 11:00 p.m. and will require the closing of Crockett Street, between Lamar and Houston Streets; Travis Street, between Lamar and Houston Streets; and Travis Street, between Houston and Wall Streets.

Barricades and cones will be provided by the Street Department and trash receptacles will be provided by the Solid Waste Department. DSP&R will arrange for security officers necessary for the event. Emergency vehicle accessibility must be maintained at all times.
CONSENT AGENDA.

NAPA AUTO PARTS STORE UPDATE

<u>RECEIVE UPDATE FROM ASSISTANT PUBLIC WORKS DIRECTOR JIM CROSS ON THE NAPA AUTO PARTS STORE IN THE CITY OF SHERMAN SERVICE CENTER</u>
Jim Cross, Assistant Public Works Director, presented an update on the Equipment Service Center, and their mission of providing safe and dependable vehicles and equipment for City employees to do their job.

The City has 346 pieces of equipment and of those, 188 are considered primary vehicles. The City also has 143 pieces of auxiliary equipment, which includes generators, compressors, mowers, trailers, ATVs, farm tractors, and a boat. Fifteen pieces are considered heavy construction equipment.

The Service Center staff maintains this equipment in a 10,000 square foot mechanic shop with 18,500 square foot of outside staging and storage area.

He outlined some of the challenges of the Service Center staff, such as maintaining older equipment, everything from the 1980's to the present; keeping up with the new technology; staying up to date on their tools such as the diagnostic equipment; and space to do their job.

Mr. Cross said the City has over 220 miles of streets and the vehicles travel over 1,400,000 miles annually. The Service Center closes an average of 3,912 work orders annually and makes an average of 241 emergency road calls annually.

The Service Center also manages the City's fuel contract and City fleet consumes an average of 276,700 gallons of fuel annually. They also store a 19 day emergency supply of UL and diesel and have backup generators on site to insure continuous maintenance operations.

He also outlined improvements that have been made through the Service Center that have enhanced safety and equipment usage, as well as cost savings and training to the department.

In October 2014, the Service Center entered a three-year agreement with NAPA for a parts management program. Through the program, NAPA took over, stocks, and manages the City's fleet automotive parts. By the end of December 2014 the existing parts room was remodeled with computers, phones, and shelving in place. NAPA started supplying and restocking new parts.

Mr. Cross said as of January 2015, they are building and adjusting the inventory and evaluating the program to make sure that it meets the City's needs. At this time there is a 1,500 square foot NAPA store in the Equipment Service Center with approximately $80,000 of NAPA owned, useable inventory on site. The City no longer has the problem of getting rid of obsolete parts and the inventory is adjusted to what is needed by the fleet.

The program has reduced invoice management from four hours per day to about four hours per month, and has minimized the time spent shopping for or running parts. He added that the mechanics are able to stay focused on the repair of the vehicles.

Mr. Cross presented a six-month cost comparison for 2013, 2014 and 2015. With the implementation of the program and for the six-month period, the City has saved and average of $17,762 for parts and an average of $4,876 for administration and fees, for a total savings of $42,648.

This year the City lost a $20,000 engine on one of the trash trucks. He said that was not included in the numbers presented and is not a normal situation.

Council Member Steele asked if the system was more of an inventory management system. Mr. Cross said they are building the inventory now and as they go forward it will be automatically replaced and managed. Council Member Steele verified that the turn-around time on parts is about 24 hours.

Council Member Watt verified that the Service Center also maintained the generators at the Police Department.

Council Member Davis verified that the City had a contract with NAPA to run the "store" and he asked if the City

negotiated their profit margin. Mr. Cross said the agreement is cost plus 10%.

Mr. Hefton said that's really the only way to analyze the program. The staff will review the numbers periodically to evaluate the project.

He said even if the dollars were "a push" the City is gaining efficiencies by not having to deal with the time spent managing parts. Four hours a day versus four hours a month managing parts creates efficiencies that allow the staff to be more efficient getting the fleet back on the street. The staff core competency is working on vehicles, not shuffling parts around. He said there are efficiency gains that make this a good deal for the program.

<u>CITIZENS REQUESTS</u>

<u>SINGLE MEMBER CITY COUNCIL DISTRICTS</u>

SINGLE MEMBER CITY COUNCIL DISTRICTS

Charles Chatman, 2300 W. Taylor Street, said he understood that the City Council had appointed a commission for a Charter review. Mayor Wacker said the Charter Review Committee had already met.

He asked the Council to consider adding single member districts for City Council Members. He said the time has come and the City should have representation for the various citizens.

He said one man, one vote. One person's vote should not stand for more than another.

He referenced a court case where Justice Brennan delivered the majority opinion saying cities aren't left to do what they want to do, but come under the mandate of the Constitution.

Mr. Chatman asked the Council to consider one man, one vote, single member districts to bring about more equity. He added that people don't vote because they don't see the reason to vote if everything comes out the same way. He said with single member districts, citizens will vote more and become more active in government.

Mayor Wacker said the City Council is not allowed to respond to items not on the agenda, however they have already gone through the Charter review process.

Brandon Shelby, City Attorney, said the Charter Review Committee was formed in May and issued recommendations for the Charter Election in August. According to the Texas Election Code, the deadline to add a Charter amendment to the ballot was August 24, 2015. On August 17, 2015 the City Council finalized the ballot for the Election.

The City Charter can be reviewed every two years, so the next opportunity to amend the Charter would be in 2017.

Mr. Chatman said the City Council has the power to override everything.

Mr. Shelby said the Charter can only be amended according to the Election Code and the Charter is the City's governing document. Mayor Wacker said the Charter can be reviewed every two years.

She added that the Election will be held November 3, 2015 and there are some contested races, as well as the reauthorization of the Street Sales Tax and the Charter Amendment. She urged everyone to vote on Election day.

MEDIA QUESTIONS

WATER TREATMENT PLANT EXPANSION

WATER TREATMENT PLANT EXPANSION

Miranda Wilcox, Herald Democrat Reporter, asked when work would begin on the Water Treatment Plant expansion. Mr. Gibson said the plant specifications will be completed in early Spring and they should go out for bid. They hope to start construction by early Summer of 2016.

COUNCIL COMMENTS

THANKS TO CITY DEPARTMENTS

THANKS TO CITY DEPARTMENTS

Council Member Watt thanked the police officers, firefighters, and the critical staff members in water and wastewater that didn't get the holiday off for Labor Day. He thanked them for "taking care of us."

TRAVIS STREET REPAIR

TRAVIS STREET REPAIR

Council Member Steele said the hole on Travis Street is slowly closing in and hopefully the street will be open soon.

POLICE DEPARTMENT RECRUITING

POLICE DEPT RECRUITING

Deputy Mayor Plyler congratulated the Police Department on their great recruiting result this year. He also thanked them for their hard work.

EQUIPMENT SERVICE CENTER

EQUIPMENT SERVICE CENTER

Council Member Johnson congratulated Mr. Cross and the staff at the Equipment Service Center for their hard work and said it was exciting to see them "thinking outside the box."

POSITIVE IMPRESSION OF SHERMAN

POSITIVE IMPRESSION OF SHERMAN

Council Member Davis recognized the City workers that worked on Labor Day. He originally moved from Dallas and said visiting the park and the Hot Summer Nights program leaves a positive impression of Sherman.

ANNOUNCEMENTS

ANNOUNCEMENTS

Mayor Wacker announced the following:

- **Sherman's Autumn and Arts Fest will be held September 19, 2015.**

- **The Police Department is sponsoring a Drug-Take Back day on September 26, 2015, from 10:00 a.m. until 2:00 p.m. at the Police Department and at**

Sherman Town Center. The public can safely dispose of unused or expired medications at the event.

EXECUTIVE SESSION

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

SECTION 551.087	**DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS:** **DELIBERATE REGARDING COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT AND DELIBERATE ANY OFFERS OR INCENTIVES TO THE BUSINESS PROSPECT**

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 6:06 p.m.

On Motion duly made and carried, the Executive Session recessed at 6:47 p.m. and reconvened in Open Meeting.

OPEN MEETING

<u>OPEN MEETING</u>
Reconvene into Open Meeting and take action, if any, on items discussed in Executive Session.

ADJOURNMENT

<u>ADJOURNMENT</u>
On Motion duly made and carried, the meeting adjourned at 6:48 p.m.

____
MAYOR

____
CITY CLERK

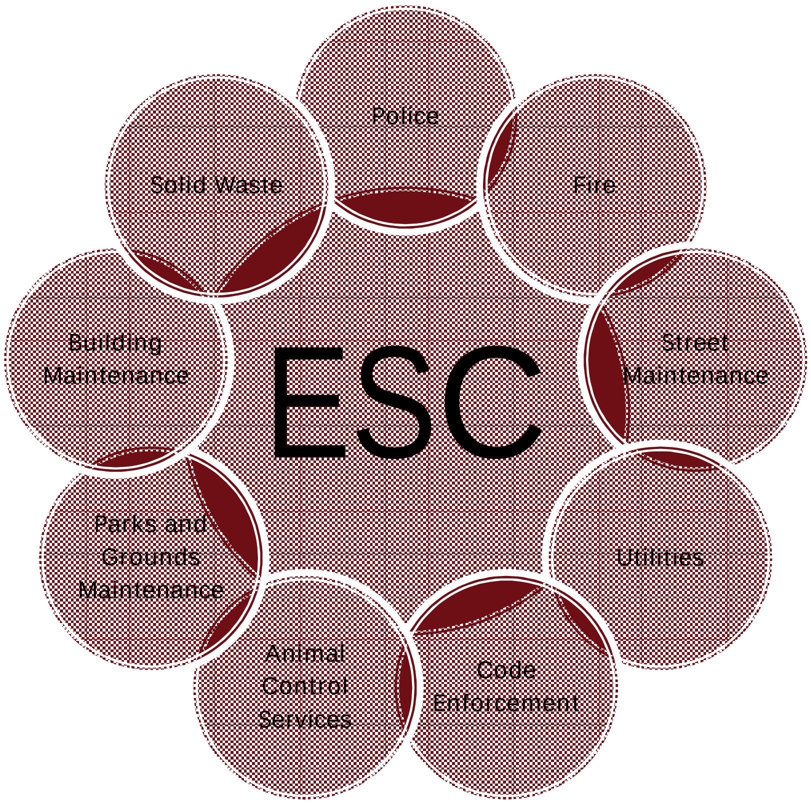
Sherman

CLASSIC TOWN. BROAD HORIZON.

Equipment Service Center

Mission Statement

It is the mission of the ESC to maintain an effective preventative maintenance and repair program in order to provide our customers, the employees of the City of Sherman, with safe and dependable vehicles and equipment in order for them to provide quality services to the citizens of Sherman.



ESC Facts:

Equipment

The ESC maintains approximately 346 pieces of equipment

Of the 346:

188 are “Primary Vehicles”

ESC Facts:

Equipment

143 are "Auxiliary Equipment"

Generators and Compressors

Mowers and Trailers

ATVs

Farm Tractors and Implements

Variety of other gas powered equipment

...and Boats!



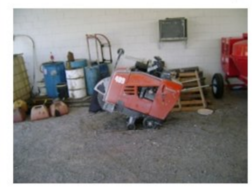














ESC Facts:
Equipment

15 are heavy Construction Equipment

ESC Facts:

Staffing and Operations

1 Supervisor

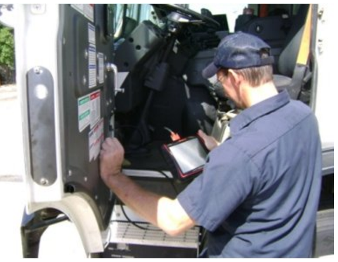
1 Service Coordinator

5 Mechanics

2 PM Technicians

1 Tire Specialist

Over
100 YEARS!



10,000 Sq Ft.
Shop

18,500 Sq Ft.
Outside Staging
and Storage area

ESC Facts:

Challenges

Keeping up with New Technology

Both Maintenance and Operator knowledge

Airplane cockpit?

No, it's a TRASH truck!

Up to date Tools – Software, Diagnostic Equipment

Maintaining the Old

Avg Fleet Age = 9 years
1980's – Present
Minimizing downtime
Parts availability

Fire Engine Cockpit

External controls

ESC Facts:

Challenges

Space

NOT THIS

THIS!
FLOOR SPACE

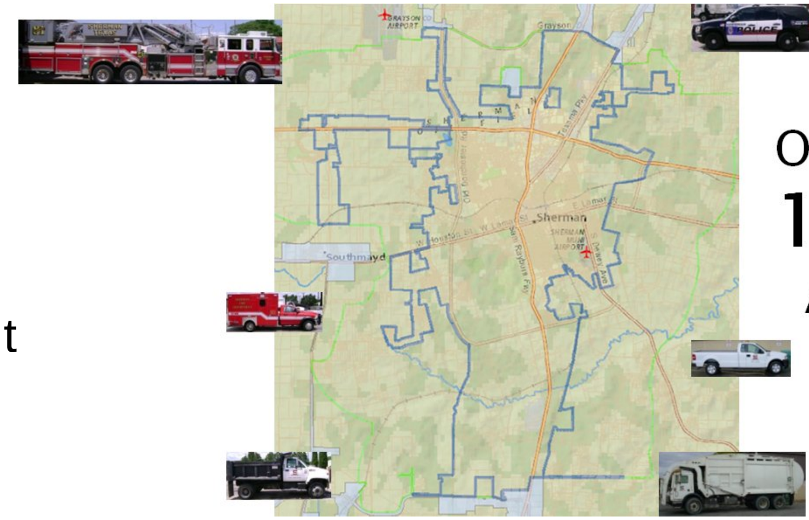
...and THIS

Even with all of the challenges......

They keep the City moving !

ESC Facts:

Mobilility



City of Sherman has over 220 miles of street

Our vehicles travel

1,400,000+

Annual Miles!

Avg Annual work orders closed – 3,912

Avg Annual Emergency Road Calls – 241

ESC also manages our fuel contract

Consume an annual avg of 276,700 gallons of fuel

Primary source is at the public pumps

Backup fuel storage

**19 day emergency supply of UL and Diesel

Backup generator on site

Insures continuous maintenance operations

ESC

Improvements

SAFETY

Issue: PD personnel and equipment at risk during the 2013 ice storm:

- PD Tahoe - tire chains could break and cause brake line damage
- Options: Snow tire options, Re-configuring brake line path, studded tires, others
- Action: Late 2014 and early 2015 – implemented the options
- Solution: PD feedback = Studded tires – best option

COST SAVINGS

Energy Conservation – LED Shop light upgrade

Dec. 2014 - $11,000 upgrade

7 MONTH COMPARISON	2014	2015	DIFF
TOTAL KW	101200	84160	17040
COST	$ 11,165	$ 9,696	$ 1,469
		12 MO PROJ	$ 2,518
		ROI (YRS)	4.4

GREATLY improved visibility

TRAINING

Specialized Mechanics – Specific Training
Fire Apparatus and Solid Waste vehicles

ESC

Thinking Outside the Box

Parts Management Program

NAPA Parts Program Update

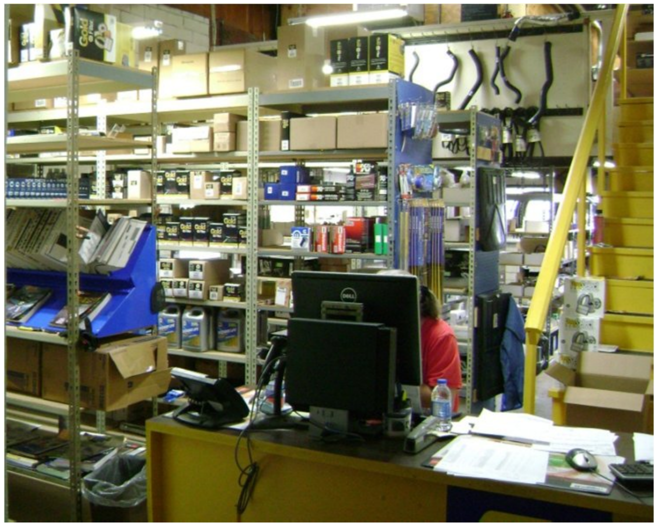
- Background - October 2014
    - Entered into a 3 yr. agreement with NAPA to take over, stock and manage our fleet automotive parts

- By the end of December 2014
    - Remodeled existing parts room
    - Installation of computers, servers, security system, phones, shelving
    - NAPA took ownership / control of existing parts
    - Started supplying and re-stocking new parts

- January 2015 – Current
    - Debug the system – continuing to monitor
    - Building / adjusting inventory
    - Continuous evaluation to insure the program meets our needs

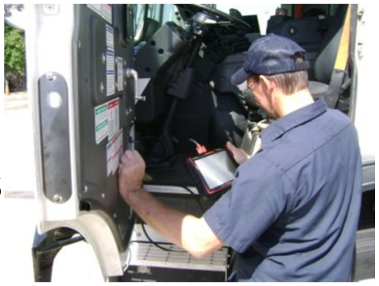
ESC
Parts Program Highlights

1500 sq. ft NAPA store in the ESC !



Approximately $80,000 of, NAPA owned, usuable inventory on site

Greatly reduced invoice management
From 4 hrs/DAY to 4 hrs/MONTH



Minimized ESC shopping or running parts

Mechanics able to stay focused on the job at hand

ESC
Parts Program Highlights

Cost Comparison

6 Months JAN - JUN	ESC		NAPA	2 YR ESC
	2013	2014	2015	AVG vs 2015
Parts	$ 323,010	$ 292,524	$ 290,005	$ 17,762
Admin/Fees	$ 41,195	$ 41,245	$ 36,344	$ 4,876
Total	$ 364,205	$ 333,769	$ 306,349	$ 42,638

* Does not include mechanic labor

**Admin/Fees include:
Full time Parts Runner and Parts Clerk
Computer Fees

***2015 - excludes $20,000 engine replacement

QUESTIONS ?

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. B. 1.**

Meeting Date: 09/21/2015

Prepared By: Linda Ashby, City Clerk

Approved By: Robby Hefton, City Manager

Caption:

PROCLAMATION

"Manufacturing Day" – October 2, 2015

Issue:

To present a proclamation designating October 2, 2015 as "Manufacturing Day" in the City of Sherman

Background:

"Manufacturing Day" is a celebration of modern manufacturing meant to inspire the next generation of manufacturers and officially occurs on the first Friday in October.

Origination:

The request originated with Council Member Steele and the Sherman Economic Development Corporation.

Financial Consideration:

There is no financial consideration to the City.

Staff Recommendation:

The recommendation is to present the proclamation designating October 2, 2015 as "Manufacturing Day" in Sherman.

Alternatives:

The Council could choose not to present the proclamation.

Attachments

"Manufacturing Day" Proclamation

SHERMAN

Proclamation

WHEREAS, for generations, manufacturing has played a critical role in Grayson County's diverse economy, and

WHEREAS, manufacturing companies in Grayson County produce valuable goods and products utilized worldwide, and

WHEREAS, Grayson County manufacturers employ nearly 5,500 direct employees and support another 8,000 jobs that benefit from manufacturing employee spending, and

WHEREAS, manufacturing provides $92 million annually in direct payroll, which constitutes more than 20 percent of the total payroll in the County, and

WHEREAS, Grayson County manufacturers provide millions of dollars annually in support to local charities, schools, law enforcement, emergency preparedness, public works and other essential services, and

WHEREAS, in celebration of Manufacturing Day, Grayson County manufacturers will facilitate tours of their facilities to showcase career opportunities in this field to cover 500 local students.

NOW THEREFORE, I, Cary Wacker, Mayor of the City of Sherman, Texas, by the authority vested in me, do hereby proclaim October 2, 2015

MANUFACTURING DAY

in the City of Sherman and encourage all citizens to become informed on the vital role manufacturing plays in Grayson County.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Sherman to be affixed this the 21st day of September, 2015.

Mayor

ATTEST:

Linda Ashby

City Clerk

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. C. 1.**

Meeting Date: 09/21/2015

Prepared By: Mary Lawrence, Director of Finance

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 5901

Amending Ordinance No. 5204, Authorizing the Issuance of "City of Sherman, Texas, Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2004 (Reinvestment Zone Number One)", at Section 18, entitled "Special Covenants", Paragraph (a); Providing an Effective Date

Issue:

To amend Ordinance No. 5204, which authorized the issuance of bonds for the Tax Increment Reinvestment Zone located near the southwest corner of the intersection of U.S. Highway 75 and Loy Lake Road (Town Center)

Background:

Ordinance No. 5204, adopted at the January 19, 2004 City Council meeting, authorized the issuance of the Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2004, to finance infrastructure improvements in the Town Center area and pledged 100 percent of the tax increment revenues to fund the debt service. Property tax revenues are currently being collected in excess of what is needed to service the debt; and additional improvements are not planned at this time. Staff is requesting to allocate enough Tax Increment Financing (TIF) property tax revenue to the TIF to fund the debt until retirement and to allocate the remainder of the TIF property tax revenue to the General Fund.

Origination:

Director of Finance Mary Lawrence

Financial Consideration:

The property tax revenues from TIF #1 will be allocated 55 percent to the TIF and 45 percent to the General Fund beginning in fiscal year (FY) 2015-2016 until all the TIF #1 debt is retired in 2026. The revenue allocated to the TIF #1 Fund and the General Fund for FY 2015-2016 are $239,250 and $195,750, respectively.

Staff Recommendation:

The staff recommends approval of the ordinance.

Alternatives:

The City Council could deny this ordinance and leave 100 percent of the property tax revenues generated by TIF #1 in the TIF #1 Debt Service Fund.

Attachments

Ordinance No. 5901

Ordinance No. 5204

ORDINANCE NO. 5901

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING ORDINANCE NO. 5204, AUTHORIZING THE ISSUANCE OF "CITY OF SHERMAN, TEXAS, COMBINATION TAX AND TAX INCREMENT REVENUE CERTIFICATES OF OBLIGATION, SERIES 2004 (REINVESTMENT ZONE NUMBER ONE)", AT SECTION 18, ENTITLED "SPECIAL COVENANTS", PARAGRAPH (A); PROVIDING 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, on January 19, 2004, the City Council of the City of Sherman, Texas (the "City") passed Ordinance No. 5204 authorizing the issuance of the "City of Sherman, Texas, Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2004 (Reinvestment Zone Number One)", dated January 15, 2004 (the "Obligations"); and

WHEREAS, the City Council of the City has determined that the financing plan and/or project plan relating to Reinvestment Zone Number One should be amended to provide that 55% of the tax increment revenues received by the City shall be deposited to the credit of the Tax Increment Fund; and

WHEREAS, the City Council of the City hereby finds and determines that Ordinance No. 5204 should be amended to modify Section 18(a) to provide that 55% of the tax increment revenues received by the City shall be deposited to the credit of the Tax Increment Fund; and

WHEREAS, all of the Obligations are held by JP Morgan Chase Bank and the City has obtained consent from such holder to amend Section 18(a) of Ordinance No. 5204 as hereinafter provided;

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

SECTION 1. That all recitals, findings and definitions contained in the preamble hereof are found to be true and correct and are made a part hereof for all purposes.

SECTION 2. That Ordinance No. 5204 be and is hereby amended at Section 18(a) so that such section shall read as follows:

> **SECTION 18. Special Covenants.** The City hereby further covenants as follows:
>
> (a) The Zone has been established and created pursuant to Ordinance No. 5093, and the provisions of the Act, and while the Certificates are Outstanding, *55% of the* tax increment revenues collected by the ~~City and by the~~

~~Participating Tax Units~~ *Participating Tax Unit* shall be deposited to the credit of the Tax Increment Fund as required by the provisions of the Act and this Ordinance.

<u>SECTION 3</u>. That, except as hereby amended and modified, all of the provisions of the Ordinance No. 5204, authorizing the issuance of the Obligations are hereby ratified, confirmed and readopted.

<u>SECTION 4</u>. That this Ordinance shall be in full force and effect from and after its passage on the date shown below.

<u>SECTION 5</u>. 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.

INTRODUCED on this the ______________ day of __________________, 2015.

ADOPTED on this the _________________ day of __________________, 2015.

EFFECTIVE DATE on this the __________ day of __________________, 2015.

CITY OF SHERMAN, TEXAS

BY: ______________________________________
CAROLYN S. WACKER, MAYOR

ATTEST:

BY: ________________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY: ________________________________
BRANDON S. SHELBY,
CITY ATTORNEY

ORDINANCE 5204

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE ISSUANCE OF "CITY OF SHERMAN, TEXAS, COMBINATION TAX AND TAX INCREMENT REVENUE CERTIFICATES OF OBLIGATION, SERIES 2004 (REINVESTMENT ZONE NUMBER ONE)"; PROVIDING FOR THE PAYMENT OF SAID CERTIFICATES OF OBLIGATION BY THE LEVY OF AN AD VALOREM TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY AND A PLEDGE OF CERTAIN TAX INCREMENT REVENUES RECEIVED BY THE CITY; PROVIDING THE TERMS AND CONDITIONS OF SUCH CERTIFICATES AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SAID CERTIFICATES, INCLUDING THE APPROVAL AND EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND A PURCHASE AGREEMENT; PROVIDING 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 Council of the City of Sherman, Texas, has heretofore determined that certificates of obligation should be issued in the maximum principal amount of $2,900,000 for the purpose of paying contractual obligations to be incurred for (1) public works projects in Sherman Tax Increment Financing Reinvestment Zone Number One, to wit: (a) streets and street improvements, including drainage, utilities, signage, lighting, sidewalks, curbs, gutters, landscaping, and necessary sites and rights-of-way therefor; and (b) water and sewer system improvements and extensions, including necessary sites and rights-of-way therefor; and (2) professional services rendered in relation to such projects and the financing thereof; and

WHEREAS, a "Notice of Intention to Issue City of Sherman, Texas, Certificates of Obligation" was duly published in *The Herald Democrat*, a newspaper hereby found and determined to be of general circulation in the City of Sherman, Texas, on December 22, 2003, and December 29, 2003, the date of the first publication of such notice being not less than fifteen (15) days prior to the tentative date stated therein for the final passage and adoption of this Ordinance; and

WHEREAS, *The Herald Democrat*, is a newspaper which devotes not less than twenty-five percent (25%) of its total column lineage to items of general interest, is published not less frequently than once each week, is entered as second-class (periodical class) postal matter in the county where it is published, and has been published regularly and continuously for not less than twelve (12) months prior to the date of the publication of said "NOTICE OF INTENTION TO ISSUE CITY OF SHERMAN, TEXAS, CERTIFICATES OF OBLIGATION"; and

WHEREAS, no petition protesting the issuance of such certificates of obligation and bearing valid petition signatures of at least 5% of the qualified electors of the City, has been presented to or filed with the Mayor, City Manager, or any other official of the City on or prior to the date of the passage of this Ordinance; and

WHEREAS, the total amount of the principal of instruments referenced in Article V, §11(c) of the City's Charter, as amended on March 8, 1999, including the certificates of obligation, does not exceed one percent (1%) of the value of the property within the City that is subject to ad valorem taxes at the time of issuance; and

WHEREAS, the City Council hereby finds and determines that the projects financed with the proceeds of the certificates of obligation will directly benefit, and are therefore in the best interests of, the City and its citizens; and

WHEREAS, the Council hereby finds and determines that $2,840,000 in principal amount of the certificates of obligation described in such notice should be issued and sold at this time;

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

SECTION 1. Authorization, Designation, Principal Amount, Purpose. Certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of $2,840,000 to be designated and bear the title "CITY OF SHERMAN, TEXAS, COMBINATION TAX AND TAX INCREMENT REVENUE CERTIFICATES OF OBLIGATION, SERIES 2004 (REINVESTMENT ZONE NUMBER ONE)" (hereinafter referred to as the "Certificates"), for the purpose of paying contractual obligations to be incurred for (1) public works projects in Sherman Tax Increment Financing Reinvestment Zone Number One, to wit: (a) streets and street improvements, including drainage, utilities, signage, lighting, sidewalks, curbs, gutters, landscaping, and necessary sites and rights-of-way therefor; and (b) water and sewer system improvements and extensions, including necessary sites and rights-of-way therefor; and (2) professional services rendered in relation to such projects and the financing thereof, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Local Government Code, Subchapter C of Chapter 271, as amended.

SECTION 2. Fully Registered Obligations- Authorized Denominations- Stated Maturities- Interest Rates- Date. The Certificates are issuable in fully registered form only; shall be dated January 15, 2004 (the "Certificate Date") and shall be in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity) and the Certificates shall become due and payable on August 15 in each of the years and in principal amounts (the "Stated Maturities") and bear interest at per annum rates in accordance with the following schedule:

Year of Stated Maturity	Principal Amount	Interest Rate
2006	25,000.00	4.440%
2007	75,000.00	4.440%
2008	125,000.00	4.440%
2009	125,000.00	4.440%
2010	130,000.00	4.440%
2011	135,000.00	4.440%
2012	140,000,00	4.440%
2013	150,000,00	4.440%
2014	155,000,00	4.440%
2015	160,000,00	4.440%
2016	170,000.00	4.440%
2017	180,000.00	4.440%
2018	185,000.00	4.440%
2019	195,000.00	4.440%
2020	205,000.00	4.440%
2021	215,000.00	4.440%
2022	230,000.00	4.440%
2023	240,000.00	4.440%

The Certificates shall bear interest on the unpaid principal amounts from the Certificate Date at the rates per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificates shall be payable on August 15, 2004, and on February 15 and August 15 of each year thereafter, until maturity or prior redemption.

SECTION 3. **Terms of Payment-Paying Agent/Registrar.** The principal of, premium, if any, and the interest on the Certificates, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Certificates (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders. A copy of the Security Register shall be maintained within the State of Texas at all times.

The selection and appointment of Bank One, National Association, Sherman, Texas, to serve as Paying Agent/Registrar for the Certificates is hereby approved and confirmed. Books and records relating to the registration, payment, transfer and exchange of the Certificates (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, as provided herein and in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as Exhibit A, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor is authorized to execute and deliver such Agreement in connection with the delivery of the Certificates. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Certificates, shall be payable at the Stated Maturities or redemption thereof only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its designated offices in Sherman, Texas (the "Designated Payment/Transfer Office"). Interest on the Certificates shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/ Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/ Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4. Redemption. (a) Optional Redemption. The Certificates having Stated Maturities on and after August 15, 2006, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 6, 2005 or on any date thereafter at the redemption price of par plus accrued interest and a premium in the amount described in Section 4(e) to the date of redemption.

(a) Exercise of Redemption Option. At least forty-five (45) days prior to a redemption date for the Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Certificates, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem Certificates shall be entered in the minutes of the governing body of the City.

(b) Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/ Registrar shall treat such Certificates as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificates by $5,000 and shall select the Certificates to be redeemed within such Stated Maturity by lot.

(c) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender of the Certificates. If a Certificate is subject by its terms to prior redemption and has been called for redemption and notice of redemption has been duly given as hereinabove provided, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Certificate (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(d) Prepayment Premium. In consideration of the Holder offering the City a fixed rate of interest on the Certificates, the City agrees that if the City optionally redeems all or any portion of the principal balance of the Certificates, the redemption price shall include a premium equal to the sum of the present values of the Average Lost Monthly Interest Income for each month falling in the period from the redemption date to the Maturity Date (with any fraction of a month counted as a month), discounted from the end of each such month to the prepayment date at the Discount Rate.

As used in this subsection:

"Average Lost Monthly Interest Income" means the amount determined by dividing (i) the product of the principal amount of Certificates redeemed and the Prepayment Factor, by (ii) twelve (12);

"Discount Rate" means the Treasury Rate determined as of the redemption date;

"Maturity Date" means as to each scheduled maturity of the Certificates the date the principal of each Certificate is scheduled to be payable in full at final maturity;

"Prepayment Factor" means a rate equal to A minus B, where A equals the sum of (i) The Treasury Rate determined as of the Certificate Date plus (ii) 0.50% and B equals the Treasury Rate determined as of the applicable redemption date; and,

"Treasury Rate" means the yield on the United States Treasury bill, note or bond, selected by the Holder in a commercially reasonable manner, having a maturity closest in length to the period from the date such yield is determined to the Maturity Date.

The foregoing computation shall be made by the Holder and shall be conclusive absent manifest error. If, in the case of any prepayment, the Holder determines B in the Prepayment Factor to be equal to or greater than A, then no prepayment premium shall be due hereunder. Failure by the Holder to collect or demand such a premium at the time of optional redemption shall not be deemed a waiver of the Holder's right to such premium or to any future premium.

SECTION 5. Registration- Transfer- Exchange of Certificates- Predecessor Certificates. The Paying Agent/Registrar shall obtain, record and maintain in the Security Register the name and address of each and every owner of the Certificates issued under and pursuant to the provisions of this Ordinance or if appropriate the nominee thereof. Any Certificate may be transferred or exchanged for Certificates of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Certificate (other than the single Initial Certificate hereinafter referenced) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates, executed on behalf of, and furnished by, the City, of authorized denominations and having the same Stated Maturity and being of a like aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holders, Certificates (other than the single Initial Certificate hereinafter referenced) may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Certificates surrendered for exchange upon surrender of the Certificates to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Certificates, executed on behalf of, and furnished by the City, to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered in such transfer or exchange.

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Certificates" shall include any mutilated, lost, destroyed, or stolen Certificate for which a replacement Certificate has been issued, registered and delivered in lieu thereof pursuant to Section 25 hereof and such new replacement Certificate shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

Neither the City nor the Paying Agent/ Registrar shall be required to issue or transfer to an assignee of a Holder any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Certificate; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate called for redemption in part.

SECTION 6. Book-Entry Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 3, 4, and 5 hereof relating to the payment and transfer/exchange of the Certificates, the City hereby approves and authorizes the use of "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the requirements and procedures identified in the current DTC Operational Arrangements memorandum, as amended, the Blanket Issuer Letter of Representation, by and between the City and DTC, and the Letter of Representation from the Paying Agent/Registrar to DTC (collectively, the "Depository Agreement") relating to the Certificates.

Pursuant to the Depository Agreement and the rules of DTC, the Certificates shall be deposited with DTC who shall hold said Certificates for its participants (the "DTC Participants") and, while the Certificates are held by DTC under the Depository Agreement, the Holder of the Certificates on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Certificate (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Certificates or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Certificates, the City covenants and agrees with the

Holders of the Certificates to cause Certificates to be printed in definitive form and provide for the Certificate certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Certificates in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Certificates shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

SECTION 7. Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Clerk. The signature of said officer and duly appointed attorney on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of said individuals who are or were the proper officers of the City on the Certificate Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the delivery of the Certificates to the initial purchaser(s), and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided in V.T.C.A., Government Code, Chapter 1201, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the form provided in Section 9C, manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9D, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered and delivered.

SECTION 8. Initial Certificate(s). The Certificates herein authorized shall be initially issued either (i) as a single fully registered certificate in the total principal amount of $2,840,000 with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as eighteen (18) fully registered certificates, being one certificate for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Certificate(s)") and, in either case, the Initial Certificate(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Certificate(s) shall be the Certificates submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Certificate(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Certificate(s) delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9. **Forms.** A. Forms Generally. The Certificates, and the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on the Certificates, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Certificates, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Certificates as evidenced by their execution thereof. Any portion of the text of any Certificates may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The Certificates, including the Initial Certificate(s), shall be typewritten, printed, lithographed, or engraved, typewritten, photocopied, or otherwise produced in any other similar manner, all as determined by the officers executing such Certificates as evidenced by their execution.

A. Form of Definitive Certificate.

REGISTERED
NO.

REGISTERED
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UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SHERMAN, TEXAS,
COMBINATION TAX AND TAX INCREMENT REVENUE
CERTIFICATE OF OBLIGATION,
SERIES 2004
(REINVESTMENT ZONE NUMBER ONE)

Certificate Date:	Interest Rate:	Stated Maturity:	CUSIP NO:
January 15, 2004	%		

Registered Owner:

Principal Amount: Dollars

The City of Sherman (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Grayson, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the date of delivery of this Certificate at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on August 15, 2004, and each February 15 and August 15 thereafter, until maturity or prior redemption.

Principal of this Certificate is payable at its Stated Maturity or redemption to the Registered Owner hereof upon presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the Registered Owner of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/ Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Registered Owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of $2,840,000 (herein referred to as the "Certificates") for the purpose of paying contractual obligations to be incurred for (1) public works projects in Sherman Tax Increment Financing Reinvestment Zone Number One, to wit: (a) streets and street improvements, including drainage, utilities, signage, lighting, sidewalks, curbs, gutters, landscaping, and necessary sites and rights-of-way therefor; and (b) water and sewer system improvements and extensions, including necessary sites and rights-of-way therefor; and (2) professional services rendered in relation to such projects and the financing thereof, under and in strict conformity with the Constitution and laws of the State of Texas, particularly V.T.C.A., Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an ordinance adopted by the governing body of the City (hereinafter referred to as the "Ordinance").

The Certificates maturing on and after August 15, 2006, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 6, 2005, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption plus the premium determined pursuant to the Ordinance.

Certificates called for redemption shall be redeemed upon thirty (30) days prior written notice being sent by United States Mail, first class postage prepaid, to the Registered Owners of the Certificates to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Certificate (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Certificate (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event of a partial redemption of the principal amount of this Certificate, payment of the redemption price of such principal amount shall be made to the Registered Owner only upon presentation and surrender of this Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and there shall be issued to the Registered Owner hereof, without charge, a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum hereof. If this Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer this Certificate to an assignee of the Registered Owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and equally and ratably secured by a lien on and pledge of Pledged Tax Increment Revenues (as defined in the Ordinance). In the Ordinance, the City reserves and retains the right to issue Additional Obligations payable, in whole or in part, from the Pledged Tax Increment Revenues and equally and ratably secured by a parity lien on and pledge of such Pledged Tax Increment Revenues without having to satisfy or comply with any terms or conditions precedent for their issuance other than as may be required by the laws of the State.

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all the provisions of which the Registered Owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the ad valorem tax levied for the payment of the Certificates; the nature and extent of the pledge of the description of the Pledged Tax Increment Revenues securing payment of the principal of and interest on the Certificates; the nature and extent and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the pledge of the Pledged Tax Increment Revenues and covenants made in the Ordinance may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the Registered Owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/ Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and covenanted that the City is a body corporate and political subdivision duly organized and legally incorporated under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates as aforestated. In case any provision in this Certificate or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City as of the Certificate Date.

CITY OF SHERMAN, TEXAS

____

Mayor

COUNTERSIGNED:

____

City Manager

(CITY SEAL)

B. *Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Certificate(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	(	
OF PUBLIC ACCOUNTS	(	
	(	REGISTER NO. ____________
	(	
THE STATE OF TEXAS	(	

I HEREBY CERTIFY that this Certificate has been examined, certified as to validity and approved by the Attorney General of the State of Texas and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this ________________________.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

*NOTE TO PRINTER: not to appear on definitive certificates.

C. Form of Certificate of Paying Agent/Registrar to appear on Definitive Certificates only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued and registered under the provisions of the within mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in Sherman, Texas, is the Designated Payment/Transfer Office for this Certificate.

BANK ONE, NATIONAL ASSOCIATION
Sherman, Texas
as Paying Agent/Registrar

By: ___________________________
Authorized Signature

Registration Date:

____

D. Form of Assignment

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:) _______________________(Social Security or other identifying number: ___________________________) the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints __________________________attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____________________________

Signature guaranteed:

____

____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular.

E. The Initial Certificate(s) shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Certificate shall be modified as follows:

(i) immediately under the name of the certificate the headings "Interest Rate ____" and "Stated Maturity ________" and "CUSIP NO _________" shall be omitted;

(ii) paragraph one shall read as follows:

Registered Owner:

Principal Amount: Dollars

The City of Sherman (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Grayson, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, the above stated Principal Amount on August 15 in each of the years and in principal installments in accordance with the following schedule:

YEAR OF STATED MATURITY	PRINCIPAL AMOUNT	INTEREST RATE
	(Information to be inserted from schedule in Section 2 hereof)	

(or so much thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid Principal Amount from the Certificate Date at the per annum rate(s) of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on August 15, 2004, and each February 15 and August 15 thereafter until maturity or prior redemption. Principal installments of this Certificate are payable at its Stated Maturity or on a prepayment date to the Registered Owner hereof by Bank One, National Association, Sherman, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender at its designated offices in Sherman, Texas (the "Designated Payment/Transfer Office"). Interest is payable to the Registered Owner of this Certificate whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date hereof, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Registered Owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/ Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the Registered Owner hereof and in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

SECTION 10. Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Pledged Tax Increment Revenues for the payment thereof, the following words or terms, whenever the same appear herein without qualifying language, are defined to mean as follows:

(a) The term "Additional Obligations" shall mean tax and revenue obligations hereafter issued under and pursuant to the provisions of V.T.C.A., Local Government Code, Subchapter C of Chapter 271, as amended, or other law and payable from ad valorem taxes and additionally payable from and equally and ratably secured with the Certificates by a parity lien on and pledge of the Pledged Tax Increment Revenues.

(b) The term "Certificates" shall mean the $2,840,000 "City of Sherman, Texas, Tax and Tax Increment Revenue Certificates of Obligation, Series 2004

(Reinvestment Zone Number One)", dated January 15, 2004, authorized by this Ordinance.

(c) The term "Certificate Fund" shall mean the special Fund created and established under the provisions of Section 11 of this Ordinance.

(d) The term "Collection Date" shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

(e) The term "Creation Ordinance" shall mean Ordinance No. 5093, finally adopted by the City Council of the City on December 9, 2002, providing for the creation and establishment of the Zone.

(f) The term "Fiscal Year" shall mean the twelve month period ending on September 30 of each year.

(g) The term "Outstanding" when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:

> (1) those Certificates cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
>
> (2) those Certificates deemed to be duly paid by the City in accordance with the provisions of Section 24 hereof; and
>
> (3) those Certificates that have been mutilated, destroyed, lost, or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 25 hereof.

(h) The term "Participating Taxing Units" shall mean the City and the following taxing units levying property taxes on property in the Zone that have determined to deposit tax increment revenues to the credit of the Tax Increment Fund pursuant to V.T.C.A., Tax Code, Section 311.013, as amended, to wit: the County of Grayson, Grayson County College, and the Sherman Independent School District.

(i) The term "Pledged Tax Increment Revenues" shall mean all amounts deposited by all Participating Taxing Units to the credit of the Tax Increment Fund as provided by V.T.C.A., Tax Code, Section 311.013, as amended.

(j) The term "Prior Lien Obligations" shall mean revenue bonds or other similar obligations hereafter issued that are payable from revenues and receipts other than ad valorem taxes, including a prior lien on and pledge of the Pledged Hotel Tax Receipts.

(k) The term "Tax Increment Fund" shall mean the Tax Increment Fund created and established pursuant to the Creation Ordinance.

(l) The term "Zone" shall mean "Sherman Tax Increment Financing Reinvestment Zone Number One," heretofore created pursuant to V.T.C.A., Tax Code, Chapter 311, as amended, and the Creation Ordinance.

SECTION 11. Certificate Fund. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption and retirement of the Certificates, there shall be and is hereby created a special account on the books of the City to be designated "SPECIAL 2004 TAX AND TAX INCREMENT REVENUE CERTIFICATE OF OBLIGATION FUND", and all moneys deposited to the credit of such account shall be kept and maintained in a banking fund maintained at the City's depository bank. Authorized officials of the City are hereby authorized and directed to make withdrawals from the Certificate Fund sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Certificates.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the City, be invested in obligations identified in, and in accordance with the provisions of the "Public Funds Investment Act" (V.T.C.A., Government Code, Chapter 2256, as amended) relating to the investment of "bond proceeds"; provided that all such investments shall be made in such a manner that the money required to be expended from said Fund will be available at the proper time or times. All interest and income derived from deposits and investments in said Certificate Fund shall be credited to, and any losses debited to, the said Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 12. Tax Levy. To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on said Certificates and (ii) a sinking fund for their payment at maturity or prior redemption or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current year and each succeeding year thereafter while said Certificates or any interest thereon shall remain Outstanding, a sufficient tax on each one hundred dollars' valuation of taxable property in said City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

Notwithstanding the requirements of this Section 12 for the levy of a sufficient ad valorem tax for the Debt Service Requirements of the Certificates, the amount of ad valorem taxes required to be levied for the payment of Debt Service of the Certificates may be reduced by the sum of (i) the amount of Pledged Tax Increment Revenues then on deposit to the credit of the Tax Increment Fund at the time the City's annual tax rate is levied by the City Council and (ii) the amount of Pledged Tax Increment Revenues budgeted and appropriated for the payment of the Certificates from the tax levy then being made by the Participating Taxing Units. It is the intent of this Section 12 that the Certificates will be paid first from the Pledged Tax Increment Revenues and from ad valorem taxes only to the extent such Pledged Tax Increment Revenues are insufficient for the payment of the Debt Service Requirements.

PROVIDED, however, in regard to the payment to become due on the Certificates on August 15, 2004, sufficient current funds will be available and are hereby appropriated to make such payment; and proper officials of the City are hereby authorized and directed to transfer and deposit in the Certificate Fund such current funds which will be sufficient to pay the payment due on the Certificates August 15, 2004.

SECTION 13. **Pledge of Tax Increment Revenues.** The City hereby covenants and agrees that the Pledged Tax Increment Revenues, with the exception of those in excess of the amounts required to be deposited to the Certificate Fund as hereafter provided, are hereby pledged, equally and ratably, to the payment of the principal of and interest on the Certificates and any Additional Obligations, if issued, and the pledge of Pledged Tax Increment Revenues for the payment of the Certificates shall constitute a lien on such Pledged Tax Increment Revenues in accordance with the terms and provisions hereof and be valid and binding without further action by the City and without any filing or recording except for the filing of this Ordinance in the records of the City.

In accordance with the provisions of the Creation Ordinance, the City represents and warrants to the holders of the Certificates that it has established a Tax Increment Fund for the Zone, which Fund is maintained at a depository bank of the City, and while the Certificates are Outstanding, the City agrees to deposit to the credit of the Tax Increment Fund all Pledged Tax Increment Revenues from the Participating Taxing Units when and as such Revenues are received in accordance with V.T.C.A., Tax Code, Section 311.013, as amended.

SECTION 14. **Deposits to Certificate Fund.** The City hereby covenants and agrees to cause to be deposited to the credit of the Certificate Fund prior to each principal and interest payment date for the Certificates from the Pledged Tax Increment Revenues an amount equal to one hundred per centum (100%) of the amount required to fully pay the interest and principal payments then due and payable on the Certificates, such deposits to pay accrued interest and maturing principal on the Certificates to be made in substantially equal semiannual installments on or before the tenth day of each February and August of each year, beginning with the August first to follow the delivery of the Certificates to the purchaser.

The semiannual deposits to the Certificate Fund, as hereinabove provided, shall be made until such time as such Fund contains an amount equal to the amount to pay in full the principal of and interest on all the Certificates until their maturity or their scheduled redemption date. In addition, any proceeds of sale of the Certificates in excess of the amount required to pay the contractual obligations to be incurred (including change orders to a construction contract) shall be deposited in the Certificate Fund, which amounts shall reduce the sums otherwise required to be deposited in said Fund from the Pledged Tax Increment Revenues.

SECTION 15. Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 16. Records and Accounts - Annual Audit. The City further covenants and agrees that while any of the Certificates remain Outstanding, it will keep and maintain separate and complete records and accounts pertaining to the receipt and disbursement of the Pledged Tax Increment Revenues. The Holder or Holders of the Certificates or any duly authorized agent or agents of such Holders shall have the right to inspect such records and accounts. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Copies of each annual audit shall be furnished to the Executive Director of the Municipal Advisory Council of Texas at his or her office in Austin, Texas, and, upon written request, to the purchaser of the Certificates.

SECTION 17. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the owner of the Certificates shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 18. Special Covenants. The City hereby further covenants as follows:

(a) The Zone has been established and created pursuant to Ordinance No. 5093, and the provisions of the Act, and while the Certificates are Outstanding, tax increment revenues collected by the City and by the Participating Tax Units shall be deposited to the credit of the Tax Increment Fund as required by the provisions of the Act and this Ordinance.

(b) It has the lawful power to pledge the Pledged Tax Increment Revenues to the payment of the Certificates in the manner herein contemplated and has lawfully exercised said powers under the Constitution and laws of the State of Texas, including said power existing under V.T.C.A., Local Government Code, Subchapter C of Chapter 271, as amended, and V.T.C.A., Tax Code, Chapter 311, as amended.

(c) Other than for the payment of the Certificates, the Pledged Hotel Tax Receipts have not in any manner been pledged to the payment of any debt or obligation of the City.

<u>SECTION 19.</u> **<u>Issuance of Prior Lien Obligations and Additional Obligations</u>**. The City hereby expressly reserves the right to hereafter issue Prior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions or restrictions applicable thereto under law or otherwise, and, also reserves the right to issue Additional Obligations which, together with the Certificates, shall be secured by a parity lien on and pledge of the Pledged Tax Increment Revenues.

<u>SECTION 20.</u> **<u>Notices to Holders Waiver</u>**. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case in which notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificates. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/ Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

<u>SECTION 21.</u> **<u>Cancellation</u>**. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Certificates held by the Paying Agent/Registrar shall be returned to the City.

<u>SECTION 22.</u> **<u>Covenants to Maintain Tax-Exempt Status</u>**.

(a) <u>Definitions</u>. When used in this Section, the following terms have the following meanings:

"*Closing Date*" means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Certificates.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Certificate to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Certificates.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Certificates to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Certificates by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Certificate Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Qualified Tax Exempt Obligations. In accordance with the provisions of paragraph 3 of subsection (b) of Section 265 of the Code, the City hereby designates the Certificates to be "qualified tax exempt obligations" in that the Certificates are not "private activity bonds" as defined in the Code, and the reasonably anticipated amount of "qualified tax exempt obligations" to be issued by the City (including all subordinate entities of the City) for the calendar year 2004 will not exceed $10,000,000.

SECTION 23. Elections. The City hereby directs and authorizes the Mayor, City Attorney, City Manager, or Director of Finance, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

SECTION 24. Satisfaction of Obligations of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and the Pledged Tax Increment Revenues and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity or the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/ Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Obligations held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Certificates such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

The term "Government Obligations", as used herein, shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

SECTION 25. **Mutilated, Destroyed, Lost, and Stolen Certificates**. In case any Certificate shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Certificate of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Certificate, or in lieu of and in substitution for such destroyed, lost or stolen Certificate, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Certificate, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Certificate shall be borne by the Holder of the Certificate mutilated, or destroyed, lost or stolen.

Every replacement Certificate issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Certificates.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Certificates.

SECTION 26. **Ordinance a Contract - Amendments**. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Certificates and Additional Obligations then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 27. **Continuing Disclosure Undertaking**.

(a) *Definitions.* As used in this Section, the following terms have the meanings ascribed to such terms below:

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*NRMSIR*" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

"*SID*" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(b) Annual Reports. The City shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year (beginning with the fiscal year ending September 30, 2004) financial information and operating data with respect to the City of the general type described in Exhibit C hereto. Financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit C hereto and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then the City shall provide unaudited financial statements for the applicable fiscal year to each NRMSIR and any SID with the financial information and operating data and will file the annual audit report, when and if the same becomes available.

If the City changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

(c) Material Event Notices. The City shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Certificates, if such event is material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the Certificates;
7. Modifications to rights of holders of the Certificates;
8. Certificate calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates; and
11. Rating changes.

The City shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, the City remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) hereof of any Certificate calls and defeasance that cause the City to be no longer such an "obligated person."

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted underwriters to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 28. **Sale of Certificates**. The Certificates authorized by this Ordinance are hereby sold by the City to Bank One, National Association, Sherman, Texas (herein referred to as the "Purchasers") in accordance with the Purchase Agreement (the "Agreement"), dated January 19, 2004, attached hereto as Exhibit B and incorporated herein by reference as a part of this Ordinance for all purposes. The Mayor is hereby authorized and directed to execute said Contract for and on behalf of the City and as the act and deed of this Council, and in regard to the approval and execution of the Contract, the Council hereby finds, determines and declares that the representations, warranties and agreements of the City contained therein are true and correct in all material respects and shall be honored and performed by the City.

SECTION 29. **Proceeds of Sale**. The proceeds of sale of the Certificates shall be deposited in a construction fund maintained at the City's depository bank. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Council. Accrued interest received from the Underwriters as well as all surplus proceeds of sale of the Certificates, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund.

SECTION 30. **Control and Custody of Certificates**. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the sale of the Certificates, the investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate pending the approval thereof by the Attorney General and its registration thereof by the Comptroller of Public Accounts.

Furthermore, the Mayor, City Manager, Director of Finance and City Attorney, any one or more of said officials, are hereby authorized and directed to furnish and execute such documents and certifications relating to the City and the issuance of the Certificates, including a certification as to facts, estimates, circumstances and reasonable expectations pertaining to the use and expenditure and investment of the proceeds of the Certificates as may be necessary for the approval of the Attorney General and their registration by the Comptroller of Public Accounts. In addition, such officials, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, are authorized and directed to make the necessary arrangements for the delivery of the Initial Certificate(s) to the initial purchasers.

SECTION 31. **Bond Counsel's Opinion**. The Underwriters' obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Fulbright & Jaworski L.L.P., Dallas, Texas, approving the Certificates as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Certificates. An executed counterpart of said opinion shall accompany the global certificates deposited with The Depository Trust Company or a reproduction thereof shall be printed on the definitive Certificates in the event the book entry only system shall be discontinued.

SECTION 32. **CUSIP Numbers**. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 33. **Benefits of Ordinance**. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 34. **Inconsistent Provisions**. All ordinances, orders, or resolutions, or parts thereof which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 35. **Governing Law**. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 36. **Effect of Headings**. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 37. **Severability.** If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 38. **Construction of Terms.** If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 39. **Incorporation of Findings and Determinations.** The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 40. **Public Meeting.** It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by V.T.C.A., Government Code, Chapter 551, as amended.

SECTION 41. **Effective Date.** This Ordinance shall take effect and be in force immediately from and after its adoption, and it is so ordained.

INTRODUCED on this the 5th day of January, 2004.

ADOPTED on this the 19th day of January, 2004.

EFFECTIVE DATE on this the 19th day of January, 2004.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: ______________________
JULIE ELLIS STARR, MAYOR

BY: Linda Ashby
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

Charles W. Rowland

CHARLES W. ROWLAND,
CITY ATTORNEY

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of January 19, 2004 (this "Agreement"), by and between the City of Sherman, Texas (the "Issuer"), and Bank One, National Association, Sherman, Texas, a banking association duly organized and existing under the laws of the United States of America, (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "CITY OF SHERMAN, TEXAS COMBINATION TAX AND TAX INCREMENT REVENUE CERTIFICATES OF OBLIGATION, SERIES 2004 (REINVESTMENT ZONE NUMBER ONE)" (the "Securities"), dated January 15, 2004, and such Securities are to be issued in fully registered form only; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers on or about February 5, 2004; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE
APPOINTMENT OF BANK AS
PAYING AGENT AND REGISTRAR

Section 1.01. Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest with respect to the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Certificate Resolution" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Certificate Resolution".

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02. Compensation. The Bank agrees to perform the services described in this Agreement without collection of any fees therefor.

EXHIBIT A

The Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO
DEFINITIONS

Section 2.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Bank Office" means the offices of the Bank located in Sherman, Texas, at the address appearing in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Certificate Resolution" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, certified by the City Clerk or any other officer of the Issuer and delivered to the Bank.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30th.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the Mayor and City Clerk of the City, the City Manager or Assistant City Manager, or the Director of Finance, any one or more of said officials, and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Certificate Resolution).

"Record Date" means the Record Date as defined in the Certificate Resolution.

"Redemption Date" when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Certificate Resolution.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

"Stated Maturity" means the date specified in the Certificate Resolution the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions. The terms "Bank", "Issuer", and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

Section 2.03. Construction of Terms. If appropriate in the context of this Agreement, words of the singular shall be considered to include the plural, words of the plural shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

ARTICLE THREE
PAYING AGENT

Section 3.01. Duties of Paying Agent. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender thereof to the Bank at the following office:

By Hand:	By Mail:
Bank One, National Association	Bank One, National Association
200 North Texas	200 North Texas
Sherman, Texas 75090	Sherman, Texas 75090

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date. All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the fiduciary account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities at the dates specified in the Certificate Resolution. The Issuer agrees to transfer or cause to be transferred, in immediately available funds, to the Bank to pay principal and/or interest, either or both, by no later than 4:00 p.m. on the business day immediately preceding the payment dates.

ARTICLE FOUR
REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register. The Bank represents and warrants its office in Sherman, Texas, will at all times have immediate access to the Security Register by electronic or other means and will be capable at all times of producing a hard copy of the Security Register at its Sherman, Texas, office for use by the Issuer.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities of like kind and tenor delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates. The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The

Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Return of Cancelled Certificates. The Bank will destroy all cancelled certificates pursuant to the Securities Exchange Act of 1934.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the applicable provisions of the Certificate Resolution, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE
THE BANK

Section 5.01. Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile transmission of the closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor or the Issuer.

Section 5.02. Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(a) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(b) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(c) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by Issuer.

(d) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(e) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent; provided that such dealings do not result in a breach of any duties or agreement imposed by this Agreement.

Section 5.05. Moneys Held by Bank - Fiduciary Account/Collateralization. A fiduciary account shall at all times be kept and maintained by the Bank for the receipt, safekeeping and disbursement of moneys received from the Issuer hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for fiduciary accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such fiduciary account shall be made by check drawn on such fiduciary account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment. Funds held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained in the name and for the benefit of the Issuer.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of any Security or accrued interest thereon and remaining unclaimed for three years after final maturity of the Security has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Security shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such moneys shall thereupon cease.

Section 5.06. Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense, including the Bank's counsel fees, against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and County where the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for The Depository Trust Company ("DTC") services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the applicable "Operational Arrangements" of DTC which establish requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Section 5.09. Merger, Consolidation, Etc. Any corporation or association into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell, lease, or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor paying agent hereunder and vested with all of the title to the assets, trusts, powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

ARTICLE SIX
MISCELLANEOUS PROVISIONS

Section 6.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the execution page hereof.

Section 6.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06. Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement. This Agreement and the Certificate Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar, and if any conflict exists between this Agreement and the Certificate Resolution, the Certificate Resolution shall govern.

Section 6.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination. This Agreement will terminate (i) on the date of final payment to the Holders of the principal and interest or Maturity Amount with respect to the Securities or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

The resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within sixty (60) days after the giving of such notice of resignation.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF SHERMAN, TEXAS

By: ______________________________

(DISTRICT SEAL)

Mayor

ATTEST:

Address:

220 West Mulberry Street
Sherman, Texas 75090

By: ______________________________
Secretary, Board of Trustees

BANK ONE, NATIONAL ASSOCIATION

By: ______________________________
Title: ______________________________

(SEAL)

ATTEST:

Address:

200 North Texas
Sherman, Texas 75090

By: ______________________________

Title: ______________________________

CERTIFICATES OF OBLIGATION PURCHASE AGREEMENT

January 19, 2004

Honorable Mayor and City Council
City of Sherman, Texas
220 West Mulberry
Sherman, TX 75090

Re: $2,840,000 City of Sherman, Texas Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2004 (Reinvestment Zone Number One)

Ladies and Gentlemen:

BANK ONE, National Association (the "Purchaser") hereby offers to purchase from the City of Sherman, Texas (the "City") the captioned obligations (the "Obligations") and, upon acceptance of this offer by the City, such offer will become a binding agreement between the Purchaser and the City. This offer must be accepted by 10:00 p.m., Dallas time, January 19, 2004, and if not so accepted will be subject to withdrawal.

1. Purchase Price: The purchase price for the Obligations is $2,840,000.

2. Terms of Obligations: The Obligations shall be issued in principal amounts, shall bear interest at such rate, mature on such dates and in such amounts, and have such other terms and conditions as are set forth in the Ordinance (the "Ordinance") to be adopted by the City Council on January 19, 2004, unsigned copies of which have been provided to the Purchaser. Pursuant to and as more fully described in the Ordinance, the Obligations shall be secured by a pledge of ad valorem taxes to be levied on all taxable property within the City and additionally secured by a pledge of Pledged Tax Increment Revenues (as defined in the Ordinance).

3. Closing: The City shall deliver the Initial Certificate (as defined in the Ordinance) to, or for the account of, the Purchaser and the Purchaser shall purchase the Obligations at 10:00 a.m. Dallas time, on February 5, 2004, or at such other time as shall be mutually agreed upon (hereinafter referred to as the "Closing"). The Closing shall take place at the offices of Fulbright & Jaworski L.L.P., Dallas, Texas, or such other location as may be mutually agreed upon. The City will also deliver a signed copy of the Ordinance to the

EXHIBIT B

Purchaser.

4. Conditions to Closing: The Purchaser shall not have any obligation to consummate the purchase of the Obligations unless the following requirements have been satisfied prior to Closing:

   (a) The City shall have adopted the Ordinance authorizing the issuance of the Obligations.

   (b) Fulbright & Jaworski L.L.P., Bond Counsel, shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Obligations and as to the exemption of the interest thereon from federal income taxation, upon which the Purchaser shall be entitled to rely.

   (c) The City will certify its expectation to issue no more than $10,000,000 in tax-exempt obligations in the calendar year 2004 and will designate the Obligations as "qualified" tax-exempt Obligations under the Internal Revenue Code.

   (d) The Obligations shall have been approved by the Attorney General of the State of Texas and shall have been registered by the Comptroller of Public Accounts of the State of Texas.

   (e) Nothing shall have occurred prior to closing which in the reasonable opinion of the Purchaser has had or could have a materially adverse affect on the City's business, property or financial condition.

5. Nature of Purchase: The Purchaser acknowledges that no official statement or other disclosure or offering document has been prepared in connection with the issuance and sale of the Obligations. The Purchaser is a financial institution or other accredited investor as defined in the Securities Act of 1933, Regulation D, 17 C.F.R. §230.501(a), accustomed to purchasing tax-exempt obligations in large denominations such as the Obligations. Fulbright & Jaworski L.L.P., Bond Counsel, has not undertaken steps to ascertain the accuracy or completeness of information furnished to the Purchaser with respect to the City or the Obligations, and the Purchaser has not looked to that firm for, nor has that firm made, any representations to the Purchaser with respect to that information. The Purchaser has satisfied itself that it may lawfully purchase the Obligations. The Obligations (i) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) will not be listed on any stock or other securities exchange; and (iii) will not carry any rating from any rating service. The Purchaser is familiar with the financial condition and affairs of the City, particularly with respect to its ability to pay

its tax supported obligations such as the Obligations. The Purchaser has received from the City all information that it has requested in order for it to assess and evaluate the security and source of payment for the Obligations. The Purchaser is purchasing the Obligations for its own account or for that of an affiliate as evidence of a loan to the City and has not present intention to make a public distribution or sale of the Obligations. In no event will the Purchaser sell the Obligations or participations therein to purchasers who are not sophisticated investors unless an official statement or other disclosure document is prepared with respect to such sale of the Obligations.

6. In consideration of the purchase of the Obligations by the Purchaser, the City agrees as follows:

   (a) The City will provide the Purchaser with audited annual financial statements within one hundred eighty (180) days after each fiscal year end.

   (b) The City agrees to deliver to the Purchaser any other financial information that the Purchaser may reasonably request from time to time.

7. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE AGREEMENT, THE ORDINANCE OF THE CITY AUTHORIZING THE OBLIGATIONS, THE ATTORNEY GENERAL OPINION, THE OPINION OF BOND COUNSEL AND THE OBLIGATIONS TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.

[Signatures begin on next page]

If this purchase agreement meets with the Purchaser's and the City's approval, please execute it in the place provided below.

BANK ONE, NATIONAL ASSOCIATION

By: ______________________________

Printed Name: _______________________

Title: ______________________________

ACCEPTED BY THE CITY OF SHERMAN, TEXAS:

____
Mayor

ATTEST:

____
City Clerk

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 27 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

The financial statements of the City, but for the most recently concluded fiscal year.

Accounting Principles

The accounting principles referred to in such Section are the generally accepted accounting principles as applicable to governmental units as prescribed by The Government Accounting Standards Board.

SHERMAN CITY COUNCIL
Agenda Communication Form

Sherman
CLASSIC TOWN. BROAD HORIZON.

City Council Regular Meeting **Agenda Item No. C. 2.**

Meeting Date: 09/21/2015

Prepared By: Mary Lawrence, Director of Finance

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 5902
Approving the Amended Financing Plan for the Sherman Tax Increment Financing Reinvestment Zone Number One (TIF #1)

Issue:

To amend the Financing Plan for the Sherman Tax Increment Financing Reinvestment Zone Number One created for the Town Center area

Background:

On November 25, 2002, the City Council approved the establishment of TIF #1 in the Town Center area. Certificates of obligation were issued in 2004 to fund infrastructure improvements with debt service to be paid from the property tax revenues generated by the zone. Since then, the property tax revenues generated by the zone have exceeded the debt service payments. The Texas Tax Code permits the Council to decrease the percentage of tax increment revenues to be contributed by amending the financing plan. The effect of the plan change will be to still fully fund the TIF #1 debt service while allocating the remainder of the tax revenues to the General Fund.

Origination:

Director of Finance Mary Lawrence

Financial Consideration:

The total property tax revenue received by the City will remain unchanged. However, about $195,000 will be allocated to the General fund instead of to the TIF #1 Debt Service Fund.

Staff Recommendation:

The staff recommends approval of the ordinance.

Alternatives:

The City Council could deny this ordinance and leave 100 percent of the property tax revenues generated by TIF #1 in the TIF #1 Debt Service Fund.

Attachments

Ordinance No. 5902

Amended Financing Plan

ORDINANCE NO. 5902

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE AMENDED FINANCING PLAN FOR THE SHERMAN TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER ONE (TIF #1); PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

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

SECTION 1. That all prior Financing Plans for Sherman Tax Increment Financing Reinvestment Zone Number One (TIF #1) of the City of Sherman are hereby revoked in their entirety.

SECTION 2. That the City Council hereby finds and determines that the amended Financing Plan is feasible and conforms to the City's Master Plan and accepts and approves the amended Financing Plan for the Sherman Tax Increment Financing Reinvestment Zone Number One (TIF #1) as presented, which is attached hereto, marked Exhibit "A", and made a part hereof for all purposes.

SECTION 3. That the provisions of this ordinance are severable and the invalidity of any word, phrase, sentence or part of this ordinance shall not affect the validity or effectiveness of the remainder of the ordinance.

SECTION 4. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

SECTION 5. 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.

INTRODUCED on this the ______________ day of __________________, 2015.

ADOPTED on this the _________________ day of __________________, 2015.

EFFECTIVE DATE on this the __________ day of __________________, 2015.

CITY OF SHERMAN, TEXAS

BY: ______________________________________

CAROLYN S. WACKER, MAYOR

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

FINANCING PLAN FOR SHERMAN TAX INCREMENT REFINANCING ZONE NUMBER 1
AS AMENDED

SEPTEMBER 21, 2015

FINANCING PLAN FOR SHERMAN TAX INCREMENT FINANCING ZONE NUMBER 1
AS AMENDED

Estimated Project Costs

Project costs are estimated at $5,931,923 over the twenty-two year life of the zone. This is broken down as $3,965,389 in capital costs for construction, $1,889,855 in interest costs over the life of the anticipated debt, $67,278 in debt issuance costs, and $9,400 in agent fees. Attachment 1 shows these costs per year.

List of Improvements

Following is the initial list of public works and public improvements for the zone, shown by kind, number and location. All these improvements were substantially completed with the TIF's bond funds.

- **Extension of North Creek Drive** from its current eastern terminus to intersect with the west access road of U. S. Highway 75 near its intersection with Loy Lake Road
- **New street to be named Sherman Town Center Road.** On the east, this road will intersect the west access road of U.S. Highway 75 approximately 350 feet south of the new intersection of North Creek Drive and the access road. On the west, this road will intersect North Creek Drive approximately 400 feet west of the new intersection of North Creek Drive and the access road.
- **New street to be named Town Center Road.** This will be a north-south road. On the north, it will intersect North Creek Drive approximately 700 west of the new intersection of North Creek Drive and the access road, and it will proceed south to the southern boundary of the zone.
- **Detention pond and drainage ways.** A large storm water detention pond will be built in the southwest corner of the zone, and various drainage ways will be constructed to lead into the pond.
- **An 8" sanitary sewer line.** This north-south line will begin approximately 275 feet north of North Creek Drive and follow Town Center Road south to the southern boundary of the zone.
- **An 8" sanitary sewer line.** This north-south line will begin approximately at North Creek Drive and follow the western boundary of the zone south to intersect with the southern boundary of the zone.
- **An 8" sanitary sewer line.** This east-west line will begin at the sanitary sewer line in Town Center Road and follow the southern boundary of the zone west, connecting with the sewer line on the western boundary of the zone and proceeding west approximately 500 feet along the existing Pecan Grove Road.

- **An 8” water line.** This east-west line begins at the current eastern terminus of North Creek Drive. It proceeds east along the proposed extension of North Creek Drive to its intersection with the proposed Sherman Town Center Road and then follows that road to its intersection with the west access road of U.S. Highway 75.
- **An 8” water line.** This north-south line begins at North Creek Drive, approximately 200 feet west of its intersection with Town Center Road. It parallels Town Center Road south to a point approximately 250 feet north of the southern boundary of the zone. At that point, it proceeds west for approximately 250 feet and then turns south to the southern boundary of the zone.
- **An 8” water line.** This north-south line begins at North Creek Drive and follows the western boundary of the zone south to the southern boundary of the zone.
- **An 8” water line.** This east-west line begins at an existing 18” line in Pecan Grove Road and follows the southern boundary of the zone east to connect to the two new proposed north-south water lines.
- **A storm sewer line.** This east-west line begins approximately 100 feet from the proposed new intersection of North Creek Drive and the west access road of U. S. Highway 75. It follows North Creek Drive west for approximately 1,000 feet. It is of various diameters, starting at 24” at its eastern extremes and growing to 36” at its center section.
- **A 24” storm sewer line.** This line intersects with the line described directly above at the intersection of North Creek Drive and Sherman Town Center Road. It follows Sherman Town Center Road south for approximately 325 feet.
- **A storm sewer line.** This line, which runs primarily north and south, begins at North Creek Drive at a point approximately 200 feet west of its intersection with Town Center Street. It runs south to approximately 300 feet north of the southern boundary of the zone. From there, it runs south and west for approximately 500 feet, emptying into the detention pond. It is of various sizes, beginning at 48” at its northern end and growing to 84” at its southern end.
- **Various connecting storm sewer lines.** These lines collect storm water from Town Center Street and connect with the storm sewer line described directly above. They are of various diameters, ranging from 18” to 30”.
- **A storm sewer line.** This line begins approximately 250 feet north of North Creek Drive. It follows the western boundary of the zone south until it empties into the detention pond. It is of various sizes, beginning at 30” at its northern end and growing to 54” at its southern end.
- **A storm sewer line.** This line begins at the southwest corner of the detention pond. It proceeds south and west, emptying into a creek on Pecan Grove Road, approximately 350 feet west of the detention pond.

Economic Feasibility Study

Based on the taxable value that was projected to be generated in the zone, bonds were issued that would be repaid from the City of Sherman's tax increment. Attachment 2 is a schedule of cash inflows and outflows.

Bonded Indebtedness

	2004 Issue	2009 Issue
Face Value:	**$2,840,000**	**$900,000**
Interest Rate	**4.44%**	**3.0% - 4.375%**
Term:	**20 years**	**17 years**
Issuance Costs	**57,594**	**9,684**
Coverage:	**1.0**	**1.0**

Method of Financing/Sources of Revenue

Attachment 3 shows the sources of revenue to be 100 percent of the City of Sherman's tax increment from FY 2004 through FY 2015, then 55 percent of the tax increment from 2016 to the maturity of the last bonds in 2026, plus the interest income to be received from it.

Estimated Captured Appraised Value

Attachment 4 shows the estimated captured appraised value of the zone for each year of its existence.

Duration of Zone

The City of Sherman anticipates that Sherman Tax Increment Reinvestment Financing Zone Number One will terminate on the date that all project costs, tax increment bonds and the interest on those bonds have been fully repaid. The last bond will be paid in 2026, which will give the zone a twenty-two year life.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. C. 3.**

Meeting Date: 09/21/2015

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

ADOPTION OF ORDINANCES

Consider Adoption of Ordinance Numbers: 5901 and 5902

Issue:

C.1. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 5901

Amending Ordinance No. 5204, Authorizing the Issuance of "City of Sherman, Texas, Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2004 (Reinvestment Zone Number One)", at Section 18, entitled "Special Covenants", Paragraph (a); Providing an Effective Date

C.2. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 5902

Approving the Amended Financing Plan for the Sherman Tax Increment Financing Reinvestment Zone Number One (TIF #1)

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. C. 4.**

Meeting Date: 09/21/2015

Prepared By: Mary Lawrence, Director of Finance

Approved By: Robby Hefton, City Manager

Caption:

ADOPTION OF ORDINANCE NO. 5891
Providing for the Levy of Ad Valorem Taxes for the City of Sherman, Texas, for the Tax Year 2015; Distributing the Same Among the Various Funds; Providing for a Penalty and Interest for Failure to Pay the Taxes Levied within the Time Provided by Law

Issue:

To consider adoption of the Ad Valorem Tax Rate proposed for the upcoming fiscal year, as mandated by the State of Texas Truth-In-Taxation Laws

Background:

The effective tax rate is the rate that yields the same amount of revenue as the prior year on property that is taxed in both years. This year's effective tax rate is $0.364835/$100, with a rollback rate of $0.385496/$100 (adjusted for sales taxes in lieu of property tax). The actual total tax rate of $0.372000/$100 valuation is the same as last year's actual rate. The City will be using ad valorem taxes to pay debt service on Certificates of Obligation, so the tax rate is split between debt service and a Maintenance & Operations (M&O) component. The debt service rate is $0.039563/$100 and the M&O rate will be $0.332437/$100.

Origination:

Director of Finance

Financial Consideration:

The proposed tax rate will generate approximately $9.4 million in property tax revenues.

Staff Recommendation:

Based on the Budget Workshop and discussion of the draft budget, the staff recommends adoption, **by motion and order**, of the tax rates as indicated above.

Must be a record vote in the following form:
"I move that the property tax rate be increased by the adoption of a tax rate of $.37200/$100 of valuation which is effectively a 1.9% increase in the tax rate.

Alternatives:

No other alternatives are offered at this time since publication of rates and notices have already been made to the public; and changing the proposed rates would require re-publication of notices and setting additional public hearings.

Attachments

Ordinance No. 5891

Notice of Proposed Property Tax Rate

ORDINANCE NO. 5891

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR THE LEVY OF AD VALOREM TAXES FOR THE CITY OF SHERMAN, TEXAS, FOR THE TAX YEAR 2015; DISTRIBUTING THE SAME AMONG THE VARIOUS FUNDS; PROVIDING FOR A PENALTY AND INTEREST FOR FAILURE TO PAY THE TAXES LEVIED WITHIN THE TIME PROVIDED BY LAW; PROVIDING FOR A REPEALER; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

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

SECTION 1. That there be, and there is hereby, levied and shall be collected a Maintenance and Operations (M&O) ad valorem tax of $0.332437/$100 Dollars ($0.332437) and a debt service ad valorem tax of $0.039563/$100 Dollars ($0.039563) on all taxable property situated within the corporate limits of the City of Sherman on the first day of January, A.D., 2015, and not exempt from taxation by the constitution and laws of the State of Texas, apportioned as follows, to-wit:

FOR GENERAL FUND EXPENDITURES, $0.332437 on each One Hundred Dollars ($100.00) assessed valuation of such property.

FOR DEBT SERVICE EXPENDITURES, $0.039563 on each One Hundred Dollars ($100.00) assessed valuation of such property.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 2.2 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $7.17.

SECTION 2. That a penalty shall be charged and collected from all persons who do not pay their taxes prior to the first day of February, 2015. Penalty charges shall be in accordance with the following schedule:

If paid in February, 2015	6%
If paid in March, 2015	7%
If paid in April, 2015	8%
If paid in May, 2015.................................	9%
If paid in June, 2015	10%
If paid on or after July 1, 2015	12%

All delinquent taxes shall accrue interest from the date of delinquency at the rate of one percent (1%) for each month or portion of a month the tax remains unpaid. Pursuant to Section 33.07 of the Texas Property Tax Code, an additional penalty of 15% of the amount of taxes, penalty and interest that remain due after July 1, 2016, shall be assessed to defray the cost of collection.

SECTION 3. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

SECTION 4. 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.

INTRODUCED on this the ______________day of _________________, 2015.

ADOPTED on this the __________________day of _________________, 2015.

EFFECTIVE DATE on this the___________ day of _________________, 2015.

CITY OF SHERMAN, TEXAS

BY: ____________________________________
CAROLYN S. WACKER, MAYOR

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

NOTICE OF 2015 TAX YEAR PROPOSED PROPERTY TAX RATE FOR THE CITY OF SHERMAN

A tax rate of $.372 per $100 valuation has been proposed for adoption by the City Council of the City of Sherman. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

PROPOSED TAX RATE	$0.372000
PRECEDING YEAR'S TAX RATE	$0.372000
EFFECTIVE TAX RATE	$0.364835
ROLLBACK TAX RATE	$0.385496

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for the City of Sherman from the same properties in both the 2014 tax year and the 2015 tax year.

The rollback tax rate is the highest tax rate that the City of Sherman may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

property tax amount = (rate) x (taxable value of your property) / 100

For assistance or detailed information about tax calculations, please contact:

Mary Lawrence
Director of Finance, City of Sherman
405 N. Rusk St.
Sherman, TX 75090
903-892-7309
maryl@ci.sherman.tx.us
www.ci.sherman.tx.us

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 17, 2015, 5:00 pm at City Council Chambers, 220 W. Mulberry, Sherman, Texas

Second Hearing: September 8, 2015, 5:00 pm at City Council Chambers, 220 W. Mulberry, Sherman, Texas

SHERMAN CITY COUNCIL
Agenda Communication Form

Sherman
CLASSIC TOWN. BROAD HORIZON.

City Council Regular Meeting **Agenda Item No. C. 5.**

Meeting Date: 09/21/2015

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

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

Issue:

D.4. ***RESOLUTION NO. 6020***
Authorizing Execution of a Contract with Grayson County, Texas, for Use of the City of Sherman Animal Shelter

D.5. ***RESOLUTION NO. 6021***
Approving the Greater Texoma Utility Authority's Intention to Contract with H20 Innovation for the Membrane Filtration System for the City of Sherman Water Treatment Plant Project

E.2. ***OTHER BUSINESS***
Consider Request of the Sherman Chamber of Commerce to Temporarily Close Certain Streets for the Annual Sherman Christmas Parade and Snowflake Festival on Saturday, December 5, 2015 with a Rain/Make Up Date of Saturday, December 12, 2015

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. D. 1.**

Meeting Date: 09/21/2015

Prepared By: Steve Ayers, Director of Community and Support Services

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6017

Authorizing Execution of a Contract with the Sherman Chamber of Commerce for the Promotion of Tourism in Sherman and its Surrounding Area

Issue:

To contract with the Sherman Chamber of Commerce for the promotion of tourism in Sherman and its surrounding area for a period of ninety (90) days, beginning October 1, 2015 and ending December 31, 2015

Background:

At the recent Budget Workshop, the City Council approved continuing the City of Sherman's Tourism Program through the Sherman Chamber of Commerce. The City's application for designation as a Main Street city could affect the direction of the contract with the Chamber; and staff does not expect to hear about the results of the Main Street application until early November. At that time, a decision will be made about how to proceed with the Tourism/Main Street/Chamber Program. Until that time, however, an agreement for services is needed with the Chamber. The attached 90-day contract has been reviewed and approved by the President of the Sherman Chamber of Commerce, Eddie Brown. The Chamber's tourism work plan and budget are also attached.

Origination:

City Council and Sherman Chamber of Commerce

Financial Consideration:

The contract calls for the Chamber to receive $40,000.00 from Hotel-Motel Occupancy Tax revenues and reserves on a reimbursement basis. Funds were appropriated in the fiscal year (FY) 2015-2016 budget to cover these costs.

Staff Recommendation:

The staff recommends approval of the 90-day contract for tourism services through the Sherman Chamber of Commerce.

Alternatives:

The City Council could instruct the staff to make changes to the 90-day contract; or the Council could reject said contract.

Attachments

Resolution No. 6017

Contract for Tourism

Tourism Program FY2016 90-day Budget

Tourism Program FY2016 90-day Workplan

RESOLUTION NO. 6017

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A CONTRACT WITH THE SHERMAN CHAMBER OF COMMERCE FOR THE PROMOTION OF TOURISM IN SHERMAN AND ITS SURROUNDING AREA; 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 and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a contract with the Sherman Chamber of Commerce for the promotion of tourism in Sherman and its surrounding area in accordance with the contract documents attached hereto and made a part hereof for all purposes.

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

PASSED AND APPROVED on this the _____ day of _________________, 2015.

CITY OF SHERMAN, TEXAS

BY: ____________________________________

CAROLYN S. WACKER, MAYOR

ATTEST:

BY: ______________________________

LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: ______________________________

BRANDON S. SHELBY, CITY ATTORNEY

CONTRACT FOR TOURISM

THIS CONTRACT is made and entered by and between the CITY OF SHERMAN, a municipal corporation of the State of Texas (hereinafter called "CITY") and the SHERMAN CHAMBER OF COMMERCE, a non-profit corporation of the State of Texas (hereinafter called "CHAMBER").

WHEREAS, Chapter 351 of the Texas Tax Code authorizes a city to levy and collect an occupancy tax on hotels and motels; and

WHEREAS, CITY levies and collects a tax equal to seven percent (7%) of the consideration paid by occupants of hotels and motels; and

WHEREAS, CITY and CHAMBER desire to promote tourism and advertise the City of Sherman and its vicinity;

NOW, THEREFORE, CITY and CHAMBER agree as follows:

I.

CITY agrees to reimburse CHAMBER for up to Forty Thousand Dollars and No Cents ($40,000.00) of actual tourism management expenses used in the promotion of tourism in Sherman and its surrounding area through the CHAMBER's Division of Tourism. Such tourism management expenses shall be collected under the Hotel/Motel Occupancy Tax of the CITY. All disbursements related to the tourism management expenses will be to reimburse CHAMBER for actual expenses made to third parties for the purpose of promoting tourism. Reimbursement will be based on copies of actual invoices or other proofs of payment as requested by CITY.

Operational expenses may include administrative, program, advertising or marketing expenses. The following proposed expenses shall be deemed approved upon the execution of this contract:

a. Salary for tourism director ($14,000.00)
b. Lease expenses ($2,050.00)
c. Visitor Center ($1,200.00)
d. Sherman Museum funding ($17,500.00)
e. Advertising ($1,200.00)
f. Texas Association of Convention and Visitor Bureaus dues ($625.00)

II.

The CHAMBER and its Division of Tourism shall spend no money received by it pursuant to this agreement that does not strictly conform to the requirements, intent and purposes as set forth in the Texas Tax Code, Chapter 351, Section 351.101(a)(1)-(6), as amended, and such statutorily authorized administrative expenses, together with the Texas Attorney General opinions. Specifically, CHAMBER shall use such hotel tax revenues solely for the purposes that will enhance and promote tourism, which shall mean events, activities or programs that are likely to attract visitors from outside the City.

III.

CHAMBER, through its Division of Tourism, shall prepare and provide to CITY a plan of work and budget pertaining to the funds to be administered under this contract by the Division of Tourism which aligns with CITY'S tourism mission, core values, goals and objectives. The detailed budget and work plan shall be presented to the Sherman City Council no later than the City Council requested date. The budget shall individually list all items, events, activities or programs for which any part of the revenues from the hotel tax are to be spent, as required in Section 351.108 of the Texas Tax Code, as amended. No hotel tax revenue expense shall occur prior to it being properly identified in the budget. Any line item adjustment or transfer of money to another line item in the budget shall immediately be presented to the City Manager with explanation. Any significant amendments, additions, or deletions to this budget over Five Thousand Dollars and No Cents ($5,000.00) shall be approved by the Sherman City Council before such amendments, additions or deletions shall take place.

Tourism related events in Sherman typically include a summer concert series, an Independence Day celebration and an arts festival in the fall. CHAMBER will be expected to continue to provide these or equivalent tourism events.

Receipt or acceptance by the Sherman City Council of the CHAMBER'S tourism plan of work or budget, or any changes to it, shall not act as or be deemed to be approval that the items listed by CHAMBER to receive hotel tax revenues are lawful tourism expenses.

IV.

CHAMBER shall furnish CITY monthly financial reports on tourism activities which show all actual expenses whether those expenses are budgeted or not. The report shall compare actual expenses to budgeted expenses and to actual expenses from the prior year. CHAMBER shall also provide CITY monthly program reports on tourism activities compared to the approved work plan. At the close of the agreed term, CHAMBER shall cause a financial audit to be performed by a duly licensed Certified Public Accountant. The audit report shall segregate the tourism activities from the general CHAMBER activities by such schedules or disclosures as are necessary for a reasonable reader to determine the financial condition and the results of operations of the tourism program. The audit report for the initial term shall be presented to the office of the City Manager no later than March 1, 2016.

V.

This agreement shall be for the term of Ninety (90) days, beginning October 1, 2015, and ending December 30, 2015, unless the Hotel/Motel Occupancy Tax Ordinances of the City of Sherman are repealed or amended within such term, or the failure of CHAMBER to conditions herein.

VI.

Notwithstanding the above, CITY and CHAMBER retain the right to cancel this agreement at any time, with or without cause and without liability or expense, by the giving of thirty (30) days notice of such intention to cancel. Notice to cancel by CITY shall be in writing, signed by the City Manager. Notice to cancel by CHAMBER shall be in writing, signed by the CHAMBER President with prior CHAMBER Board of Directors approval.

VII.

CITY and CHAMBER shall consider renewal of this agreement upon the expiration of the agreed term. CHAMBER agrees to provide a plan of work and budget in conjunction with any request to renew this agreement.

This agreement may not be changed, varied, or altered except by an instrument in writing and duly executed on behalf of CITY and by CHAMBER. This agreement shall be construed in accordance with the laws of the State of Texas, and shall be deemed performable and enforceable in the State of Texas, with venue in Grayson County, Texas.

IN TESTIMONY WHEREOF, this instrument, in duplicate originals of equal force, has been executed on behalf of the Sherman Chamber of Commerce and on behalf of the City of Sherman, by its City Manager and attested by its City Clerk, effective the first day of October, 2015.

CITY OF SHERMAN, TEXAS

BY: ______________________________
ROBBY HEFTON,
CITY MANAGER

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY: ________________________________
BRANDON S. SHELBY,
CITY ATTORNEY

SHERMAN CHAMBER OF COMMERCE

BY: ________________________________
NAME: **EDDIE BROWN**
TITLE: **CHAMBER PRESIDENT**
ADDRESS: **307 WEST WASHINGTON**
SUITE 100
SHERMAN, TEXAS 75090

(CORPORATE SEAL)

ATTEST:

BY: ________________________________
LINDA ASHBY, CITY CLERK

September 15, 2015

VISIT SHERMAN BUDGET OCTOBER-DECEMBER 2015

PROPOSED EXPENSES

- Salary $13991.96
- Office Lease (based on 2015) $2044.50
- Visitor Center Lease $1200
- Sherman Museum Grant $17500
- Advertising Agency (on retainer) $1265.63
- TACVB Dues $625

- Total $36627.09

September 15, 2015

VISIT SHERMAN WORKPLAN OCTOBER-DECEMBER 2015

INITIATIVES

A. Events- grow and develop events

B. Citywide Involvement- work closer with grant recipients, hotels and others to help promote and grow their events as well as bring in new opportunities

C. Community Collaboration- join efforts with surrounding cities to create a regional effort and destination

D. Statewide Participation- continue and grow our visibility statewide rough conferences, publications, organizations, etc.

E. Social Media- increase our social media presence and create a sense of community amongst our followers

MISSION STATEMENT

To promote Sherman, Texas, as a premiere location for cultural, recreational and leisure activities for visitors

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. D. 2.**

Meeting Date: 09/21/2015

Prepared By: Danny Jones, Fire Chief

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6018

Authorizing Execution of an Agreement for Fire Protection Services between Grayson County and the City of Sherman for the Period of October 1, 2015 through September 30, 2016

Issue:

To consider approval of an agreement between the City of Sherman and Grayson County regarding fire fighting services in Grayson County

Background:

The Sherman Fire Department provides fire protection for certain areas of Grayson County. On September 9, 2015, Grayson County requested approval of a one-year contract beginning October 1, 2015 and ending September 30, 2016 for said services.

Origination:

Grayson County and the City of Sherman

Financial Consideration:

The City will receive $8,855.58 each month during the period beginning October 1, 2015 and ending September 30, 2016. The total amount due the City will be $106,266.96 for the fiscal year 2016. This amount reflects a 2.5% increase over last year's contract for fire protection services within certain areas of the County.

Staff Recommendation:

It is recommended that the Council approve the agreement to provide firefighting services to the County.

Alternatives:

As directed by the Council

Attachments

Resolution No. 6018

Agreement for Fire Protection Services

Letter for Fire Protection Services

RESOLUTION NO. 6018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT FOR FIRE PROTECTION SERVICES BETWEEN GRAYSON COUNTY AND THE CITY OF SHERMAN FOR THE PERIOD OF OCTOBER 1, 2015 THROUGH SEPTEMBER 30, 2016; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

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

SECTION 1. That the Mayor be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an Agreement for Fire Protection Services between Grayson County and the City of Sherman for the period of October 1, 2015 through September 30, 2016, pursuant to the terms and provisions of the contract document attached hereto and made a part hereof for all purposes.

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

PASSED AND APPROVED on this the _____ day of ________________, 2015.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: ______________________________
LINDA ASHBY,
CITY CLERK

BY: ______________________________
CAROLYN S. WACKER,
MAYOR

APPROVED AS TO FORM AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

STATE OF TEXAS §
§ *FISCAL YEAR 2016*
COUNTY OF GRAYSON §

AGREEMENT FOR FIRE PROTECTION SERVICES BETWEEN GRAYSON COUNTY, TEXAS AND THE CITY OF SHERMAN, TEXAS

WHEREAS, this Agreement is made between Grayson County, Texas ["COUNTY"] and the City of SHERMAN, Texas ["CITY"] under and pursuant to the Interlocal Cooperation Act, Chapter 791, Texas Government Code and under Section 352 of the Texas Local Government Code;

WHEREAS, COUNTY and CITY represent that each is independently authorized to perform the functions contemplated by this Agreement; and

WHEREAS, the COUNTY currently has a need for fire protection for Grayson County residents who live in portions of the COUNTY outside the municipalities;

WHEREAS, each party has sufficient funds available from current revenues to perform the functions contemplated by this Agreement and this Agreement is conditioned upon appropriation of sufficient revenue by Grayson County Commissioners Court for payment of the consideration named herein for the COUNTY fiscal year named; and

NOW, THEREFORE, in consideration of the recitals, mutual benefits and promises each to the other made herein, the parties named above do hereby agree as follows:

PUBLIC PURPOSE

The purpose of this contract is to provide public fire protection services within the area of the COUNTY that lies outside the boundaries of any municipal government. The COUNTY has no authority to provide fire protection within the territorial limits of incorporated municipalities and by this contract does not attempt to usurp the authority of municipalities to manage, regulate and provide fire protection and emergency response services within their boundaries.

CITY OBLIGATIONS

The CITY, as part of this Agreement, and as a condition of the payment by COUNTY of any and all sums called for under this Agreement, agrees that:

(A) The CITY's fire department will provide fire protection services for all persons and property within the unincorporated area of said COUNTY that lies within the CITY's designated primary service area as set out in the map attached to this Agreement as Exhibit "A" and incorporated herein by reference. Additionally, the CITY's Fire Department agrees that it shall respond to all mutual aid calls from any other fire department in Grayson County for fire protection services at any location within the unincorporated area of the COUNTY upon request of other fire department, the Grayson County Fire Marshal or during time of disaster, declared or otherwise, upon request of the Grayson County Judge or Emergency Management Coordinator. Said request may be made on behalf of any of these authorized agents through the Grayson County Sheriff's Office Communications Center.

(B) The CITY's Fire Department shall use reasonable diligence and effort to provide the fire protection services it has contracted to provide by this contract and to provide immediate and direct supervision of the CITY's Fire Department members, volunteers, employees, agents, contractors, sub-contractors, and/or laborers, if any, in the furtherance of the purposes, terms, and conditions of this Agreement.

(C) The CITY's Fire Department agrees to cause its members and personnel providing fire protection services in performance of this Agreement, when performing said services, to conduct themselves in a professional manner and to comply with all applicable laws, regulations and standards. All paid fire fighters must comply with all requirements of the Texas Commission on Fire Protection. All fire fighters, whether paid or volunteer, must be properly trained and equipped to perform fire protection duties as determined by applicable laws, regulations and standards, including local departmental regulations and standards. The CITY's Fire Department agrees to maintain all equipment necessary for the performance of this Agreement in good repair. Radio communications will be conducted in accordance with any rules, procedures or directives of the Grayson County Sheriff and/or Grayson County Fire Marshal and/or the Grayson County Emergency Management Coordinator.

(D) The CITY's Fire Department shall cooperate and coordinate with the Grayson County Fire Marshal pursuant to the provisions of the Local Government Code, Chapter 352.

(E) The CITY's Fire Department shall provide notice to the Grayson County Fire Marshal or Grayson County EOC at 903-818-7694 prior to or concurrent with deployment of resources outside of Grayson County for response other than standard mutual aid to the counties contiguous to Grayson County.

(F) Upon request from the Grayson County Judge, his designee or the Grayson County Emergency Management Coordinator, the CITY's Fire Department shall:

a. Cooperate in a coordinated response, or prioritization of assets, during a locally declared disaster;

b. Respond to reasonable data requests relevant to services provided under this Agreement;

c. Participate in at least one exercise, per fiscal year, as conducted, and if requested by the Grayson County Office of Emergency Management;

d. Participate in local planning, briefings or trainings as determined by the Grayson County Fire Marshal or Grayson County Emergency Management Coordinator; and

e. Upon notice, participate in After Action Reviews of emergency incidents involving a response of the CITY's Fire Department in the unincorporated area pursuant to this contract. Participation shall be defined to include participation by personnel actually involved in the incident; and

f. Provide current contact information for the Chief and Assistant Chief of the CITY's Fire Department, to include active email addresses and telephone contact information, for use by the Grayson County EOC, Sheriff's Office Communication Center and Fire Marshal.

(G) The CITY's Fire Department warrants that in carrying out the terms of this Agreement, no person under the age of eighteen years will be utilized in the performance of the services to be provided under this Agreement.

(H) The CITY's Fire Department shall comply with any rules, procedures or directives of the Grayson County Fire Marshal for determining which fires warrant investigation and shall cooperate with any such investigation made by the appropriate County Official or the designated agent of the Grayson County Fire Marshal, State Fire Marshal, County Sheriff, and/or other law enforcement agencies or their designees.

(I) The books and records maintained in operation of the CITY's Fire Department shall be open to inspection by the COUNTY or its designated representative during normal business hours, upon reasonable notice.

(J) The CITY's Fire Department shall file a TXFIRS report with the State Fire Marshal's Office within two weeks of the end of the month that an incident occurred. The Grayson County Fire Marshal is authorized to review all fire incident reports filed by the CITY Fire Department with the State Fire Marshal's Office.

(K) The CITY's Fire Department shall file an incident report with the Texas Interagency Coordination Center for each wildland fire incident within two weeks of the end of the month that the wildland fire occurred.

(L) The CITY's Fire Department shall adopt, and take all necessary steps to implement, the National Incident Management System (NIMS) at the local level. NIMS compliance for the term of this contact must be achieved by completing required actions as outlined by FEMA, the Texas Forest Service and the Texas Division of Emergency Management. NIMS compliance shall be demonstrated by:

a. Completion and certification of NIMS compliance via any tool requested by the Grayson County Office of Emergency management in writing within thirty (30) days of the request;

b. Verification of NIMS compliance by providing information and records upon thirty days request of the Grayson County Judge, Fire Marshal or Emergency Management Coordinator.

(M) The CITY's Fire Department acknowledges and understands that it is anticipated that the COUNTY may require in future Agreements that any fire department which is not also a licensed emergency medical service provider maintain a "current" status throughout the term of future Agreements as a First Responder Organization (FRO) as defined by the Texas Administrative Code 157.14. *This is not a requirement of this Agreement at the time of its execution and this Paragraph is provided for planning and notice only.*

(N) The CITY's Fire Department certifies that it: *[check one]*

☐ IS a First Responder Organization as defined by the Texas Administrative Code 157.14.
☐ IS NOT a First Responder Organization as defined by the Texas Administrative Code 157.14.
☒ IS a licensed emergency medical service provider.

CONSIDERATION

For the services provided above, the COUNTY shall provide to the CITY:

(1) The sum of $8,855.58 per month during the term of this Agreement, due and payable by the 10th day of each month. The first payment shall be due on or before October 10, 2015. All sums to be paid under this Agreement by the COUNTY shall be made from current revenues available to the COUNTY.

(2) Recovery of any additional sums or consideration *from county residents* by the CITY for response to grass or wildfire is strictly prohibited by this Agreement. Inasmuch as the CITY acts as the County's agent for response, the CITY agrees to provide the fire protection services for grass or

wildfire for the consideration in Paragraph 1 above. This provision is included to prohibit the recovery of additional compensation directly from county residents by CITY only and shall not preclude the COUNTY and CITY from seeking state or federal assistance in the event of disaster or extraordinary response due to extreme wildfire threat.

(3) In addition to all available remedies pursuant to the default and termination provisions of this Agreement, the Parties agree that the COUNTY may withhold payment of any sums due and payable as set out in Paragraph 1 above upon written notice of failure of the CITY to perform the services contemplated in this Agreement until such deficiency is cured.

NOTICE OF EFFECT OF NONAPPROPRIATION

If, for any fiscal year, the Grayson County Commissioners Court does not authorize funds in amounts sufficient to pay or perform its obligations under this Agreement, the County shall endeavor to provide thirty (30) days notice. If funds are not authorized, this Agreement shall be null and void for the COUNTY fiscal year for which funds are not appropriated and any future fiscal years.

GENERAL APPORTIONMENT OF RESPONSIBILITY AND IMMUNITY; AGENCY

In the event of joint or concurrent negligence of the parties, responsibility, if any, shall be apportioned comparatively in accordance with the laws of the State of Texas, without, however, waiving any governmental immunity available to either party individually under Texas law. The CITY shall be responsible for its sole negligence. The COUNTY shall be responsible for its sole negligence. The provision of this paragraph are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any other person.

Pursuant to Section 352.004 of the Texas Local Government Code, the act of a person or an employee of a municipality providing fire protection services pursuant to this Agreement in the unincorporated areas of the COUNTY, is considered to be the act of an agent of the COUNTY. A municipality is not liable for the reasonable acts of its employee in fighting fires outside the municipality under this Agreement.

The COUNTY and the CITY understand and agree that Section 352.004 of the Texas Local Government Code applies to the services performed by the CITY for the COUNTY under this Agreement and that when the CITY is engaged in the scope of its duty to provide fire protection services in any part of the area of the COUNTY that lies outside the limits of any municipality, the CITY acts as an agent of COUNTY to the *limited* extent said law mandates. However, it is understood that the CITY is not an agent of the COUNTY for any other purpose.

DEFAULT

In the event either party shall fail to keep, observe or perform any provision of this Agreement, the breaching party shall be deemed in default. If such default shall continue for a period of thirty days after notice thereof by the non-breaching party to the other, then the non-breaching party shall be entitled to all available options under the Termination provisions of this Agreement.

EFFECTIVE DATE, TERM AND RENEWAL

The effective date of this Agreement shall be October 1, 2015, and this Agreement shall expire at midnight on September 30, 2016.

The COUNTY is expressly prohibited by the Constitution of the State of Texas from creating a debt without providing for a tax to pay the debt. "Debt" means any obligation to be paid for with future rather than current revenues. Any Agreement that would provide for automatic renewal of this Agreement would necessarily provide for payments that would have to be made from future revenues. Without a special tax, there can be no lawful automatic renewal of this Agreement. Instead, it is understood by both Parties that a new contract must be executed for each fiscal year. The fiscal year of the COUNTY is from October 1 through September 30 of the next calendar year.

Accordingly, this Agreement contains no automatic renewal provisions. It is agreed that continuation of fire protection services between the COUNTY and the CITY must be by execution of a new contract for each fiscal year on or before October 1 of the fiscal year covered by the contract that is expiring.

AUTHORITY TO CONTRACT

Each party has the full power and authority to enter into and perform this Agreement and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

GOVERNING LAW/VENUE

This Agreement shall be interpreted in accordance with the laws of the State of Texas and Grayson County is the proper venue for any action regarding this Agreement.

ENTIRE AGREEMENT

This Agreement represents the entire Agreement of the Parties and supersedes any verbal or written representations of, to or by the Parties to each other.

AMENDMENT

If the Parties desire to modify this Agreement during its term, any modifications may be either incorporated herein by written amendment or set forth in an entirely new written agreement. Any modifications must be properly approved and signed by authorized representatives of the Parties.

TERMINATION

By Mutual Agreement: This Agreement may be terminated by mutual agreement of the CITY and the COUNTY, as evidenced by written termination agreement.

For Nonappropriation of Funds: As mentioned above, if the County does not authorize funds necessary for performance of the obligations under this Agreement, the County may terminate this Agreement.

By Either Party: This Agreement may be terminated at any time for convenience or fault upon sixty (60) days written notice to the other party.

NOTICES

By City to County:

Any notice permitted or required to be given to the COUNTY hereunder must be in writing and mailed by United States Postal Service, first class mail AND Certified Mail, Return Receipt Requested, postage prepaid and addressed to:

Grayson County Judge
100 W. Houston, Suite 15
Sherman, Texas 75090

By County to City:

Any notice permitted or required to be given to the CITY hereunder must be in writing and mailed by United States Postal Service, first class mail AND Certified Mail, Return Receipt Requested, postage prepaid and addressed to:

City of SHERMAN

____

____

____

EXECUTED this ___ day of __________________, 2015

____

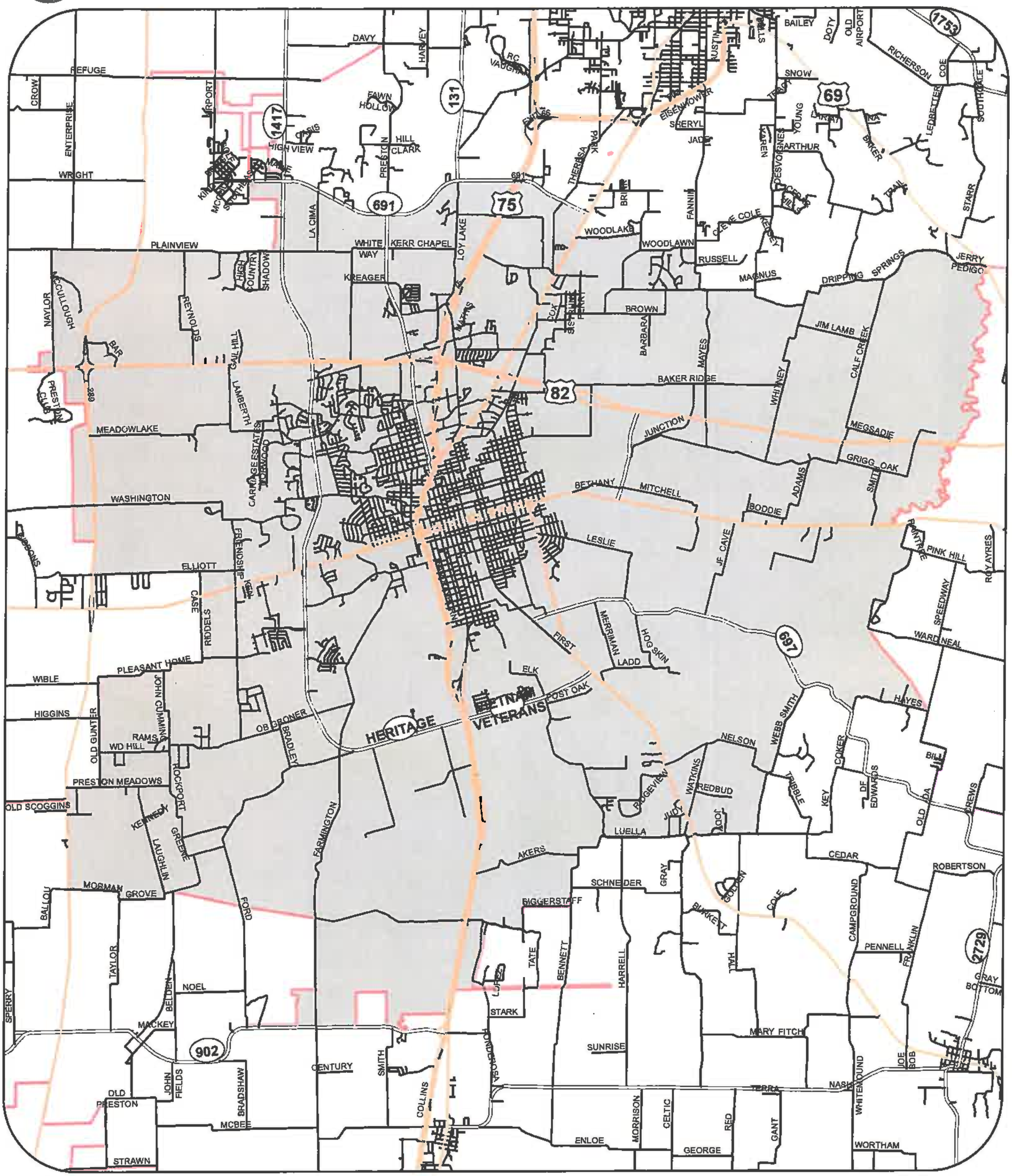
Grayson County Judge
Printed Name: Bill Magers

EXECUTED this ___ day of __________________, 2015

____

Mayor, City of SHERMAN
Printed Name: ________________

Sherman Fire



N W E S

0 0.5 1 2 Miles

Exhibit A

Date: 5/31/2015

Office of Emergency Management
100 W Houston, Third Floor • Sherman, TX 75090

September 9, 2015

City of Sherman
P.O. Box 1106
Sherman, TX 75091

RE: FY16 Agreement for Fire Protection Services

Mayor:

Please find enclosed an original Agreement for Fire Protection Services between Grayson County, Texas, and City of Sherman. We are happy to advise you that Commissioners Court has added a 2.5% increase to the contract rate provided last year.

We look forward to continuing a strong relationship with your department.

After execution, please return the original to the address below. We will return a copy of the executed original upon final approval of the Agreement here by Commissioners Court.

If you have any questions, please do not hesitate to call.

Respectfully,

Sarah E. Somers, Director

Enclosures

Office: (903) 813-4217 • Facsimile: (903) 893-5207

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. D. 3.**

Meeting Date: 09/21/2015

Prepared By: Danny Jones, Fire Chief

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6019

Authorizing Execution of an Agreement for Ambulance Services with Grayson County for the Period of October 1, 2015 through September 30, 2016

Issue:

To consider approval of an agreement between the City of Sherman and Grayson County regarding the provision of Emergency Medical Services during the period of October 1, 2015 through September 30, 2016

Background:

The Sherman Fire Department provides Emergency Medical Services within certain areas of Grayson County, per an annual contract.

Origination:

Grayson County and the City of Sherman

Financial Consideration:

The City will receive $110,670.00 for fiscal year (FY) 2016. The County will pay the City the annual amount in equal quarterly payments of $27,667.50, after receipt of the required quarterly data report. This amount reflects a 2.5% increase over last year's contract for ambulance services within certain areas of the County.

Staff Recommendation:

It is recommended that the Council approve the Agreement for Ambulance Services for the period of October 1, 2015 through September 30, 2016.

Alternatives:

As directed by Council

Attachments

Resolution No. 6019
Agreement for EMS FY 2016
Exhibit A - Map
Exhibit B - Data Requirements
Exhibit C - Sample Data Form
Letter for Emergency Medical Services

RESOLUTION NO. 6019

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT FOR AMBULANCE SERVICES WITH GRAYSON COUNTY FOR THE PERIOD OF OCTOBER 1, 2015 THROUGH SEPTEMBER 30, 2016; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

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

SECTION 1. That the Mayor be and is hereby authorized and directed, subject to any and all documentation being properly completed and approved as to form and content by the City Attorney, to enter into an Agreement for Ambulance Services with Grayson County for the period of October 1, 2015 through September 30, 2016, in the same or substantially same form as the contract documents attached hereto and incorporated herein for all purposes.

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

PASSED AND APPROVED on this the _____ day of _________________, 2015.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: ________________________________
LINDA ASHBY,
CITY CLERK

BY: ________________________________
CAROLYN S. WACKER,
MAYOR

APPROVED AS TO FORM AND CONTENT:

BY: ________________________________
BRANDON S. SHELBY,
CITY ATTORNEY

STATE OF TEXAS §

COUNTY OF GRAYSON §

FISCAL YEAR 2016

AGREEMENT FOR AMBULANCE SERVICES

This Agreement for Ambulance Services (the "Agreement") by and between Grayson County, Texas, (the "County"), and the City of Sherman, a duly licensed Texas Emergency Medical Services and ambulance provider (the "Contractor").

Whereas, County has a tradition of Contractor and other providers being important participants in the Emergency Medical Services ("EMS") system in Grayson County;

Whereas, the County currently has a need for emergency medical services in the unincorporated areas of Grayson County;

Whereas, Contractor desires to provide emergency medical services in the unincorporated area of the County; and

Whereas, Contractor desires certain funding from the County to enable it to provide such emergency medical services;

Whereas, each party has sufficient funds available from current revenues to perform the functions contemplated by this Agreement and this Agreement is conditioned upon appropriation of sufficient revenue by Grayson County Commissioners Court for payment of the consideration named herein for the County fiscal year named; and

NOW, THEREFORE, in consideration of the premises and the mutual promises herein contained, the parties agree as follows:

I. Description of Contractor Services and Services Area

During the term of this Agreement, Contractor agrees to furnish ambulance and emergency medical services in the City of Sherman ambulance district as the service area shown in the attached Exhibit A. It understood and agreed that the Contractor *may* provide ambulance and emergency medical services 7 days a week, 24 hours a day to persons requiring service within the municipal boundaries of any city within the District, and shall for persons requiring services in the unincorporated County portions of the District service area. However, this Agreement and the consideration therefore, are solely for response in the unincorporated areas of Grayson County unless services are requested for mutual aid or for response during disaster.

The Contractor shall manage all day-to-day operations, including field operations, dispatch, billing, collections, purchasing and other operational functions. The Contractor will negotiate all mutual aid agreements, maintain all facilities and equipment, hire/fire and provide or arrange for in-service training of all field personnel, manage all billing and collection functions, provide reports to the County, cooperate with and respond to the County on matters related to patient care, and generally manage all aspects of the ambulance system operations. The services to be provided will comply with all applicable county, state, and federal laws, regulations and ordinances in effect on the date that such Emergency Medical Services are performed by Contractor.

II. Employee Certifications

All persons employed or used by the Contractor in the performance of work under this Agreement shall hold all required and appropriate professional certifications, permits and/or licenses as required by all state and federal laws and regulations and shall conduct themselves in a professional manner.

III. Contractor Responsibilities

Contractor shall:

Maintain and meet current vehicle specifications as specified by the *Federal Specification Ambulance Emergency Medical Care Vehicle* as published by the *General Service Administration, Department of Transportation Federal Specification KKK 1822,* requirements as set forth by the *Texas Department of Health;*

Equip each ambulance and vehicle utilized to provide emergency medical services pursuant to this Agreement with all items for operations as required for the licensed level of service by the *Texas Department of Health;*

Provide motor vehicles used for providing ambulance service designed to transport ill, sick, or injured persons in comfort and safety;

Vehicles shall be maintained in a clean, sanitary and first class mechanical condition at all times, in compliance with all applicable state and federal standards for ambulances;

Respond to reasonable data requests relevant to services provided under this Agreement;

Participate in at least one exercise per fiscal year as conducted by the Grayson County Office of Emergency Management;

Participate in reasonable and necessary local planning, briefing or trainings as determined by the Grayson County Emergency Management Coordinator;

Upon notice, participate in After Action Reviews of emergency incidents involving a response of the Contractor. Participation shall be defined to include participation by personnel actually involved in the incident under review;

Provide, and maintain current, contact information for the Contractor to include active email addresses and telephone contact information for use by the Grayson County EOC and Sheriff's Office Communication Center; and

Adopt the National Incident Management System ("NIMS') and take all necessary steps to implement NIMS including required NIMS training for all personnel contemplated to provide response services pursuant to this contract.

IV. Disaster Assistance

During a time of disaster, declared or otherwise, local or in a neighboring jurisdiction, Contractor shall follow the County Emergency Management Plans and commit such resources as are necessary and appropriate given the nature of the disaster and upon request of the Grayson County Judge or Emergency Management Coordinator.

V. Outside Work

Contractor shall not be prohibited from doing other work provided the services do not interfere with Contractor's primary responsibility pursuant to this Agreement to provide EMS response and transport within the Contractor's primary area of response as set out in the map attached hereto as Exhibit A.

VI. Medical Director

Contractor shall be responsible for State requirements for provider organizations regarding Medical Directors and their role in purchasing controlled drugs and other controlled supplies, as well as for issuing and signing written standing orders.

VII. Consideration

For consideration of the provision of ambulance and emergency medical services delineated in this agreement, the County agrees to pay, for the duration of this Agreement $110,670.00, payable in quarterly installments upon receipt of the *required quarterly data report on the following dates:*

January 15, 2016	$27,667.50
April 15, 2016	$27,667.50
July 15, 2016	$27,667.50
October 15, 2016	$27,667.50
Total for Fiscal Year:	$110,670.00

VIII. Charges for Services

Any billing and collection procedures used will be developed by the Contractor. The County does not require nor shall it be responsible for any billing or collection for services provided under this Agreement.

The service rate for all 911 and non-emergency transports shall be set by the Contractor without consideration and approval from the County. Rates for services will be provided to the County by the Contractor and any change will require notification within thirty days of the change.

IX. County Ambulance Data Requirements

Contractor shall provide to the County quarterly operating reports. Said reports shall include the data set out in Exhibit B attached to this Agreement in the format shown in the sample report attached as Exhibit C. The reports shall be provided to the County by email to eoc1@co.grayson.tx.us or by fax to 903-893-5207 pursuant to the following schedule:

First Quarter (October 1 through December 31, 2015) – Report due on or before January 15, 2016

Second Quarter (January 1 through March 31, 2016) – Report due on or before April 15, 2016

Third Quarter (April 1 through June 30, 2016) – Report due on or before July 15, 2016

Fourth Quarter (July 1, 2013 through September 30, 2016) – Report due on or before October 15, 2016

X. Insurance

Throughout the term of this agreement, and any extensions thereof, Contractor shall procure, pay for, and maintain insurance coverage for the provision of ambulance service. Copies of this insurance shall be evidenced by delivery to the County of certificates of insurance, including general and professional medical and automobile liability. Said proof of coverage shall be delivered by email at eoc1@co.grayson.tx.us or by fax to 903-893-5207 on or before October 30, 2015.

XI. Cooperation with Other EMS Providers

Contractor agrees to exchange appropriate and pertinent information with other EMS providers, including service areas, primary locations and numbers of ambulances available for immediate response.

XII. Term of Agreement and Renewal Provisions

Unless terminated earlier pursuant to the terms hereof, this Agreement shall commence at **12:01 A.M. on October 1, 2015** and terminate at **midnight, September 30, 2016**.

It is understood and agreed that this Agreement may be extended for additional one-year terms by agreement of the parties.

XIII. Amendment and Modification

Any alterations or deletions to the terms of this Agreement shall be by written amendment executed by both parties to this agreement. Any alterations, additions, or deletions to the terms of this agreement that are required by changes in Federal, State, or local law, or regulations, will be automatically incorporated into this Agreement without written amendment, and shall become effective on the date designated by such law or regulation.

XIV. Miscellaneous Provisions

The following miscellaneous provisions apply to this Agreement:

Compliance with Applicable Laws, Rules and Regulations — All services furnished by Contractor shall be rendered in full compliance with all applicable federal, state and local laws, rules and regulations;

Non-Transferable Agreement — Neither party may assign this agreement or any rights, interest, or obligations under this agreement without the prior written approval of the other party.

Permits — Contractor shall be the holder of the state Ambulance license and of all state and local vehicle permits, and shall make all necessary payments for those licenses and permits;

This Agreement shall be interpreted in accordance with the laws of the State of Texas and Grayson County is the proper venue for any action regarding this Agreement.

This Agreement represents the entire Agreement of the Parties and supersedes any verbal or written representations of, to or by the Parties to each other.

XV. Notice and Addresses of Parties

Any notice required under this Agreement shall be delivered by certified mail, return receipt requested, addressed to the proper party, at the following addresses:

To the County: Grayson County Judge

100 W. Houston, Suite 15

Sherman, Tx 75090

To Contractor: City of______________________

Honorable Mayor

___________, TX ___________

XVI. Independent Contractor

It is expressly understood and agreed that Contractor is an independent contractor in its relationship with the County. The County is interested only in the results obtained under this Agreement; the manner and means of conducting the work are under the sole control of the Contractor. None of the benefits provided by the County to their employees are available to Contractor employees, agents, or representatives. Contractor is solely and entirely responsible for its acts and for the acts of its agents, employees, representatives and sub-contractors under this Agreement. Nothing in this Agreement at any time or in any manner shall be construed to 1) effect an agreement of partnership or joint venture, or 2) render the County the employer or master of Contractor, its employees, agents or representatives.

XVII. Termination of Contract

Either party may terminate this agreement by giving sixty (60) days written notice to the address as provided in Article XV Notice and Addresses of parties.

If the County does not authorize funds necessary for performance of the obligations under this Agreement, this Agreement shall be null and void.

XVIII. Governmental Immunity

This Agreement does not waive, nor shall it be deemed to waive, any immunity or defense, including, but not limited to, governmental immunity, that would otherwise be available to the parties against claims arising from the exercise of governmental powers and functions.

XIX. Severability

In the event any provisions of this Agreement are for any reason held invalid, illegal, or unenforceable, they shall not affect any other provision, and this Agreement shall be construed as if such invalid, illegal, or unenforceable they shall not affect any other provision, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

XX. Effective Date, Term, Renewal and Notice of Effect of Nonappropriation

The effective date of this Agreement shall be October 1, 2015, and this Agreement shall expire at midnight on September 30, 2016.

The County is expressly prohibited by the Constitution of the State of Texas from creating a debt without providing for a tax to pay the debt. "Debt" means any obligation to be paid for with future rather than current revenues. Any Agreement that would provide for automatic renewal of this Agreement would necessarily provide for payments that would have to be made from future revenues. Without a special tax, there can be no lawful automatic renewal of this Agreement. Instead, it is understood by both parties that a new contract must be executed for each fiscal year. The fiscal year of the County is from October 1 through September 30 of the next calendar year.

Accordingly, this Agreement contains no automatic renewal provisions. It is agreed that continuation of services between the County and Contractor must be by execution of a new contract for each fiscal year on or before October 1 of each year.

If, for the FY2016 fiscal year, the Grayson County Commissioners Court does not authorize funds in amounts sufficient to pay or perform its obligations under this Agreement the County shall endeavor to provide thirty (30) days notice. If funds are not authorized, this Agreement shall be null and void.

XXI. Applicable Law

This agreement shall be construed under and in accordance with the laws of the State of Texas, and all of this Agreement's obligations are performable in Grayson County, Texas.

Signed this_____day of_____________,2015	Signed this _____day of ___________, 2015
City of Sherman, Texas	Grayson County, Texas
By: ___________________________________	By:__________________________________
Mayor	Grayson County Judge

Sherman EMS

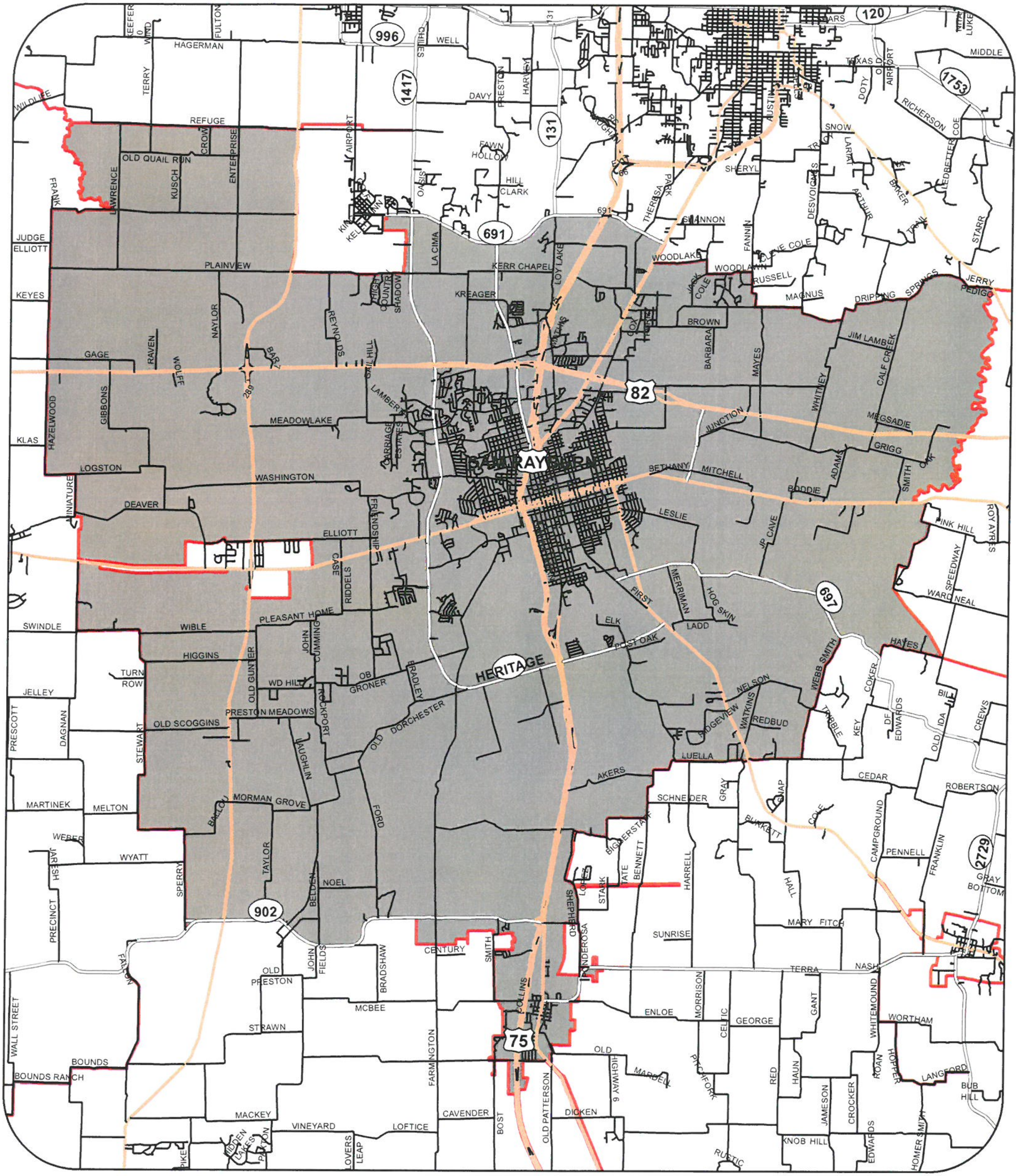


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Exhibit A

Date: 8/31/2015

County Ambulance Data Requirements

- **District:** Area covered

- **911 Calls**: Number of 911 generated calls this quarter for each area to the right.
- **Transfer by FTSA**: Number of Transfers by Full Time Staffed Ambulance (FTSA) for each of the areas to the right.
- **Transfers by Non-FTSA:** Same as above only with non-FTSA personal/assets.
- **Non-Transports:** A 911 call that did not require a transport (patient refusal, false alarm, cancelled, etc).
- **Others:** Any other call not covered above. An example would be a **standby at a football game** or other event.
- **Total Calls: The sum of the above** less **non-transports.**
- **Calls turned over to Mutual Aid EMS:** Any calls handed over to another district because of no ambulance available within your district or to an air ambulance.

Response Time

- **E911 calls:** Average time in minutes from the time call is received until the ambulance arrives on the scene. For in house dispatch, it is the time from the call is received to arrival on scene. For dispatched from the county or off site dispatch: it is the time from the time you receive the call until arriving on scene.
- **Total Average Time/911 Call.** The sum of the total time the ambulance(s) is dedicated to a call (from call received to back in service) divided by the number of calls.
- **Weighted average:** The sum of all response time minutes for all calls divided by the total number of calls.

EXHIBIT "B"

SAMPLE Monthly Grayson County Ambulance Data Requirements

District: ____________ **Report for** ______(Month)__2013________

Date of report: ____________ **Number of FTSA:** ____________

Number of Calls

Run Type	City of Whitesboro	Whitesboro Rural	City of Collinsville	City of Sadler	City of Southmayd	City of Tioga	City of Bells	Denison District	Preston District	Van Alstyne District	Sherman District	Whitewright District	Other Grayson	Out of Grayson	Totals
911 Calls															0
Transfers by FTSA															0
Transfers by Non-FTSA															0
Non-Transports															0
Others															0
Total Calls	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Calls turned over to mutual aid EMS									0	0	0	0	0	0	
Calls turned over to air ambulance															0

Response time (minutes)

	City of Whitesboro	Whitesboro Rural	City of Collinsville	City of Sadler	City of Southmayd	City of Tioga	City of Bells	Weighted Average
E911 calls*								

*Transports & non-transports

This month last FY Average Ambulance Response time: ______

Total average time/ E911 call ______

EXHIBIT C

Office of Emergency Management
100 W Houston, Third Floor • Sherman, TX 75090

September 9, 2015

City of Sherman
P.O. Box 1106
Sherman, TX 75091

RE: FY16 Agreement for Emergency Medical Services

Mayor:

Please find enclosed an original Agreement for Emergency Medical Services between Grayson County, Texas, and City of Sherman. We are happy to advise that Commissioners Court has provided a small 2.5% increase over the contracted rate for last year.

We look forward to continuing a strong relationship with your department.

After execution, please return the original to the address below. We will return a copy of the executed original upon final approval of the Agreement here by Commissioners Court.

If you have any questions, please do not hesitate to call.

Respectfully,

Sarah E. Somers, Director

Enclosures

Office: (903) 813-4217 • Facsimile: (903) 893-5207

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. D. 4.**

Meeting Date: 09/21/2015

Prepared By: Steve Ayers, Director of Community and Support Services

Approved By: Robby Hefton, City Manager

Caption:

**** RESOLUTION NO. 6020***

Authorizing Execution of a Contract with Grayson County, Texas, for Use of the City of Sherman Animal Shelter

Issue:

Renew two-year contract with Grayson County for use of the City of Sherman Animal Shelter

Background:

The contract with the County for the use of the City's Animal Shelter expired on September 30, 2015. The Council has not approved any increase or decrease in Animal Shelter impound fees charged by the City to the County and other cities for shelter services since the last contract with the County.

Origination:

Community & Support Services

Financial Consideration:

The contract calls for payment to the City on a per-animal basis of $50 per animal, rather than a flat fee for these services. During fiscal years (FY) 2013-2014 and 2014-2015, the City received total revenue of $64,270.00 and $46,850.00, respectively.

Staff Recommendation:

Staff recommends approval of this contract.

Alternatives:

The Council could elect not to approve this contract or elect new rates different than those proposed.

Attachments

Resolution No. 6020

Animal Shelter Contract

RESOLUTION NO. 6020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A CONTRACT WITH GRAYSON COUNTY, TEXAS, FOR USE OF THE CITY OF SHERMAN ANIMAL SHELTER; 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 and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a contract with Grayson County, Texas, for use of the City of Sherman Animal Shelter, in accordance with the terms and provisions of the contract, attached hereto and made a part hereof for all purposes.

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

PASSED AND APPROVED on this the _____ day of _________________, 2015.

CITY OF SHERMAN, TEXAS

BY: ______________________________________
CAROLYN S. WACKER, MAYOR

ATTEST:

BY: ________________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: ________________________________
BRANDON S. SHELBY,
CITY ATTORNEY

ANIMAL SHELTER CONTRACT

THE STATE OF TEXAS §
§ **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF GRAYSON §

THIS CONTRACT, made and entered into by and between the **CITY OF SHERMAN**, a Texas Municipal Corporation, acting herein through its City Manager (herein called "CITY"), and the **COUNTY OF GRAYSON**, a Texas political subdivision, acting herein through its County Judge (herein called "COUNTY"),

W I T N E S S E T H:

WHEREAS, COUNTY is desirous of enforcing its animal control ordinance in the non-incorporated areas of Grayson County and is in need of the services of an animal shelter; and

WHEREAS, CITY operates an animal shelter located at 1800 East Ida Road in the City of Sherman, Grayson County, Texas; and

WHEREAS, it would be mutually advantageous and to the benefit of both COUNTY and CITY to allow COUNTY to bring animals it impounds pursuant to COUNTY animal control ordinance to CITY animal shelter;

NOW THEREFORE, in consideration of the mutual promises, conditions, and fees expressed hereinafter, it is agreed as follows:

1. **County May Bring Animals.** CITY agrees that authorized COUNTY personnel may bring COUNTY animals to CITY'S animal shelter. COUNTY agrees and authorizes CITY to care for and euthanize COUNTY'S animals on the same basis and in the same manner as CITY does its own animals.

2. **Fees.** (a) COUNTY shall pay CITY a one-time fee of Fifty Dollars and No Cents ($50.00) per animal brought to CITY'S shelter, excluding District, County or Justice of the

Peace Court Orders for placement in the CITY shelter, immediate and necessary veterinary care and required overtime services. CITY shall keep accurate records of each animal brought to the shelter by COUNTY and shall invoice COUNTY for such services on a monthly basis.

(b) COUNTY agrees that should COUNTY bring any animals to the CITY's shelter under a court order, it shall pay to CITY Fifty Dollars and No Cents ($50.00) per animal for three (3) days of shelter and meals, and for each day thereafter it shall pay to CITY per animal the sum of Twelve Dollars and No Cents ($12.00) per day until such time as the court order authorizes CITY to immediately euthanize the animal or it is released to a designated person or entity by court order.

3. **Operating Hours.** Normal operating hours for the shelter are 10:00 A.M. to 4:00 P.M., Monday, Tuesday, Thursday, Friday and Saturday. In the event COUNTY requests the shelter be opened after the designated normal operating hours or on Sunday and Wednesday, COUNTY shall be responsible for the payment of any customary overtime charges incurred by CITY employees.

4. **Termination.** This agreement shall terminate two (2) years after the date both parties have signed the agreement.

5. **Indemnification.** COUNTY shall save and hold harmless the City of Sherman, Texas, for any liability claim, or cause of action that may be brought against CITY due to any act of omission, negligence, or wrongdoing on the part of COUNTY, its agents or employees, in the performance of the enforcement of the animal control ordinance by COUNTY, as permitted by law.

6. **Notice of Termination.** This contract may be terminated by either party hereto by the giving of thirty (30) days written notice of such intention to terminate.

7. **Amendment.** This agreement may not be changed, varied, or altered except by an instrument in writing and duly executed on behalf of CITY and by COUNTY.

8. **Choice of Law; Venue.** This agreement shall be construed in accordance with the laws of the State of Texas, and shall be deemed performable and enforceable in the State of Texas, with venue in Grayson County, Texas.

IN WITNESS WHEREOF, the authorized officers of CITY and COUNTY have caused this contract to be executed in duplicate originals with an effective date of the ________ day of ______________________, 2015.

CITY OF SHERMAN, TEXAS

BY: ____________________________________
ROBBY HEFTON, CITY MANAGER

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: ______________________________
BRANDON SHELBY,
CITY ATTORNEY

GRAYSON COUNTY, TEXAS

BY: ____________________________________
BILL MAGERS, COUNTY JUDGE

ATTEST:

BY: _______________________________
WILMA BLACKSHEAR-BUSH,
COUNTY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: _______________________________
VAN PRICE,
ASSISTANT COUNTY ATTORNEY

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. D. 5.**

Meeting Date: 09/21/2015

Prepared By: Mark Gibson, Director of Utilities

Approved By: Robby Hefton, City Manager

Caption:

**** RESOLUTION NO. 6021***

Approving the Greater Texoma Utility Authority's Intention to Contract with H20 Innovation for the Membrane Filtration System for the City of Sherman Water Treatment Plant Project

Issue:

Approving the intention of the Greater Texoma Utility Authority (GTUA) to administer an agreement for the filtration membranes for the expansion of the City's Water Treatment Plant

Background:

The current Capital Improvement Program contains a project to expand the City's Water Treatment Plant. Following a piloting program with four vendors, H20 Innovation has been selected to supply the filtration membranes for the plant expansion. This issue was brought to and approved by the Council at the September 8th Council meeting, but the resolution incorrectly identified the project as being located at the Wastewater Treatment Plant. This action adopts a resolution with the correct location identified.

Origination:

GTUA/Department of Utilities Administration

Financial Consideration:

The cost of the membrane filtration system is $3,359,425.00.

Staff Recommendation:

It is recommended that GTUA's intent to contract with H20 Innovation for the membrane filtration equipment be approved.

Alternatives:

As may be directed by the City Council

Attachments

Resolution No. 6021
GTUA Recommendation
Engineer's Membrane Evaluation Report

RESOLUTION NO. 6021

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH H20 INNOVATION FOR THE MEMBRANE FILTRATION SYSTEM FOR THE CITY OF SHERMAN WATER TREAMENT PLANT PROJECT; 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 of Sherman hereby approves the Greater Texoma Utility Authority's intention to enter into a contract with H20 Innovation in the total amount of Three Million Three Hundred and Fifty-Nine Thousand Four Hundred Twenty-Five Dollars and No Cents ($3,359,425.00), for the filtration membranes for the City of Sherman Water Treatment Plant Expansion.

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

PASSED AND APPROVED on this the _____ day of ________________, 2015.

CITY OF SHERMAN, TEXAS

BY: ________________________________
CAROLYN S. WACKER, MAYOR

ATTEST:

BY: ________________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: ________________________________
BRANDON S. SHELBY,
CITY ATTORNEY

GREATER TEXOMA UTILITY AUTHORITY
AGENDA COMMUNICATION

DATE: August 25, 2015

SUBJECT: AGENDA ITEM NO. XIII

CONSIDER AND ACT UPON AUTHORIZATION FOR THE GENERAL MANAGER TO AWARD CONTRACT FOR THE EQUIPMENT PROCUREMENT FOR THE CITY OF SHERMAN WATER TREATMENT PLANT EXPANSION PROJECT

ISSUE

Consider and act upon authorizing the General Manager to award the contract for the equipment bids for the procurement of the membrane equipment for the City of Sherman Water Treatment Plant ("WTP") Expansion Project.

BACKGROUND

The City of Sherman is planning a construction project to expand their existing surface water treatment plant ("WTP") capacity. This project will enable the City of Sherman to continue to meet the water demand needs of future residential and industrial growth. The project will include a 10 million gallon per day ("mgd") capacity increase that will utilize reverse osmosis to demineralize the Lake Texoma water supply. The City staff requested the Authority's assistance in obtaining funding through the Texas Water Development Board ("TWDB") Drinking Water State Revolving Fund Program ("DWSRF") to fund these improvements to their WTP.

At the August 2014 meeting, the board adopted a resolution authorizing the submission of a financial participation application with the TWDB. At their November 20, 2014 meeting, the TWDB approved the financial assistance from the DWSRF for the planning, acquisition, and design ("PAD") in the amount of $2,515,000.

At the May 2015 meeting, the Board authorized the Staff to advertise for bids for the procurement of the high technology equipment which includes the membranes filtration system. The City is currently under design and has recently completed pilot testing of four (4) different membrane systems. Due to the long lead times of the membrane filtration equipment, it was be necessary to award a procurement contract for the equipment well in advance of the design being complete and the general contract being awarded.

CONSIDERATIONS

The Engineer, CH2MHill has provided a thorough evaluation that took into account initial capital costs, operating costs, and capital costs that will be incurred during construction to accommodate each of the proposer's equipment. This evaluation and recommendation are attached.

Due to the Authority not closing on the construction bond issue until December 2015, the procurement contracts include the following language at the recommendation of the Authority's Bond Counsel, "Payment of this contract is conditioned upon the receipt of bond proceeds from the Texas Water Development Board. There are no other funds available for payment of the Membrane Filtration System equipment. The Greater Texoma Utility Authority hereby disclaims any responsibility for the ultimate outcome of the attempted bond issue with the Texas Water Development Board."

STAFF RECOMMENDATIONS

The staff recommends that the Board authorize the General Manager to award the procurement contract to H20 Innovation for the membrane filtration system for the City of Sherman Water Treatment Plant Expansion Project.

ATTACHMENT

Engineer Evaluation and Recommendation

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

Technical Memorandum

Sherman WTP Membrane Equipment Proposal Evaluation

Prepared For: City of Sherman

Prepared By: CH2M HILL

Date: August 18, 2015

Background

On July 14, 2015 proposals were received for the supply of the membrane filtration equipment related to the 10 mgd expansion of the Sherman Water Treatment Plant (WTP). Sealed proposals were received from four suppliers. These were:

- H2O Innovation (Toray Membranes)
- Pall Corporation
- Wigen Water Technologies (Dow Membranes)
- Zenon Environmental Corporation (GE Water and Process Technologies)

The proposals were opened in the Dallas office of CH2M HILL at 2:00 pm on July 14th. Brian Fuerst and Evan Ged of CH2M HILL were in attendance and conducted the bid opening.

The proposals were evaluated based on cost and non-cost factors as described below. Cost factors included initial capital costs and future operating costs and were evaluated on a 20-year life cycle basis. The proposals also serve as the basis for the process guarantees and chemical and electrical consumption guarantees as described in the Request for Proposals. Assumptions made by the suppliers for calculating the capital and operating costs contained in the proposal were reviewed for completeness and verification that the suppliers made similar assumptions when preparing their proposals. Apparent discrepancies or questions were discussed with each of the suppliers for clarification. Based on the results of these analyses, the cost factors were adjusted such that each of the suppliers were proposing on similar scopes of supply. The cost evaluation is provided below.

The proposals were also evaluated on non-cost factors including use of universal rack design, membrane recovery, the degree of preassembly of the membrane skid, equipment proposed, vendor support during operation of the pilot unit, experience on similar projects, availability of support, number and type of exceptions made to the technical and commercial requirements in the contract documents, membrane performance during the piloting stage of the project, whether microfiltration (MF) or ultrafiltration (UF) modules are proposed, degree of preassembled equipment on the CIP system, degree of preassembled equipment on the air systems, conservatism of power consumption estimate, and arrangement of the block and bleed system. Technical points were awarded for each of these factors based on the benefit to the owner that each system provides. Points were awarded on a 1-5 scale. The technical points were then multiplied by an importance factor. The importance factor is also on a 1-5 scale and indicates the level of impact that this factor has on successful completion and operation of the project. Complete evaluation of each of the non-cost factors is included below.

Cost Evaluation

The first stage of the cost evaluation was a tabulation of the assumptions and the as-bid capital and operating costs provided by the suppliers. This tabulation was based on the written numbers in each supplier's proposal. If these numbers were actually calculated from the relevant lines on the bid form, the totals may vary slightly due to rounding error. This tabulation is provided in Table 1.

Table 1

	Pall	H2O (Toray)	Zenon	Wigen (Dow)
Total Initial Cost of Membrane Filtration Equipment System	$ 3,743,000	$ 3,334,125	$ 2,980,549	$ 3,095,795
Total Initial Cost of Membrane Building	$ 796,293	$ 640,368	$ 864,000	$ 1,033,782
Total Initial Cost of Coagulation and Flocculation Facilities	$ -	$ -	$ 208,500	$ -
Total Initial Project Cost	$ 4,539,293	$ 3,974,493	$ 4,053,049	$ 4,129,577
Cost for Electricity (Annual)	$ 44,291	$ 79,365	$ 41,529	$ 55,275
Total Annual Chemical Costs	$ 20,365	$ 6,957	$ 11,695	$ 8,438
Total Annual Sewer Disposal Costs	$ 12,124	$ 13,427	$ 5,631	$ 9,830
Sludge Disposal Cost	$ -	$ -	$ 11.37	$ -
Sum of Recurring Project Costs	$ 76,780	$ 99,749	$ 58,867	$ 73,543
Present Worth of recurring Project Costs	$ 1,043,472	$ 1,355,616	$ 800,026	$ 999,471
Present Worth of Membrane Replacement Cost (after GML years up to 20 years)	$ 591,150	$ 453,699	$ 329,963	$ 374,552
Total Present Worth Project Cost	$ 6,173,915	$ 5,783,808	$ 5,183,038	$ 5,503,600

In evaluating the proposals, it became apparent that the various suppliers made different assumptions when computing some of the costs included in their proposals. The costs impacted in this manner were electrical consumption, building size, building height, CIP tankage, chemical day tanks, guaranteed membrane replacement price, and inclusion of a pilot unit for 90 days. The following paragraphs describe the issues associated with each of these costs and the revisions made to the as-bid cost proposals to compensate.

Electrical – The cost associated with the membrane feed pumps makes up the bulk of the electrical demand in the membrane filtration system. The power requirements of the feed pumps is calculated based on assumptions such as inlet feed pressure, head loss through the strainers, headloss in the inlet piping, transmembrane pressure through the membranes, headloss in the piping between the membranes and the RO break tank, and the backpressure caused by head in the RO break tank. Some suppliers accounted for all of these factors while some accounted for some but not all. Since electrical use is a major factor in the 20-year life cycle cost, each of the manufacturer's electrical costs were recalculated assuming that for the membrane feed pumps, all of the losses except the transmembrane pressure loss were the same among the various suppliers. This should be sufficiently accurate for evaluation purposes since inlet and outlet conditions will be identical for all manufacturers, all manufacturers use the same prefilters, and all have similar piping arrangements. The transmembrane pressure used in the power calculations was the average TMP provided by the supplier in the proposal. It should be noted, however, that some of the TMPs proposed were considerably below those seen during Stage 2 and Stage 3 of the 2015 Pilot Study. To account for the degree of conservatism some suppliers included in their bid, a non-cost factor for power consumption conservatism was added to the non-cost factors described later. The TMP, associated membrane feed pump power consumption cost and calculated total power consumption cost (feed pump cost plus cost for all other electrical equipment as stated in each suppliers proposal) is as follows:

	TMP	Feed Pump Cost	Total Electrical
H2O Innovation	8.9 psi	$25,774 /yr	$30,649 /yr
Pall Corporation	7.0 psi	$17,600 /yr	$29,932 /yr
Wigen Water Technologies	12.0 psi	$29, 308 /yr	$32,855 /yr
Zenon Environmental Corp.	6.36 psi	$16,730 /yr	$26,081 /yr

<u>Building Size</u> – The building footprint size was also significantly impacted by supplier assumptions. Some suppliers included items such as control and electrical rooms in their calculations while others did not. Some provided ample working room around equipment while others placed equipment in the tightest area possible with little regard to working space or how it would be piped together. The major factor impacting the difference in building size among the various suppliers is the size and number of membrane treatment trains. There will be little variation among the suppliers in size requirements associated with the appurtenant equipment such as feed pumps, strainers, air compressors and blowers, backwash system, and CIP and neutralization systems with the exception of the Wigen system which does not require air blowers or a strainer backwash pump. Therefore the relative cost difference for building costs among the various suppliers was calculated by determining the dimensions of the valve and membrane racks from the proposal drawings from each manufacturer, multiplying by the number of proposed racks and multiplying by 2 to account for required working space around each rack. The area required for the Wigen system was further reduced by 200 square feet to account for not requiring air blowers or strainer feed pumps. Results of the building size analysis are:

	Total Area	Cost @ $150/ft2
H2O Innovation	1,850 ft2	$277,500
Pall Corporation	1,770 ft2	$265,500
Wigen Water Technologies	2,755 ft2	$413,250
Zenon Environmental Corp.	3,210 ft2	$481,500

Building Wall Heights – Two suppliers (Wigen and H2O) misread the calculation requirements for this item and based their costs on the total required wall height rather than just the height above 12 feet as stated in the bid documents. Another supplier (Zenon) made the assumption that no additional building height above 12 feet was required because equipment could be arranged such that any required working height above the equipment could be obtained between building trusses. This restricts equipment layout and access. The building height costs were adjusted to provide a minimum of 2 feet clearance between the minimum roof height and the top of the tallest piece of equipment being provided. Wall heights and associated costs were adjusted as follows:

H2O – From 19 feet to 7 feet.	(Cost = $32,004)
Pall – From 5 to 6.5 feet	(Cost = $33,696)
Wigen – From 16 feet to 7 feet.	(Cost = $41,706)
Zenon – From 0 feet to 2 feet	(Cost = $11,008)

Clean-in-Place (CIP) Tankage – One supplier (Wigen) assumed that one CIP tank could be used instead of the two specified. While this is something that may be evaluated after contract award, the same assumptions should be made in this evaluation process. Wigen was asked to provide a cost for providing a second CIP tank. They replied the cost would be $16,300. This was added to their equipment cost.

Chemical Day Tanks – Two suppliers (Wigen and H2O) included chemical day tanks in their proposal cost. The chemical use is small enough that totes or drums will be used for chemical delivery. Those same totes or drums will be used as day tanks so day tanks are unnecessary. Wigen provided a credit of $1,700 for deleting the day tanks and H2O provided a credit of $990.

Membrane Replacement Price – One supplier (Zenon) provided a membrane replacement cost that would be escalated by the change in the Consumer Price Index plus 1% until year 10 when the first membrane replacement is scheduled. The other suppliers provided a guaranteed number in year 10 in current dollars. The Zenon number was escalated by 3.41% per year to year 10 which corresponds to the average annual change in the CPI over the last 20 years plus 1%.

Pilot Included – It was not stated in the proposal by Pall and Zenon if a 90 day pilot rental was included in the proposal cost. When asked for a clarification, both suppliers confirmed that the cost is included in their proposal. No changes were necessary.

To account for these variations in the proposals, an adjusted price was calculated based on the items discussed above. Table 2 tabulates the adjusted capital and operational costs.

Table 2

	Pall	H2O (Toray)	Zenon	Wigen (Dow)
Total Initial Cost of Membrane Filtration Equipment System	$ 3,743,000	$ 3,333,135	$ 2,980,549	$ 3,110,395
Total Initial Cost of Membrane Building	$ 299,196	$ 309,504	$ 492,588	$ 454,956
Total Initial Cost of Coagulation and Flocculation Facilities	$ -	$ -	$ 208,500	$ -
Total Initial Project Cost	$ 4,042,196	$ 3,642,639	$ 3,681,637	$ 3,565,351
Cost for Electricity (Annual)	$ 29,932	$ 30,648	$ 26,080	$ 32,855
Total Annual Chemical Costs	$ 20,365	$ 6,957	$ 11,695	$ 8,438
Total Annual Sewer Disposal Costs	$ 12,124	$ 13,427	$ 5,631	$ 9,830
Sludge Disposal Cost	$ -	$ -	$ 11	$ -
Sum of Recurring Project Costs	$ 62,421	$ 51,032	$ 43,418	$ 51,123
Present Worth of recurring Project Costs	$ 848,325	$ 693,553	$ 590,076	$ 694,781
Present Worth of Membrane Replacement Cost (after GML years up to 20 years)	$ 591,150	$ 453,699	$ 461,348	$ 374,552
Total Present Worth Project Cost	$ 5,513,873	$ 4,789,321	$ 4,733,165	$ 4,634,650

Non Cost Factor Evaluation

Universal Rack Design – Two suppliers (Wigen and H2O) manufacture systems with rack designs that accommodate membrane modules from other manufacturers. This provides the City with the benefit that they are not tied to a specific manufacturer when the time comes to replace membranes and therefore should receive more competitive bids on membrane replacement modules. The Pall and Zenon systems can possibly be constructed to offer some flexibility for using other membranes but they do not qualify as universal rack designs. Wigen and H2O were awarded 5 technical points. Zenon and Pall were awarded 2 points. An importance factor of 3 was assigned to this non-cost factor.

Recovery – There was a slight variation in recovery among the suppliers. Pall, Zenon, and H2O reported 96% recoveries while Wigen reported 95%. Pall, Zenon, and H2O were awarded 4 technical points and Wigen was awarded 3 technical points. An importance factor of 3 was assigned to this non-cost factor.

Skid Assembly – All suppliers are providing completely assembled valve racks but Pall is requiring the contractor to assemble the membrane racks on site while the other suppliers are providing preassembled racks. Preassembly of the membrane racks will result in significant savings on the construction contract and provide one entity responsibility for construction of the racks. Wigen, Zenon, and H2O were awarded 5 technical points. Pall was awarded 3 technical points. An importance factor of 4 was assigned to this non-cost factor.

Equipment Selection – Each of the suppliers provided equipment that appeared to meet the specifications. The process pumps provided by Zenon (Flowserve) were not the pumps listed and are generally considered to be of slightly lower quality. Wigen, H2O, and Pall were awarded 5 technical points. Zenon was awarded 4 technical points. An importance factor of 3 was assigned to this non-cost factor.

<u>Membrane Type</u> – Both microfiltration (MF) and ultrafiltration (UF) membranes were allowed to be used on this project. Although both are acceptable and produce similar finished water quality, UF membranes have tighter pore sizes and thus a potentially higher level of virus removal and a better reduction of colloidal organics that can foul the downstream RO membranes. The Pall membrane is a MF type while all the other suppliers provide a UF membrane. Pall was given 3 technical points while the other suppliers were given 5 points. An importance factor of 1 was given to this non-cost factor.

<u>Skid Mounted CIP Systems</u> – The request for proposals stated that equipment should be provided preassembled and skid-mounted to the greatest extent possible. This was done to reduce installation cost, provide a more compact design, and place responsibility for system operation more completely on the supplier. Wigen, Pall and H2O are each providing cleaning and neutralization systems that are preassembled and skid mounted. Zenon is only providing the pumps, valves, and instruments shipped loose for assembly on-site by the Contractor. Wigen, Pall, and H2O were given 5 technical points. Zenon was given 1 technical points. An importance factor of 3 was given to this non-cost factor.

<u>Vendor Support During Pilot</u> – There was a considerable amount of difference in the level of support received by the City during the setup, operation, and removal of the pilot units during the 2015 Pilot Test. Zenon went above and beyond in their support of pilot operation. They were easy to contact and responded immediately to issues either by sending someone to the site or arranging support from local contractors. Pall also provided excellent service and was helpful and available although not quite to the level of Zenon. H20 provided an acceptable level of support but the City reported some issues with responsiveness and availability. The support by Wigen during the pilot test was deemed unacceptable. Support personnel were difficult to contact and when they could be contacted were often not helpful. Issues with the pilot equipment led to Wigen having to perform an extended run beyond the anticipated end of the pilot testing. Zenon was given 5 technical points, Pall was given 4 points, H20 was given 3 points and Wigen was given 1 point. An importance factor of 5 was given to this non-cost factor.

<u>Experience on Similar Projects</u> – This factor took into account the suppliers experience on providing units of similar size and arrangement. Pall has the most extensive experience with the unit they proposed. Many of the units Pall proposed have been installed as part of an MF/RO combined system and many were in Texas. They have extensive experience with CH2M HILL projects in Texas. Zenon also has an extensive installation list although not as many as Pall with the product proposed and no operating units in Texas with this product. H20 has several references for projects of similar size including dual membrane (UF/RO) systems. They have one RO installation in Texas that is just going on-line but no UF facilities. Wigen has several references for similar projects although the reference list provided was very limited. References provided by Wigen were difficult to contact and those that were contacted were not very responsive to providing feedback. They show no projects in Texas. Pall was awarded 5 technical points, Zenon was awarded 4 points, H2O was awarded 3 points, and Wigen was awarded 2 points. An importance factor of 5 was given to this non-cost factor.

Availability of Support - This factor analyzed the ability of the supplier to provide support and respond to issues which may arise during startup or operation of the membrane system. Both Pall and Zenon have support personnel located in Texas and local manufacturer's representatives that can be contacted to resolve issues. Both have national support centers to assist with troubleshooting and have an extensive history of customer support on projects. H2O has a System Performance Monitoring Center that would be used to monitor equipment operation and provide troubleshooting assistance although no support personnel are located in Texas. Wigen has a local manufacturer's representative available to coordinate assistance but no dedicated support staff in Texas and their proposal does not indicate what national support is available. The Pall and Zenon systems have the additional advantage of being the suppliers of both the membranes and the support equipment - providing one responsible party if issues arise during startup or operation. Zenon and Pall were each given 5 technical points while H2O and Wigen were each given 3 points. An importance factor of 4 was given to this non-cost factor.

Air Systems Skid Mounted - Similar to the CIP system, the air systems were to be skid mounted to the greatest extent possible. Wigen is providing an air system that is completely skid mounted. H2O is providing a skid mounted compressed air system but the blowers are mostly shipped loose for installation on site. The Pall compressed air system is partially skid mounted and the blowers are shipped loose. The Zenon system has all the equipment, valves, and instruments shipped loose for the air compressor and the blowers are partially skid mounted. The Wigen system was given 5 technical points. The H2O system was given 4 points. The Pall system was given 3 points and the Zenon system was given 2 points. An importance factor of 2 was given to this non-cost factor.

Conservatism of Power Consumption - As described above under the cost factors, there was a varying degree of conservatism in estimating power consumption for the membrane feed pumps. Zenon and Pall used TMP's that were considerably below what was seen during the pilot when computing their power consumption for the membrane feed pumps. Wigen and H2O both assumed TMP's of about 2 psi above what was seen in the pilot. The added conservatism increases the chance that the actual plant power consumption will be lower than what is stated in the proposal. The very aggressive numbers for TMP used by Pall and Zenon means that there is little chance actual consumption will be lower than stated in the proposal and that there is a reasonable chance that penalty provisions for excessive electrical consumption will be imposed. The imposition of penalty provisions will be administratively difficult and result in increased administration costs to the owner. Wigen and H2O were awarded 5 technical points for power consumption conservatism while Pall and Zenon were given 2 technical points. An importance factor of 4 was given to this non-cost factor.

Membrane Performance During Pilot - Each of the suppliers were able to successfully complete the 2015 Pilot Study. The Zenon system had significant issues treating the raw water during the high turbidity event. However they were able to make adjustments to their flux rate and cleaning protocols that allowed them to successfully complete the test although the rate of fouling at the lower flux was significantly higher than for the other suppliers. The Wigen unit experienced numerous instances of pilot system valves failing to seal completely enough to allow successful membrane integrity tests however these were mechanical issues with the pilot and not representative of issues with the membrane itself or full scale operation. The Wigen unit was refurbished with new valves and the pilot run was extended to verify membrane integrity. The Pall and H2O systems ran with minimal issues during the pilot. The H2O

(Toray) system was particularly robust showing very little change in finished water quality or TMP rise rate due to changes in raw water quality. The H2O system was given 5 technical points. The Wigen and Pall systems were awarded 4 technical points. The Zenon system was awarded 3 technical points. An importance factor of 5 was given to this non-cost factor.

Block and Bleed Arrangement – All systems were required to provide a block and bleed arrangement to prevent potential cross connections during cleaning as provide by TCEQ. All of the suppliers provided this system but Pall shows the necessary valves off-rack and installed by the contractor where the other suppliers are providing the valves preinstalled on the valve rack. Wigen, H2O, and Zenon were given 5 technical points and Pall was given 3 points. An importance factor of 1 was given to this item.

Exceptions – Several suppliers provided a list of clarifications/exceptions with their bid that required evaluation. The Zenon and Pall proposals contained significant exceptions to both the technical and commercial requirements in the request for proposal. The H2O proposal also had some clarifications and exceptions. The Wigen proposal contained none. Many of these issues were addressed or clarified in Addendums 2 and 3. Those that were not could put the Owner at a higher level of risk if the proposal was accepted. The exceptions taken by Zenon had by far the highest level of impact on the project. The Pall exceptions were significant but less than Zenon and the H2O innovation exceptions had only minor impacts. Wigen was awarded 5 technical points, H2O was awarded 4 points, Pall was awarded 2 points, and Zenon was awarded 1 point. An importance factor of 5 was given to this item.

A summary of the non-cost factor evaluation is tabulated below in Table 3.

Table 3

Non Cost Factor Criteria	Importance Factor	Pall	H2O (Toray)	Zenon	Wigen (Dow)
Universal Rack Design	3	2	5	2	5
Recovery	3	4	4	4	3
Skid Assembly	4	3	5	5	5
Equipment Selection	3	5	5	4	5
Membrane Type	1	3	5	5	5
Skid Mounted CIP Systems	3	5	5	1	5
Vendor Support During Pilot	5	4	3	5	1
Experience on Similar Projects	5	5	3	4	2
Availability of Support	4	5	3	5	3
Air System Skid Mounted	2	3	4	2	5
Conservatism of Power Consumption	4	2	5	2	5
Membrane Pilot Performance	5	4	5	3	4
Block and Bleed Arrangement	1	3	5	5	5
Exceptions	5	2	4	1	5
Total		111	175	101	169

Recommendation

The City of Sherman received four very competitive proposals. Costs were evaluated on the basis of total initial cost of the membrane equipment, total initial project costs (equipment plus building and facilities cost), recurring project costs (annual operating costs such as power, chemical and residuals disposal), membrane replacement cost, and total present worth cost (present worth of total initial project costs plus recurring project costs over a 20-year life cycle). The costs included in the proposal were modified as discussed above to account for variations in the assumptions made by the suppliers and to account for errors on the bid form. The revised costs upon which this evaluation was performed is shown in Table 2.

As shown in Table 2, the supplier with the lowest proposal price varied by which cost is being evaluated. Zenon has the lowest total initial cost of membrane equipment at $2,980,549 followed by Wigen at $3,110,395, H2O at $3,333,135, and Pall at $3,743,000. When building and facility costs are included, Wigen is lowest at $3,565,351 followed by H2O ($3,642,639), Zenon ($3,681,637), and Pall ($4,042,196). Zenon was impacted significantly in this evaluation by having to include a $208,500 cost for coagulation/flocculation facilities. Zenon was the only supplier which added coagulant during the pilot study.

Zenon shows the lowest annual operating cost at $43,418, followed by H2O ($51,032), Wigen ($51,123) and Pall ($62,421). As discussed earlier, electrical costs for the membrane feed pumps make up the majority of the operating costs. Zenon and Pall were very aggressive in their power use assumptions while Wigen and H2O were conservative. This primarily accounts for the difference among the suppliers in operating costs.

Membrane replacement costs (membranes will need to be replaced about every 10 years) show Wigen to be the least expensive at $374,552, followed by H2O ($453,699), Zenon (461,348), and Pall ($591,150). It should be noted that membrane replacement costs beyond the first replacement at 10 years operation could be influenced by the rack design. The universal rack design provided by Wigen and H2O will accommodate the membranes from multiple suppliers which could lead to more competition and lower membrane costs.

On a 20-year life cycle cost basis the supplier's proposals varied by almost $900,000. The life cycle cost evaluation considers many of the costs associated with running the system but not all of them. Costs common to all systems such as labor, pretreatment costs, some electrical costs (like building lighting and HVAC costs) and some capital costs (like piping to/from the building, some electrical and instrumentation costs, and HVAC costs) were not included in the life cycle evaluation. The life cycle evaluation should be used strictly for comparing the various membrane proposals and not for budgeting capital and operating costs over the life of the project. The results of the life cycle evaluation were:

Wigen	$4,634,650
Zenon	$4,733,165
H2O	$4,789,321
Pall	$5,513,873

The total initial cost of the membrane filtration equipment and the 20-year life cycle cost are the most significant of the costs evaluated. Zenon was the lowest in initial cost and Wigen was lowest on a 20-year life cycle cost basis.

The second part of the proposal evaluation was based on non-cost factors. Non-cost factors can have a significant impact on the success of the project and can include a wide variety of considerations. The City is fortunate to have received proposals from four very high rated suppliers. Each of these suppliers were preapproved for this procurement which eliminated many of the non-cost factors that might typically be considered in this type of evaluation. Factors such as TCEQ approvals of the membrane, membrane research and development activities, operation and maintenance requirements, and tolerance of membranes to oxidants showed very little difference among the suppliers. For that reason those factors were not directly evaluated in the non-cost factor matrix.

Table 3 shows the results of the evaluation of non-cost factors. Based on this evaluation, H2O's system provided the highest level of benefits with a score of 202 followed by Wigen with 186. Pall was in third at 175 and Zenon ranked the lowest on non-cost factors at 160. Zenon and Pall scores were significantly lower than the other two suppliers in three areas: conservativeness of power consumption, number and type of exceptions to commercial and technical specifications, and the lack of a universal rack design. In addition, Zenon scored below average in the amount of CIP and air system components that will come complete and skid mounted. Each of these factors will impact contractor capital costs, operating costs, membrane replacement costs, and project risk either initially or at some point in the future. Pall and Zenon scored well, however, in vendor support during the pilot, experience on similar projects and availability of support. These factors represent the level of support which can be expected to be available should issues arise during startup or operation.

H2O should be considered to have provided the best proposal based on non-cost factors.

The overall recommendation is based on a combination of cost and non-cost factors with cost making up 60% of the score and non-cost making up 40%. The non-cost factors were normalized based on a percentage of the highest benefit score (H2O). The normalized non-cost scores were:

H2O - 1.0

Wigen - 186/202 = 0.921

Pall - 175/202 = 0.866

Zenon - 160/202 = 0.792

Adjusted life cycle cost was calculated based on:

(Life Cycle Cost x 0.6) + ((Life Cycle Cost / normalized non-cost score) x 0.4)

For H2O:

(4,789,321 x 0.6) + ((4,789,321/1.0) x 0.4) = $4,789,321

For Wigen:

(4,634,650 x 0.6) + ((4,634,650/0.921) x 0.4) = $4,793,667

For Zenon:

(4,733,165 x 0.6) + ((4,733,165/0.792) x 0.4) = $5,230,386

For Pall:

(5,513,873 x 0.6) + ((5,513,873/0.866) x 0.4) = $5,855,147

The results of this analysis shows the H2O and Wigen proposals to offer the best value to the City and are essentially equal based on this analysis. The Wigen proposal was the only proposal that took no exceptions to any of the commercial or technical terms, conditions or specifications while the H2O proposal had only a few, minor clarifications. It should also be noted, that both the H2O and Wigen systems are capable of using either the Toray or Dow membrane modules. The Toray membranes being provided by H2O Innovation and the Dow membranes being provided by Wigen each performed well during the 2015 Pilot Study. The overall pilot performance, however, was significantly better by H2O than by Wigen. The Wigen unit suffered significant problems with mechanical reliability and supplier support was difficult to obtain. These issues may or may not be indicative of manufacturer performance on a full scale unit but in a procurement as close as this one were significant enough to impact the final selection. We recommend award of the City of Sherman Membrane Filtration Equipment to H2O Innovation.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. E. 1.**

Meeting Date: 09/21/2015

Prepared By: Steve Ayers, Director of Community and Support Services

Approved By: Robby Hefton, City Manager

Caption:

OTHER BUSINESS

Consider Request of The RESET Group to Temporarily Close Travis Street for "Trick-or-Treat on Travis Street" on Thursday, October 29, 2015

Issue:

The RESET Group is requesting to temporarily close Travis Street, between Houston Street and Wall Street, on Thursday, October 29, 2015, from 5:00 p.m. - 8:30 p.m., for "Trick-or-Treat on Travis Street".

This event will include business owners, organizations and individuals handing out candy and running old fashion games for a family friendly event.

Background:

This is the first event planned by The RESET Group.

Origination:

Sean Vanderveer, President, The RESET Group

Financial Consideration:

Barricades and solid waste receptacles will be provided by the City Street Department and Solid Waste Department, respectively.

Staff Recommendation:

It is recommended that the Council authorize the street closure and City services to accommodate this event.

Alternatives:

As directed by Council

Attachments

The RESET Group Request Letter

Trick-or-Treat Street Closure Map

8 September 2015

THE RESET GROUP

Mr Steve Ayers
Director of Community Support Services
PO BOX 1106
Sherman, TX 75091

Mr Ayers

The RESET Group would like city approval to hold an event, Trick-or-Treat on Travis Street on October 29, 2015 on the 100 Block of North Travis. The details are listed below. If I can answer any questions or help clarify this request, please do not hesitate to contact me by phone 903-815-5143.

Thank you for your time.

Sean Vanderveer
President, The RESET Group

Name of Event: Trick-or-Treat on Travis Street

Date / Time of Event: Thursday, October 29, 2015, 6 – 8 PM

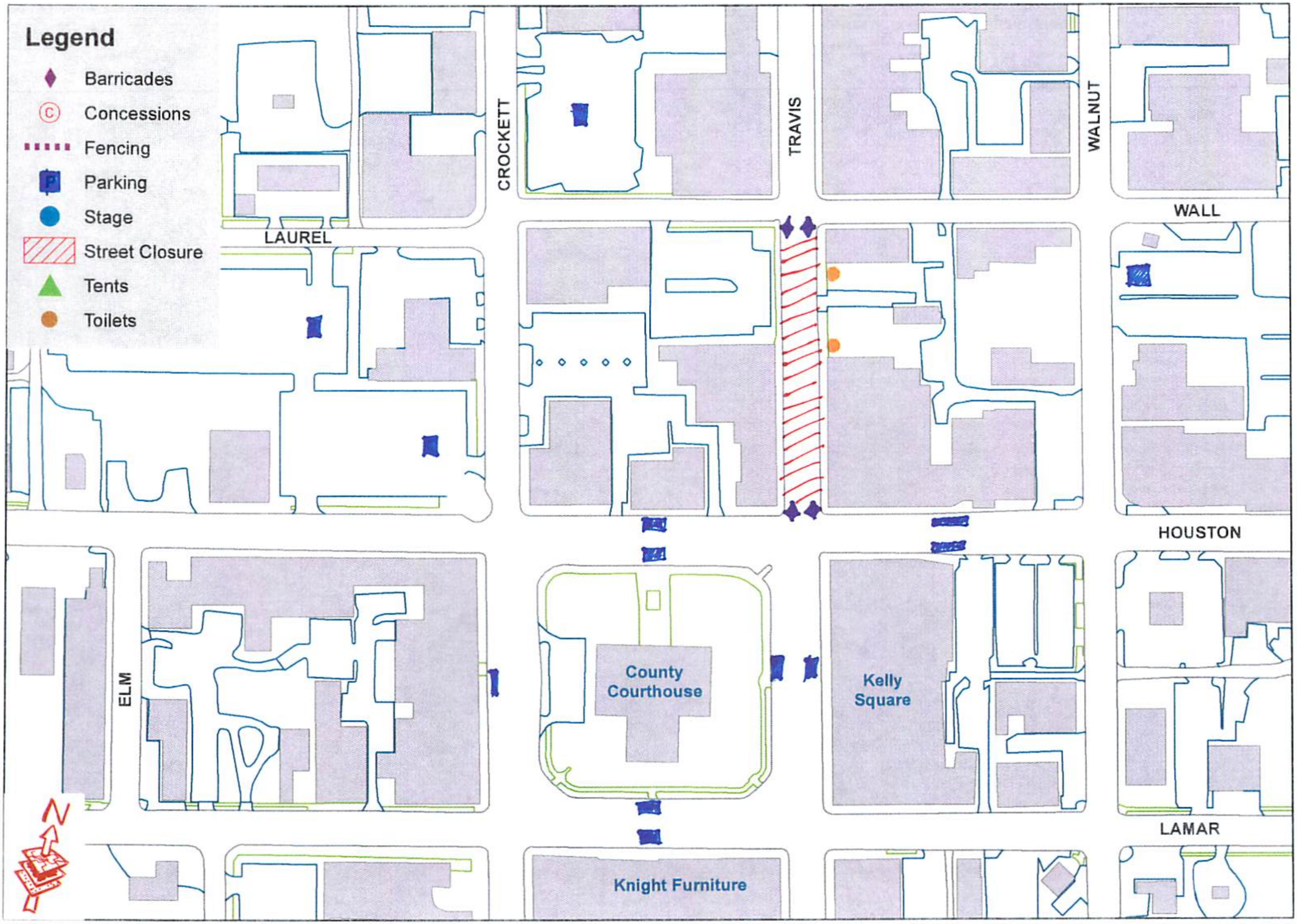
Description of Event: Trick-or-Treating along the 100 block of North Travis. Various organizations, businesses and individuals will hand out candy, have old world games and maintain a fun, family-friendly event.

From 6 – 8 PM: Trick-or-Treating, games, fun

Street Closure Request: 5 – 8:30 PM, 100 Block of North Travis

Supplies Requested: 2 rolling trash cans delivered to 113 North Travis and barricades on each end of the 100 block of North Travis.

Event Title Trick-or-Treat on Travis Street



SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. E. 2.**

Meeting Date: 09/21/2015

Prepared By: Steve Ayers, Director of Community and Support Services

Approved By: Robby Hefton, City Manager

Caption:

**** OTHER BUSINESS***

Consider Request of the Sherman Chamber of Commerce to Temporarily Close Certain Streets for the Annual Sherman Christmas Parade and Snowflake Festival on Saturday, December 5, 2015 with a Rain/Make Up Date of Saturday, December 12, 2015

Issue:

To close certain streets in the downtown area for the annual Sherman Christmas Parade and Snowflake Festival on Saturday, December 5th and provide for a rain/make up date of Saturday, December 12th

Background:

The Sherman Chamber of Commerce has requested that participants be allowed to line up for the parade, per the attached map, beginning at 3:00 p.m. The parade is scheduled to begin at 6:00 p.m. The parade route is detailed in the attached map.

The Snowflake Festival will begin at 12 noon on the day of the Christmas Parade. To accommodate the event, its vendors, and Master of Ceremonies and Judges stage, the Chamber is requesting that the parking spaces on the north side of Lamar from Crockett to Travis, on the south side of Houston from Crockett to Travis, and on the west and east sides of Travis from Houston to Lamar be blocked off beginning at 9:00 a.m. The Chamber will contact the County about blocking the parking spaces.

The event will require traffic control assistance, barricades, and traffic cones from the City of Sherman. The City's antique fire truck will be provided for the Council to ride in the Christmas Parade. Council members are encouraged to arrive at least 20 minutes early at the Parade vehicle line-up site to participate. Spouses, children and grandchildren are also welcome to ride with the Council.

Origination:

Lauren Roth, Director of Tourism and Events, Sherman Chamber of Commerce

Financial Consideration:

Labor and equipment to provide traffic control assistance and implement barricade placement and removal.

Staff Recommendation:

It is recommended that the City Council approve this request and authorize the necessary traffic control support to accommodate the event.

Alternatives:

As directed by the Council

Attachments

Tourism Director's Request Letter

Christmas Parade Map

September 9, 2015

Sherman City Council:

The Sherman Christmas Parade is scheduled for Saturday, December 5th with a rain/make up date for Saturday, December 12th. Snowflake Festival will be a one day festival taking place on the same day.

Snowflake Festival vendors are scheduled to set up as early as 9am and will begin selling at noon. The parade will begin at 6pm.

We are looking to have parade line up on Mulberry, Pecan and Wall Streets between Walnut and Montgomery as well as line up on Walnut and Montgomery between Mulberry and Houston Streets.

The Parade will begin by going west on Mulberry and turning south onto Travis. The Parade will continue south until turning west on Lamar and north on Crockett. The parade will conclude on the corner of Washington and Crockett where floats can exit either west or follow Washington east back to the parade start. .

The barricades we need for this route would be as follows:

- Lamar, Laurel, Pecan and Mulberry west of Crockett
- Houston and Wall east of Travis
- Pecan and Mulberry east of Travis
- Pecan and Mulberry east of Montgomery
- Crockett, Travis and Walnut north of Washington
- Washington east of Elm
- Crockett and Travis south of Lamar
- Walnut on Houston, Lamar and Travis

The Snowflake vendors will be set up around the Courthouse Square and the Master of Ceremonies and Judges stage will be set up across from Kelly Square on the Courthouse Square.

Due to the location of Snowflake Festival vendors, the stage and the large audience that gathers along Travis, we would like to request the following parking be blocked off beginning at noon until all is empty:

- North side of Lamar from Crockett to Travis
- South side of Houston from Crockett to Travis
- West and east sides of Travis from Houston to Lamar

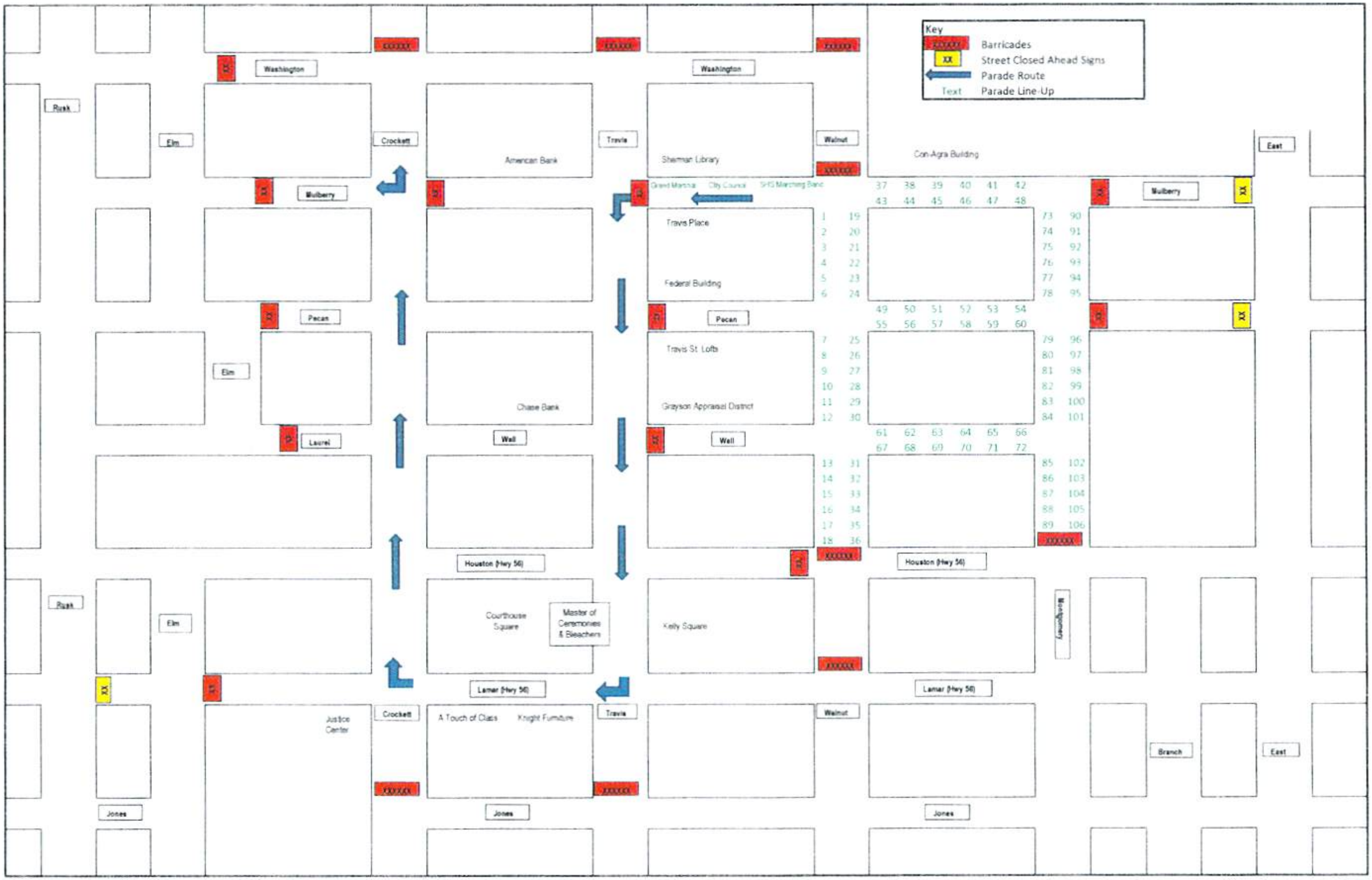
Sincerely,

Lauren Roth

Lauren Roth, Director of Tourism

Visit Sherman

2015 Christmas Parade Map



**** Drawing is not to scale

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. E. 3.**

Meeting Date: 09/21/2015

Prepared By: Don Keene, Director of Administration and Finance

Approved By: Robby Hefton, City Manager

Caption:

OTHER BUSINESS

Receive Director of Administration and Finance Don Keene's Presentation on Utility Service Fee Increases

Issue:

Presentation on proposed increases in utility service fees

Background:

Director of Administration and Finance Don Keene will provide the Council with a presentation on utility service fee increases proposed for fiscal year 2015-2016.

Origination:

City Utility and Finance Departments

Financial Consideration:

There is no cost associated with this presentation.

Staff Recommendation:

Staff seeks Council approval to introduce an ordinance at the October 5th City Council meeting that would present the proposed utility service fee increases for Council approval.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. H. 1.**

Meeting Date: 09/21/2015

Prepared By: Linda Ashby, City Clerk

Approved By: Robby Hefton, City Manager

Caption:

APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS AND COMMISSIONS

(a) Texoma Area Paratransit System (TAPS) Board of Directors (1)

Issue:

Mayor Cary Wacker was appointed to fill an unexpired term on the Texoma Area Paratransit Board of Directors. Her term expired in May 2015.

Background:

TAPS Public Transit is a private, non-profit corporation serving Collin, Fannin, Grayson, Cooke, Wise, Clay and Montague Counties. TAPS is open to the public and serves individuals of all ages and income groups, and is equipped to fully service the elderly and disabled. Guidance to TAPS is provided by the TAPS Board of Directors, volunteers who are appointed by the participating entities.

Origination:

The appointment originated with Mayor Wacker.

Financial Consideration:

There is no financial consideration.

Staff Recommendation:

It is recommended that the City Council consider an appointment to the TAPS Board of Directors.

Alternatives:

The alternative is to delay the appointment.

Attachments

Roster

Fact Sheet

By-Laws

MEMBERSHIP ROSTER

TEXOMA AREA PARATRANSIT (TAPS) **LENGTH OF TERMS: TWO YEARS**
BOARD OF DIRECTORS

MEMBER	DISTRICT	TERM BEGINS	TERM EXPIRES	TERMS	MEMBERSHIP REQUIREMENTS
Council Member H.L. Compton		May 2013			City of Bonham
Civic Leader Joan Schaffner		October 2001			Clay County
Commissioner Danny White		September 2010			Wise County
Commissioner Leon Klement		July 2013			Cooke County
Council Member Jay Davidson Board Chairman (1/2013)		November 2009			City of Decatur
Judge Kenneth Liggett		October 2008			Clay County
Wanda Wood		October 2012			Montague County
Judge Spanky Carter		September 2011			Fannin County
Mayor Cary Wacker		U January 2015	May 2015		City of Sherman
Council Member Ken Brawley Board Secretary (1/2013)		November 2012			City of Denison
Commissioner Chris Hill Board Vice-Chairman (9/2013)		May 2013			Collin County
Trent Bass		November 2012			Grayson County
Mayor Brian Loughmiller		May 2013			City of McKinney
Council Member Randy Pogue		June 2013			City of McKinney
Mayor Eric Hogue		June 2013			City of Wylie

CITY STAFF: George Olson, City Manager
TAPS: Bill Giordanengo, General Manager
Revised 1/27/2015

TAPS
6104 Texoma Parkway
Sherman, Texas 75090

(903) 893-4601
(903) 893-4766 (Fax)

FACT SHEET

TEXOMA AREA PARATRANSIT (TAPS) BOARD OF DIRECTORS

Established by Texoma Council of Governments in June 1986; Must comply with Texas Transportation Code, Section 458 as a rural transit district; Board membership established by TAPS By-Laws adopted June 15, 1986 and amended October 22, 1997

1. **Number of Members: 15**
2. **Term of Appointment: 2 years**
3. **Consecutive Term Rule: n/a**
4. **Qualifications for Membership: an interest in the transit system within their City or County**
5. **Appointed by: their own governing body**
6. **Board Organization**

CHAIRPERSON __X__ VICE CHAIRPERSON _X__ SECRETARY __X____

ELECTED ___ APPOINTED ____

7. **Departmental Responsibility: City Manager**
8. **Meeting Date:**
9. **Attendance Requirements:**

==

PURPOSE: Created as an independent not-for-profit agency for provision of public transportation.

RESPONSIBILITIES: To determine rules and regulations for the Texoma Area Paratransit Service in Grayson, Cooke, Fannin, Montague, Clay and Wise Counties.

BY – LAWS

OF

TEXOMA AREA PARATRANSIT SYSTEM, INCORPORATED

ARTICLE I

Name and Geographical Area

The name of this organization shall be Texoma Area Paratransit System, Incorporated, located in Grayson County, Texas. The Corporation shall do business as TAPS. The geographical area it is designed to serve are Cooke, Fannin, Grayson, Clay, Montague and Wise counties, with the principle place of business located in the City of Sherman, Texas.

ARTICLE II

Texoma Area Paratransit System, Incorporated is a governing body organized exclusively for charitable purposes to include the provision of coordinated transportation services to the elderly, disabled, economically disadvantaged, and other eligible recipients.

Services will include, transportation and other related services necessary to the health and social well being of all eligible recipients in Cooke, Fannin, Grayson, Clay, Montague and Wise Counties of Texas.

ARTICLE III

Section 1. The policy of Texoma Area Paratransit System, Incorporated shall be to promote and supervise the activities as outlined in the purpose statement in accordance with Federal, State, and/or local laws and guidelines relative to each program areas and funding source.

Section 2. It shall not endorse a commercial enterprise nor intervene in any political campaign on behalf of, or in opposition to, a candidate seeking public office.

ARTICLE IV

Section 1. Board of Directors

Voting membership on the Board of Directors shall consist of the following:

A. The Board may have 15 members representing each of the fifteen existing transportation programs, with members to be added in the event new sites are opened according to Texas Transportation Code Chapter 458.

B. Sec 458.006 Governing Body of Rural Transit District. (a) Not later than the 60^{th} day after the date the boundaries of a rural transit district are established, the commissioners court of each county and one elected representative from the governing body of each municipality in the territory of the district shall provide for the selection of the governing body of the district. (b) The governing body of the district consists of elected officers who are selected by and serve at the pleasure of the governing bodies of the component municipalities in the district and the commissioner's court of each county in the district. (c) The number of members of the governing body of a single-county rural transit district may not exceed nine. The number of members of the governing body of a multicounty district may not exceed 15, except that each member county is entitled to at least one representative on the governing body.

C. An appropriate number of staff employed by Texoma Area Paratransit System, Incorporated, as determined by the board of directors. These staff persons to serve in a non-voting capacity.

D. Membership on the Board of Directors shall be for a period of two years, and members shall be allowed self-succession as determined by the Board.

Section 2 Each Director shall have one vote.

ARTICLE V

Executive Committee

Section 1 There shall be an Executive Committee consisting of a Chairperson, Vice-Chairperson, and Secretary-Treasurer chosen from the Board of Directors.

Section 2 The Executive Committee shall be empowered to make recommendations to the Board of Directors and may conduct administrative business of the Corporation as authorized by the Board of Directors.

ARTICLE VI

Officers

Section 1. The officers of this organization shall be elected annually from the Board of Directors of Texoma Area Paratransit System, Incorporated at the annual meeting (first month after the fiscal year) and assume their duties immediately. The elected officers shall also serve on the Executive Committee.

Section 2. The officers shall consist of a Chairman, Vice-Chairman, and a Secretary-Treasurer.

Section 3. Officers shall be elected at the first meeting of the Board and shall assume their duties immediately. Officers will be re-elected annually.

Section 4. A vacancy occurring in any office shall be filled for the unexpired term by a vote of the Board.

ARTICLE VII

Duties of the Officers

Section1. The chairperson shall preside at all meetings of the Board. He/she shall perform such other duties as may be assigned to him by the Board and shall coordinate the work of the officers and committees.

Section 2. The Vice Chairperson shall act as an aide to the Chairperson and shall perform the duties of the Chairperson in the absence, inability, or refusal of that officer to serve.

Section 3. The Secretary-Treasurer shall keep or delegate to a staff member the keeping of minutes of all meetings of the Board of Directors.

ARTICLE VIII

Meetings

Section 1. All meetings of the Board shall be held at a time and place conducive to maximum attendance. Board meetings shall be public according to Rural Transit District State Law.

Section 2. Meetings of the Board shall be held not less than quarterly and as may be determined by the Board.

Section 3. A majority of members of the Board shall constitute a quorum for the transaction of business in any meeting of the Board.

Section 4. Special meetings may be called as the Chairperson deems necessary or upon written request of not less than 25% of the Texoma Area Paratransit System Board of Directors. Written request for special or called meetings shall be acted upon within seven (7) days by the Chairperson.

Section 5. Board Members are expected to attend all regular meetings. Absence from more than two (2) consecutive meetings, without cause, shall be reason for removal or replacement on the Board. After three (3) consecutive absences that member must be reappointed by that City or County municipality.

Section 6. The Executive Director/General Manager of Texoma Area Paratransit System, Inc. and/or a designated staff person shall serve as a non-voting member of all committees.

ARTICLE IX

Financial Affairs

Section 1. By a majority vote of its membership the Board of Directors may authorize any officer or officers of the association to enter into any contract or financial obligation in the name of and on behalf of the corporation.

Section 2. By a majority vote of its membership the Board of Directors may authorize any officer or officers to apply for and accept grant monies in the name of and on behalf of the corporation.

Section 3. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by any one of the following: The Chairperson, Vice-Chairperson, Secretary-Treasure, and/or Executive Director/General Manager of the corporation, and in such manner as shall from time to time be determined by the Executive Committee. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Executive Committee may select.

ARTICLE X

Amendment to By-Laws

The By-Laws of Texoma Area Paratransit System, Incorporated, may be altered, amended, or repealed and new By-Laws may be adopted by affirmative action of two-thirds of the Board of Directors at any regular meeting. Additional By-Laws may be added by this organization only when they do not violate the letter or spirit of the previously listed Articles.

ARTICLE XI

Dissolution of the Organization

The dissolution of this organization and the disposition of all its property and assets shall be in accordance with applicable State and Federal laws.

Original By-Laws adopted the 15th day of June 1986, by Acting Executive Committee of Texaoma Area Paratransit System, Inc. on file at TAPS Office.

Amended By-Laws contained herein were adopted and approved by the full Board of Directors of Texoma Area Paratransit System, Inc., at their annual meeting on October 25, 1995.

Amended By-Laws contained herein were adopted and approved by the Board of Directors of Texoma Area Paratransit System, Inc., on January 28, 2009.

Board Chairman

Attest General Manager.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. M.**

Meeting Date: 09/21/2015

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

COUNCIL CALENDAR

Attachments

2015 Council Calendar

2015

JANUARY

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FEBRUARY

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DECEMBER

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1/5/2015	Regular City Council Meeting - Cancelled
4/21/2015	Called Budget Planning Meeting in Council Chambers
06/25-26/2015	Called Budget Workshop in Council Chambers - Second Day Cancelled
9/8/2015	Labor Day/Called Council Meeting on 09/8/2015
9/15/2015	12 noon Called Joint Meeting with SEDCO Board