CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
MONDAY, AUGUST 20, 2012
5:00 P.M.

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

A.2 PLEDGE OF ALLEGIANCE

A.3 INVOCATION BY COUNCIL MEMBER ROBERT G. SOFTLY

A.4 APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF AUGUST 6, 2012

Public Hearing

B.1 SECOND PUBLIC HEARING OF ORDINANCE NO. 5750
Providing for the Appropriation of Funds for Operating and Capital Expenditures for the Fiscal Year beginning October 1, 2012, and ending September 30, 2013

B.2 INTRODUCTION AND FIRST PUBLIC HEARING OF ORDINANCE NO. 5752
Providing for the Levy of Ad Valorem Taxes for the City of Sherman, Texas, for the Tax Year 2012; 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

Close Public Hearing and Consider Adoption of Ordinances

B.3 ADOPTION OF ORDINANCES
Consider Adoption of Ordinance Number:
(a) 5750

B.4 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

C.1 RESOLUTION NO. 5690
Authorizing Execution of an Advance Funding Agreement between the City of Sherman and the State of Texas, Acting By and Through the Texas Department of Transportation, for an Urban Area Corridor Project (Relocation of the Southbound US 75 Exit Ramp to FM 1417)

C.2 RESOLUTION NO. 5691
Authorizing Execution of a Development Agreement with Sherman Commons, LP. By and Through its Agent, Four Partners, LLC dba UCR Asset Services, for the Relocation of Public Facilities within the City of Sherman

C.3 ** RESOLUTION NO. 5692*
Appointing and Authorizing the Execution of an Agreement with Pattillo, Brown & Hill, L.L.P. to Perform the Fiscal Year 2012 Audit

Other Business

D.1 OTHER BUSINESS
Providing for the Ratification of the Property Tax Increase

D.2 ** OTHER BUSINESS*
Consider Request of the Grayson Hispanic Heritage Council of Sherman to Temporarily Close Certain Streets, and Use Certain City Facilities and Services for the Annual Hispanic Heritage Celebration on Saturday, September 8, 2012

D.3 CITIZEN REQUESTS

D.4 MEDIA QUESTIONS

D.5 COUNCIL COMMENTS

Executive Session

E.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 551.074 Personnel Matters

(a) Consider the Qualifications, Appointment and Removal of Members to Boards and Commissions:
   (1) Texoma Community Center (formerly MHMR Services of Texoma) Board of Directors (1)

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

The Council reconvenes into General Session

F.1 OPEN MEETING

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

F.2 ADJOURNMENT

COUNCIL CALENDAR

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. A.1

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

The Honorable Bill Magers, Mayor

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. A.2

PLEDGE OF ALLEGIANCE

The Honorable Robert G. Softly, Council Member

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. A.3

INVOCATION BY COUNCIL MEMBER ROBERT G. SOFTLY

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. A.4

APPROVE MINUTES
OF THE REGULAR CITY COUNCIL MEETING OF AUGUST 6, 2012

STATE OF TEXAS §

August 6, 2012

COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Regular Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Council Chambers of City Hall on August 6, 2012.

MEMBERS PRESENT: **MAYOR BILL MAGERS; DEPUTY MAYOR WILLIE STEELE. COUNCIL MEMBERS HOWETH, PLYLER, SMITH, SOFTLY, WACKER.**

MEMBERS ABSENT: **NONE.**

<u>CALL TO ORDER</u>

CALL TO ORDER

Mayor Magers called the meeting to order at 5:00 p.m. The Pledge of Allegiance and the Invocation were given by Deputy Mayor Willie Steele.

<u>APPROVE MINUTES</u>

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of July 16, 2012. Council Member Smith moved to approve the Minutes as presented; Second by Council Member Softly. All present voted AYE.
MOTION CARRIED.

<u>PROCLAMATION</u>
<u>"UNDERGROUND DAMAGE PREVENTION DAY" – AUGUST 11, 2012</u>

UNDERGROUND DAMAGE PREVENTION DAY (AUG. 11, 2012)

Council Member Softly presented a proclamation to Terry Tombaugh, Atmos Energy Public Affairs Manager, designating August 11, 2012 as "Underground Damage Prevention Day."

Mr. Tombaugh thanked the City Council for the proclamation, adding that they especially appreciate the City of Sherman for the cooperation they show to Atmos Energy as well as all the utility companies that serve Sherman.

He emphasized the importance of the 811 system and the security it added to the utility systems and the safety it gives citizens.

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

ORD 5750 ANNUAL BUDGET

Mayor Magers introduced Ordinance 5750 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR THE APPROPRIATION OF FUNDS FOR OPERATING AND CAPITAL EXPENDITURES FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2012, AND ENDING SEPTEMBER 30, 2013; PROVIDING FOR A REPEALER.

No citizens appeared before the City Council to discuss Ordinance 5750.

Mayor Magers introduced Ordinance 5751 and called for a public hearing:

ORD 5751
REGULAR ELECTION
(NOV. 6, 2012)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ORDERING AN ELECTION OF THE QUALIFIED VOTERS OF THE CITY OF SHERMAN, TEXAS, ON THE 6TH DAY OF NOVEMBER, 2012, FOR THE PURPOSE OF ELECTING A MAYOR AND TWO (2) AT-LARGE CITY COUNCIL MEMBERS FOR SAID CITY; PROVIDING THAT SAID ELECTION SHALL BE HELD JOINTLY WITH GRAYSON COUNTY, TEXAS; DESIGNATING ELECTION PRECINCTS; APPOINTING ELECTION OFFICIALS; PROVIDING FOR NOTICE OF SAID ELECTION; PROVIDING FOR THE USE OF DIRECT RECORDING ELECTRONIC VOTING EQUIPMENT; PROVIDING FOR EARLY VOTING.

No citizens appeared before the City Council to discuss Ordinance 5751.

The Public Hearing was closed.

Ordinance 5751

ORD 5751
REGULAR ELECTION
(NOV. 6, 2012)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ORDERING AN ELECTION OF THE QUALIFIED VOTERS OF THE CITY OF SHERMAN, TEXAS, ON THE 6TH DAY OF NOVEMBER, 2012, FOR THE PURPOSE OF ELECTING A MAYOR AND TWO (2) AT-LARGE CITY COUNCIL MEMBERS FOR SAID CITY; PROVIDING THAT SAID ELECTION SHALL BE HELD JOINTLY WITH GRAYSON COUNTY, TEXAS; DESIGNATING ELECTION PRECINCTS; APPOINTING ELECTION OFFICIALS; PROVIDING FOR NOTICE OF SAID ELECTION; PROVIDING FOR THE USE OF DIRECT RECORDING ELECTRONIC VOTING EQUIPMENT; PROVIDING FOR EARLY VOTING.

Mayor Magers reminded citizens that just over a year ago, Sherman voters, by a 90% margin, approved moving the City's Election from May to November. The change should save the City approximately $30,000 annually in Election costs, should increase voter turn-out, and will allow Council Members to be elected in November so they can serve several months prior to discussions on the annual budget.

ACTION TAKEN.
> **Motion by Council Member Smith to approve Ordinance No. 5751, as presented. Second by Council Member Plyler.**

VOTING AYE: Howeth, Plyler, Smith, Softly, Steele, Wacker.
VOTING NAY: None.
MOTION CARRIED.

<u>CONSENT AGENDA</u>

CONSENT AGENDA

The Council reviewed the Consent Agenda. Deputy Mayor Steele asked to remove Item C-2 entitled "Resolution No. 5684 – Authorizing Execution of an Interlocal Cooperation Contract between the City of Sherman and the North Central

Texas Trauma Regional Advisory Council (NCTTRAC) for Participation in a Mass Fatality Trailer Project" from the Consent Agenda for consideration in its regular order of business.

Council Member Wacker moved to approve the Consent Agenda, with the exception of Item C-2, which will be considered in its regular order of business. Second by Council Member Softly. All present voted AYE.

<u>RESOLUTIONS</u>

<u>RESOLUTION NO. 5683 – AUTHORIZING EXECUTION OF A JOINT ELECTION AGREEMENT WITH GRAYSON COUNTY, TEXAS, TO HOLD A JOINT ELECTION ON NOVEMBER 6, 2012</u>

**RES 5683
JOINT ELECTION
AGREEMENT WITH
GRAYSON COUNTY**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A JOINT ELECTION AGREEMENT WITH GRAYSON COUNTY, TEXAS, TO HOLD A JOINT ELECTION ON NOVEMBER 6, 2012.

ACTION TAKEN.

> **Motion by Council Member Howeth to approve Resolution No. 5683, as presented. Second by Deputy Mayor Steele.**

VOTING AYE: Howeth, Plyler, Smith, Softly, Steele, Wacker.
VOTING NAY: None.
MOTION CARRIED.

<u>RESOLUTION NO. 5684 – AUTHORIZING EXECUTION OF AN INTERLOCAL COOPERATION CONTRACT BETWEEN THE CITY OF SHERMAN AND THE NORTH CENTRAL TEXAS TRAUMA REGIONAL ADVISORY COUNCIL (NCTTRAC) FOR PARTICIPATION IN A MASS FATALITY TRAILER PROJECT</u>

**RES 5684
INTERLOCAL
AGREEMENT FOR
MASS FATALITY
TRAILER PROJECT**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN INTERLOCAL COOPERATION CONTRACT BETWEEN THE CITY OF SHERMAN AND THE NORTH CENTRAL TEXAS TRAUMA REGIONAL ADVISORY COUNCIL (NCTTRAC) FOR PARTICIPATION IN A MASS FATALITY TRAILER PROJECT.

Deputy Mayor Steele asked to remove Item C-2 from the Consent Agenda for consideration in its regular order of business.

Jeff Jones, Fire Chief, explained that the North Central Texas Trauma Regional Advisory Council manages hospital preparedness grant funding. In 2010-2011 they began a program to regionalize emergency management response. This program included the AmBus and has included additional resources for hospital deployment, backup facilities, and has recently included a mass fatality trailer.

This trailer is a 22 foot cargo trailer with refrigeration, which allows for transportation of fatalities from a disaster. The agreement will allow the City to take possession of the trailer and it will be titled to the City of Sherman.

Chief Jones said the City can use it as a local resource or utility trailer. In addition to transporting equipment and materials, it has a significant generator which will allow the powering of an external facility or an operation. The City currently does not have that capability.

Deputy Mayor Steele verified that the trailer would be considered a State asset and could be called out for use anytime. Chief Jones said the City always has the opportunity to decline the mission. It is also a regional and a local resource that could be used in area communities.

There is a State usage rate for the trailer and they would reimburse the City for personnel costs and related material costs that were used as part of the deployment.

Council Member Wacker asked about housing the trailer. Chief Jones said housing becomes a challenge as the City gets additional equipment. Currently the trailer will be housed at Central Fire Station, but it will not be parked in an inside bay.

ACTION TAKEN.

Motion by Deputy Mayor Steele to approve Resolution No. 5684, as presented. Second by Council Member Howeth.

VOTING AYE: Howeth, Plyler, Smith, Softly, Steele, Wacker.
VOTING NAY: None.
MOTION CARRIED.

RES 5685
MUTUAL AID
AGREEMENT WITH
CALERA, OKLAHOMA

RESOLUTION NO. 5685 – AUTHORIZING EXECUTION OF A MUTUAL AID AGREEMENT WITH THE TOWN OF CALERA, OKLAHOMA
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A MUTUAL AID AGREEMENT WITH THE TOWN OF CALERA, OKLAHOMA.
CONSENT AGENDA.

RES 5686
SURFACE WATER
DISTRIBUTION
PIPELINE EAST

RESOLUTION NO. 5686 – APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH W. BROWN ENTERPRISES, INC. FOR THE SURFACE WATER DISTRIBUTION PIPELINE EAST, SCHEDULE A
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH W. BROWN ENTERPRISES, INC. FOR THE SURFACE WATER DISTRIBUTION PIPELINE EAST, SCHEDULE A.
CONSENT AGENDA.

RES 5687
SURFACE WATER
DISTRIBUTION
PIPELINE EAST

RESOLUTION NO. 5687 – APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH VESSELS CONSTRUCTION FOR THE SURFACE WATER DISTRIBUTION PIPELINE EAST, SCHEDULE B
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE GREATER TEXOMA

UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH VESSELS CONSTRUCTION FOR THE SURFACE WATER DISTRIBUTION PIPELINE EAST, SCHEDULE B.
CONSENT AGENDA.

RES 5688
WWTP
IMPROVEMENTS

<u>RESOLUTION NO. 5688 – AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING SERVICES AGREEMENT WITH FREEMAN-MILLICAN, INC. FOR THE WASTEWATER TREATMENT PLANT HEADWORKS EAST BAR SCREEN REPLACEMENT IMPROVEMENTS PROJECT</u>
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING SERVICES AGREEMENT WITH FREEMAN-MILLICAN, INC. FOR THE WASTEWATER TREATMENT PLANT HEADWORKS EAST BAR SCREEN REPLACEMENT IMPROVEMENTS PROJECT.
CONSENT AGENDA.

RES 5689
WWTP UV
EQUIPMENT
REPLACEMENT

<u>RESOLUTION NO. 5689 – AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING SERVICES AGREEMENT WITH FREEMAN-MILLICAN, INC. FOR THE WASTEWATER TREATMENT UV EQUIPMENT REPLACEMENT IMPROVEMENTS PROJECT</u>
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING SERVICES AGREEMENT WITH FREEMAN-MILLICAN, INC. FOR THE WASTEWATER TREATMENT UV EQUIPMENT REPLACEMENT IMPROVEMENTS PROJECT.
CONSENT AGENDA.

<u>OTHER BUSINESS</u>

PROPOSED TAX
RATE & PROPERTY
TAX INCREASE

<u>DISCUSSION OF THE PROPOSED TAX RATE FOR FISCAL YEAR 2012-2013 AND SCHEDULING PUBLIC HEARINGS FOR THE PROPOSED TAX RATE AND PROPERTY TAX INCREASE</u>
Mayor Magers said it is now time for the City Council to set the property tax rate for FY 2012-2013. The Council has not raised the tax rate after dropping it 20% several years ago.

The agenda item states a "property tax increase" because the effective tax rate is at $0.30, which means to have the same revenues as last year, the City could actually decrease the tax rate by two cents. This would be a zero net effect on an increase in revenue.

Mayor Magers said this change would not account for an increase in inflation or for the fact that in 2009 the effective tax rate was $0.40 and that was the year the Council put forth the sales tax initiative instead of increasing the tax rate.
He added that a motion to propose the adoption of the tax rate of $0.32 per $100 valuation and to set the schedule for the public hearings, would keep the City at the same tax rate that was promised to the voters and would put the tax rate in force that was discussed during the budget work session.

Council Members verified that this was the tax rate that was discussed during the budget work session. George Olson, City Manager, said the budget was built on a $0.32 tax rate.

ACTION TAKEN.

> **Motion by Council Member Smith to propose to adopt the $0.32 tax rate per $100 valuation, and to approve the schedule for public hearings, as presented. Second by Council Member Wacker.**

VOTING AYE: Howeth, Plyler, Smith, Softly, Steele, Wacker.
VOTING NAY: None.
MOTION CARRIED.

<u>REVIEW DRAFT CAPITAL IMPROVEMENT PROGRAM (CIP) 2012-2017 AND SET PUBLIC HEARING FOR TUESDAY, SEPTEMBER 4, 2012</u>

DRAFT CIP

Mayor Magers verified that no Capital Improvement Program projects have changed since they were reviewed at the budget work session.

ACTION TAKEN.

> **Motion by Council Member Wacker to set a public hearing for September 4, 2012, on the 2012-2017 Capital Improvement Program, as presented. Second by Council Member Howeth.**

VOTING AYE: Howeth, Plyler, Smith, Softly, Steele, Wacker.
VOTING NAY: None.
MOTION CARRIED.

<u>APPROVE QUARTERLY INVESTMENT REPORTS FOR PERIOD ENDING JUNE 30, 2012</u>

QUARTERLY INVESTMENT REPORT

The City Council approved the Quarterly Investment Reports for the period ending June 30, 2012. As of the period end, both portfolios were in compliance with applicable State laws.

At June 30, the Operating Portfolio was not in compliance with the requirement to maintain at least 60% of the portfolio available within one year. By the date of this report, that portfolio was back in compliance with the requirement.

The Operating Portfolio had a book value of about $22.3 million and is appropriately liquid. Its weighted-average maturity increased to about 336 days, up from 312 days last period, because of investment purchases during the quarter.

The portfolio yield of 0.43% for the quarter is higher than the benchmark yield of 0.16%. The portfolio value on the City's books is essentially equal to the market value of the overall portfolio.

The Debt Proceeds Portfolio balance of about $.3 million decreased about $9,000. The portfolio remains adequately liquid, with all funds available within one day. Its yield of 0.15% for the quarter was essentially the same as the benchmark yield. The portfolio value on the City's books is equal to the market value of the overall portfolio.
CONSENT AGENDA.

CONSIDER CALLING A SPECIAL MEETING OF THE CITY COUNCIL FOR TUESDAY, SEPTEMBER 4, 2012, DUE TO CONFLICT WITH A FEDERAL HOLIDAY

SCHEDULE CALLED COUNCIL MEETING (SEPT. 4, 2012)

The City Council called a Special Meeting of the City Council for Tuesday, September 4, 2012, due to the regularly scheduled date conflicting with a Federal Holiday to celebrate Labor Day.
CONSENT AGENDA.

CONSIDER SCHEDULING A JOINT MEETING OF THE CITY COUNCIL AND THE SHERMAN ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS FOR 12:00 NOON ON FRIDAY, SEPTEMBER 21, 2012, TO REVIEW AND APPROVE SEDCO'S ANNUAL BUDGET AND WORK PLAN

SCHEDULE JOINT MEETING WITH SEDCO (SEPT. 21, 2012)

Mr. Olson said the proposed meeting is for September 21, 2012, however the meeting could be set for September 20, 2012 instead.

ACTION TAKEN.

> **Motion by Deputy Mayor Steele to schedule a Joint Meeting with the Sherman Economic Development Corporation Board of Directors for September 21, 2012, at 12:00 noon, as presented. Second by Council Member Wacker.**

VOTING AYE: Howeth, Plyler, Smith, Softly, Steele, Wacker.
VOTING NAY: None.
MOTION CARRIED.

FINAL PLAT APPROVAL OF THE TED HOLDINGS ADDITION IN THE CITY OF SHERMAN'S EXTRA TERRITORIAL JURISDICTION (ETJ), BEING 2.26 ACRES IN THE JAMES ACHISON SURVEY, ABSTRACT NO. 21; TED HOLDINGS, DEBORAH ESTES, PRESIDENT, OWNER; SARTIN & ASSOCIATES, INC., SURVEYORS (1162 PLAINVIEW ROAD)

APPROVE FINAL PLAT TED HOLDINGS ADDITION (1162 PLAINVIEW RD)

The City Council approved the Final Plat of the TED Holdings Addition in the City's Extra Territorial Jurisdiction, located at 1162 Plainview Road. The property consists of 2.26 acres in the James Achison Survey, Abstract No. 21. The owner would like to plat the property into one lot to sell the existing building on the lot. The Planning and Zoning Commission recommended approval of the Final Plat.
CONSENT AGENDA.

CITIZENS REQUESTS

SHERMAN MUNICIPAL AIRPORT

SHERMAN MUNICIPAL AIRPORT

Ross Richardson, 2115 Turtle Creek Circle, addressed the City Council considering the Sherman Municipal Airport. He said at previous Meetings the Council discussed the cost of rehabilitating the Airport runway at between $500,000 and $1 million.

He spoke with the Texas Department of Transportation Aviation Department in Austin recently and he said their proposal for FY 2015 for rehabilitating the runway, marking the taxiways, rehabilitating hangar access, and remarking the runway is $441,000. The project would be a 90/10 matching project, so the City's part would be $44,000.

Council Members verified with Mr. Richardson that if the City accepts the grant, they would be required to keep the Airport open another 20 years. Mr. Richardson said the City still had about 14 years left so it would only add a few more years to their current obligation.

MEDIA QUESTIONS | **MEDIA QUESTIONS**

There were no media questions

COUNCIL COMMENTS

TAXI CAB ORDINANCE | **TAXI CAB ORDINANCE**

Council Member Wacker asked the staff to review the taxi cab ordinance to see what fee structure is in place. There are a lot of new taxi service vehicles in town. She was not sure how much review or accountability the City had for them.

SHERMAN MUSEUM DINO DAYS | **SHERMAN MUSEUM DINO DAYS**

Council Member Howeth complimented the Sherman Museum on their recent Dino Days exhibit. She was really impressed with the exhibit and with Museum Director Dan Steelman. He has some plans for the future that will make the Museum even more valuable to the community.

GRAYSON COUNTY ELECTION | **GRAYSON COUNTY ELECTION**

Mayor Magers thanked the City of Sherman and the City Council for their participation in the recent Grayson County Election. Their participation helped "turn the tide." He felt the results were good for the City of Sherman and for Grayson County, and he thanked the City Council for "taking a stand."

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

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

SECTION 551.071 — **CONSULTATION WITH CITY ATTORNEY CONCERNING PENDING OR CONTEMPLATED LITIGATION:**

RECEIVE THE CITY ATTORNEY'S BRIEFING ON PENDING LITIGATION

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 5:21 p.m.

On Motion duly made and carried, the Executive Session recessed at 5:43 p.m. and reconvened in Open Meeting.

OPEN MEETING

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

OPEN MEETING

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at 5:44 p.m.

ADJOURNMENT

____

MAYOR

____

CITY CLERK

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. B.1

SECOND PUBLIC HEARING OF ORDINANCE NO. 5750
Providing for the Appropriation of Funds for Operating and Capital Expenditures for the Fiscal Year beginning October 1, 2012, and ending September 30, 2013

Issue
To hold the second and final public hearing on and consider the adoption of the proposed budget ordinance for the 2012-2013 fiscal year

Background
The proposed budget reflects the direction given by the Council at the recent Budget Workshop held on June 21, 2012, and is focused on continuing to provide essential services. The budget contains $60.4 million in appropriations, which is higher than the prior year's original budget of $57.1 million, due in large part to capital expenditures to catch up from delaying spending in prior years. In accordance with the discussions at the Budget Workshop, the draft budget maintains the property tax rate at $.32/$100 and provides for increases in water/sewer rates of about 4%. More detailed information is available on the attachments.

This budget will raise more total property taxes than last year's budget by $254,000 and 3.6% and, of that amount, $73,000 is tax revenue to be raised from new property added to the roll this year.

Origination
Assistant City Manager/Chief Financial Officer

Financial Consideration
The proposed budget contains appropriations of $60.4 million for the 2012-2013 fiscal year.

Staff Recommendation
The staff recommends that the Council hold the second and final public hearing on August 20, 2012, and consider adoption at that meeting.

Alternatives
The Council could make changes to the proposed budget, subject to existing available financial resources, and subject to statutory requirements relating to the timing of the budget adoption.

Attachments
Ordinance No. 5750; summary budget text; summary budget schedule; individual fund statements; bonded debt summary; property tax historical summary

Prepared by:
Robby Hefton, Assistant City Manager/CFO

Approved by:
George Olson, City Manager

ORDINANCE NO. 5750

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR THE APPROPRIATION OF FUNDS FOR OPERATING AND CAPITAL EXPENDITURES FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2012, AND ENDING SEPTEMBER 30, 2013; 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, pursuant to Article V of the City Charter, there is hereby appropriated for Operating Expenditures the sums of money as established in the approved Operating Budget Document for fiscal year beginning October 1, 2012, and ending September 30, 2013.

SECTION 2. That, pursuant to Article V of the City Charter, there is hereby appropriated for Capital Expenditures the sums of money as established in the approved Capital Budget Document for fiscal year beginning October 1, 2012, and ending September 30, 2013.

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 _________________, 2012.

ADOPTED on this the _________________ day of _________________, 2012.

EFFECTIVE DATE on this the _________ day of _________________, 2012.

CITY OF SHERMAN, TEXAS

BY: ______________________________

BILL MAGERS, MAYOR

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

This budget will raise more total property taxes than last year's budget by $254,000 and 3.6% and, of that amount, $73,000 is tax revenue to be raised from new property added to the roll this year.

PROPOSED BUDGET FOR THE CITY OF SHERMAN FOR FISCAL YEAR 2012-2013

July 16, 2012

SUMMARY:

The attached proposed budget for 2012-2013 is based on the direction provided by the City Council at the budget workshop that was held on June 21, 2012.

The proposed budget reflects a focus on catching up on capital expenditures and maintenance, completing the tasks given by the Council for the current year, and maintaining fund balances at targeted levels while holding the property tax rate unchanged at $.32/$100 valuation. The revenue from the last year of a three year plan to adjust water and sewer rates is included to help offset the loss of industrial revenues.

Appropriations for 2012-2013 total about $60.4 million, of which $5.4 million is earmarked for capital spending. This budget is about $3.2 million more than original 2011-2012 budget, primarily from an increase in capital spending.

Total budgeted full-time positions in the proposed budget are 408, up from 403 in fiscal year 2011-2012. The increase is due to the addition of three parks maintenance employees, one technology/communications employee, and a parking attendant.

The General Fund is balanced on an ongoing but unbalanced for fiscal year 2012-2013 due to non-recurring capital expenditures. The street sales tax was renewed for an additional four years providing an additional estimated $0.7 million increase for the 2013 budget year. A decrease in property taxes for the General Fund is primarily due to the allocation of a portion of the tax to the debt service funds. Other revenues, such as sales tax and fines and forfeitures, are expected to increase slightly. Fund balance is projected to be $6.8 million or 84 days at the end of FY 2013.

For the budget year 2013, the Utility Fund is balanced on an ongoing basis but unbalanced for fiscal year 2012-2013 due to non-recurring capital expenditures. Losses in industrial revenues in the last few years have reduced revenue by about $2.3 million annually. This year is the last year of a 3 year plan to adjust rates to help offset the projected revenue loss. Remaining fund balances at the end of 2013 are projected to be about $6.1 million, or about 108 days of operating expenses.

The Solid Waste Fund is balanced on an on-going basis. Fund balances in this fund remain adequate, with an expected $0.9 million, or 60 days of operating funds, available at the end of FY 2013.

The proposed budget of about $0.5 million in the General Improvement Fund consists of funding for repairs to the Municipal Building, renovation of the MLK Park building and improvements to Fielder Park. Reserves of about $55,000 are expected at the end of FY 2013.

The Utility Improvement Fund proposed budget consists of well repairs, line replacements, water tower repair and painting, and system upgrades. Utility Improvement Fund reserves will be about $1.3 million at the end of FY 2013.

DETAILED INFORMATION:

Additional information on <u>major components</u> of the 2012-2013 proposed budget follows.

Water/Sewer Rate Increase - Revenue losses from local industries have contributed to the need for a rate increase of 4%. This 4% rate increase is expected to generate about $720,000 annually.

Property Tax Rates – The current property tax rate of $.32/$100 valuation will remain unchanged, and is expected to generate about $6.1 million in revenues for the General Fund and about $0.8 for the debt service funds.

Street Sales Tax Election - A one-eighth cent sales tax to fund street improvements was renewed by a vote of the citizens of Sherman in November of 2011 and will generate about $1.0 million annually.

Neighborhood Revitalization – As part of the Comprehensive Master Plan, Fielder Park will be targeted for a neighborhood revitalization pilot project using public and private resources. The City will provide park and street improvements, code enforcement and home repair assistance through the Community Development Block Grant program. The estimated cost to the City is about $250,000.

Wage Increase – 2.5% Across-the-Board – The proposed budget contains a 2.5% increase in base salaries. The annual cost of this increase for all funds is projected to be about $525,000.

Staffing – Five new staff positions are included in the budget. A systems coordinator is included to address the increasing technology demands of the City, especially in the public safety area. A parking attendant will help enforce the City's parking ordinance, and a 3-man parks maintenance crew will primarily mow, pick up trash, and respond to special requests as needed. The expected total cost is about $225,000 annually for the five new positions.

Fleet and Equipment – Major expenditures for this year include 4 police vehicles ($150,000), a fire truck ($420,000), 2 residential trash trucks ($555,000) and various other trucks and equipment totaling about $2.0 million.

Water Meter Replacement Program – A city-wide, multi-year water meter testing/replacement program will begin in budget year 2013 adding $340,000 to expenditures in its first year.

SUMMARY SCHEDULES, DETAILED FUND STATEMENTS, AND OTHER INFORMATION

The following pages include a schedule that summarizes the draft 2012-2013 budget, eliminating double counting for internal service funds and inter-fund transfers. Also included are statements of revenues and expenditures/expenses for each fund, and a debt schedule.

Summary of Budgeted Receipts and Expenditures/Expenses
Fiscal Year 2012-2013

	General Fund	Enterprise Funds	Internal Service Funds	Special Revenue Funds	Capital Improvement Funds	Trust Fund	Debt Service Funds	Elim. Interfund Transfers	Totals
Beginning Fund Balance	$ 6,806,621	$ 8,164,191	$ 475,266	$ 486,166	$ 5,089,766	$ 1,177,902	$ 531,893	$ 74,118	$ 22,805,923
Receipts:									
Taxes	22,535,500	-	-	484,000	116,000	-	1,128,000	-	24,263,500
Water Sales	-	11,859,000	-	-	-	-	-	-	11,859,000
Sewer Sales	-	7,019,000	-	-	-	-	-	-	7,019,000
Solid Waste Sales	-	5,361,000	-	-	-	-	-	-	5,361,000
Other Fees for Services	3,699,600	640,000	7,956,324	925,000	-	-	-	(7,155,324)	6,065,600
Interest	70,000	17,400	330	985	27,250	70,000	1,000	-	186,965
Other	329,475	718,425	-	135,270	-	8,000	-	-	1,191,170
Transfers In	3,670,766	123,700	1,720,417	-	200,000	-	115,000	(5,829,883)	-
Total Receipts	30,305,341	25,738,525	9,677,071	1,545,255	343,250	78,000	1,244,000	(12,985,207)	55,946,235
Expenditures/Expenses:									
Personnel	21,144,408	6,134,869	1,088,485	136,941	-	-	-	-	28,504,703
Supplies	1,449,533	1,207,210	1,127,521	549,400	-	-	-	-	4,333,664
Maintenance	1,201,576	1,933,277	775,215	210,230	-	-	-	-	4,120,298
Utilities	1,397,480	2,853,646	87,500	53,900	-	-	-	-	4,392,526
Contract Wages	209,110	66,080	23,500	-	-	-	-	-	298,690
Computer Services	582,540	98,520	10,710	-	-	-	-	(691,770)	-
Debt Service	69,405	4,804,012	220,228	-	-	-	1,350,194	-	6,443,839
Contractual Services	1,633,361	3,145,080	4,841,461	373,860	-	-	-	(3,843,064)	6,150,698
Vehicle Usage	1,271,470	1,347,610	-	1,410	-	-	-	(2,620,490)	-
Capital Expenses	207,876	15,300	1,746,706	24,000	3,452,000	-	-	-	5,445,882
Other	-	443,857	-	273,314	-	-	-	-	717,171
Transfers Out	1,147,868	4,354,315	-	127,700	200,000	-	-	(5,829,883)	-
Total Expenditures/Expens	30,314,627	26,403,776	9,921,326	1,750,755	3,652,000	-	1,350,194	(12,985,207)	60,407,471
Ending Fund Balance	$ 6,797,335	$ 7,498,940	$ 231,011	$ 280,666	$ 1,781,016	$ 1,255,902	$ 425,699	$ 74,118	$ 18,344,687

General Fund
Summary of Revenues & Expenditures (Budget Basis)

	Actual 2010-2011	Adjusted Budget 2011-2012	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 4,908,275	$ 6,095,359	$ 6,095,359	$ 6,713,420
Revenues				
Property Taxes	6,658,517	6,041,500	5,994,500	6,094,500
Sales Taxes	11,567,605	11,727,000	12,413,000	13,350,000
Franchise Taxes	3,396,896	3,195,000	2,937,000	2,982,000
Other Taxes	127,032	127,000	109,000	109,000
Fines & Forfeitures	1,068,692	1,053,700	1,020,200	1,063,200
Recreation	281,904	275,000	281,800	281,800
Permits & Licenses	222,539	227,500	227,700	234,700
Rentals	147,030	70,650	69,400	69,700
Cemetery Sales and Services	127,505	190,200	173,675	151,200
Sales & Services	499,163	492,340	497,160	499,000
Ambulance Services	1,310,937	1,400,000	1,400,000	1,400,000
Interest	76,167	70,000	66,000	70,000
Grants and Miscellaneous	682,089	193,600	182,712	312,850
Total Revenues	26,166,076	25,063,490	25,372,147	26,617,950
Transfers In	3,138,066	3,206,500	3,207,997	3,670,766
Total Receipts	29,304,142	28,269,990	28,580,144	30,288,716
Total Funds Available	34,212,417	34,365,349	34,675,503	37,002,136
Expenditures				
Personnel	20,654,256	20,214,727	20,162,241	21,144,408
Supplies	1,296,228	1,162,481	1,142,250	1,449,533
Maintenance	844,783	993,289	1,047,584	1,201,576
Utilities	1,364,336	1,327,400	1,358,300	1,397,480
Contract Wages	236,294	202,420	218,676	209,110
Computer Services	574,868	496,790	510,140	582,540
Debt Service	69,262	69,263	69,263	69,405
Contractual and Sundry Services	1,481,487	1,403,779	1,515,241	1,527,741
Vehicle Usage	1,212,035	1,291,020	1,207,652	1,271,470
Equipment and Buildings	268,398	151,068	161,025	207,876
Transfer Out to Debt Service Fund	100,000	75,563	75,563	-
Transfer Out to Fleet Fund	15,111	494,148	494,148	1,147,868
Total Expenditures	28,117,058	27,881,948	27,962,083	30,209,007
Excess Receipts over Expenditures	1,187,084	388,042	618,061	79,709
Ending Fund Balance	$ 6,095,359	$ 6,483,401	$ 6,713,420	$ 6,793,129

Utility Fund
Summary of Revenues & Expenses (Budget Basis)

	Actual 2010-2011	Adjusted Budget 2011-2012	Projected 2011-2012	Proposed 2012-2013
Beginning Reserve	$ 3,064,222	$ 5,457,071	$ 5,457,071	$ 6,848,028
Revenues				
Water Revenues	12,193,932	11,090,000	11,590,000	11,859,000
Sewer Revenues	7,247,880	6,416,000	7,231,000	7,019,000
Laboratory Charges	112,689	100,000	110,000	110,000
Service & Penalties	498,110	475,000	475,000	475,000
Earned Interest	11,361	10,000	10,000	10,000
Intergovernmental	215,942	453,447	453,447	449,700
Miscellaneous	285,032	224,148	220,861	82,725
Total Revenues	20,564,946	18,768,595	20,090,308	20,005,425
Transfers-in	1,121,500	1,167,500	967,500	123,700
Total Receipts	21,686,446	19,936,095	21,057,808	20,129,125
Total Funds Available	24,750,668	25,393,166	26,514,879	26,977,153
Expenses				
Personnel	4,543,788	4,436,555	4,412,782	4,627,761
Supplies	840,847	1,015,477	819,042	1,100,730
Maintenance & Repair	1,058,606	1,626,127	1,623,727	1,879,657
Utilities	2,771,327	2,778,300	2,589,700	2,835,796
Computer Services	90,522	78,720	80,820	85,670
Debt Service	5,963,122	5,783,068	5,908,289	4,768,807
Contract Wages	41,684	64,000	64,000	64,000
Contractual & Special Services	1,470,429	1,798,602	1,777,799	1,535,521
Vehicle Usage	237,929	229,750	289,987	302,310
Other	248,158	330,107	330,107	443,857
Capital Expenses	422,919	21,500	16,898	15,300
Total Expenses	17,689,331	18,162,206	17,913,151	17,659,409
Transfers Out				
General Fund	1,604,266	1,544,000	1,544,000	3,044,000
Others	-	209,700	209,700	128,795
Total Transfers Out	1,604,266	1,753,700	1,753,700	3,172,795
Total Expenses	19,293,597	19,915,906	19,666,851	20,832,204
Excess Revenues over Expenditures	2,392,849	20,189	1,390,957	(703,079)
Ending Reserve	$ 5,457,071	$ 5,477,260	$ 6,848,028	$ 6,144,949

Solid Waste Fund
Summary of Revenues & Expenditures (Budget Basis)

	Actual 2010-2011	Adjusted Budget 2011-2012	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 1,575,873	$ 1,975,227	$ 1,975,227	$ 885,162
Revenues				
Solid Waste Fees	5,484,886	5,586,850	5,361,000	5,361,000
Service Penalties	46,500	62,000	45,000	45,000
Interest	4,639	5,000	7,000	5,000
Miscellaneous	182,470	196,500	186,000	186,000
Total Revenues	5,718,495	5,850,350	5,599,000	5,597,000
Total Funds Available	7,294,368	7,825,577	7,574,227	6,482,162
Expenses				
Personnel	1,510,637	1,458,185	1,422,355	1,507,108
Supplies	56,576	92,216	90,700	106,480
Maintenance & Repair	35,670	51,320	51,300	53,620
Utilities	18,397	21,100	18,800	17,850
Contract Wages	-	2,080	-	2,080
Computer Services	11,315	9,370	9,620	12,850
Solid Waste Debt Service	58,499	58,499	58,499	35,205
Contractual & Sundry Services	1,448,633	1,497,146	1,449,672	1,599,559
Vehicle Usage	890,954	942,209	1,005,552	1,045,300
Capital Expenses	236,121	-	-	-
Transfers Out	1,052,339	2,782,567	2,582,567	1,181,520
Total Expenses	5,319,141	6,914,692	6,689,065	5,561,572
Excess Receipts over Expenditures	399,354	(1,064,342)	(1,090,065)	35,428
Ending Fund Balance	$ 1,975,227	$ 910,885	$ 885,162	$ 920,590

General Improvement Fund
Summary of Revenues and Expenditures (Budget Basis)

	Actual 2010-2011	Amended Budget 2011-2012	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 4,683,932	$ 1,036,393	$ 1,036,393	$ 545,014
Revenues:				
Transfers In	210,439	-	-	200,000
SEDCO	1,430,000	-	-	-
Grant Proceeds	-	166,500	166,500	-
Investment Interest	3,627	3,000	1,200	500
Total Revenues	1,644,066	169,500	167,700	200,500
Total Funds Available	6,327,998	1,205,893	1,204,093	745,514
Expenditures:				
Comprehensive Plan Study	17	-	-	-
Pecan Grove Park - Phase I	2,650	-	-	-
Washington Street West	1,610,488	262,473	185,000	-
Lamberth Rd West	734,897	-	-	-
Pecan Grove Park - Phase II	17,600	-	-	-
Center Street Sports Complex	11,076	-	-	-
Travis Street - Washington to Houston St.	117,461	-	-	-
Drainage Improvement Projects	21,011	125,000	20,000	-
GIS System	54,175	100,000	71,000	50,000
Solid Waste Interior Driveway Rebuild Phase V	-	47,000	47,007	
OSP Shade Structure Repairs	47,460	-	-	-
Watershed Management	44,770	-	202,000	
Hwy 74 and 1417 Ramp Reversal-TxDOT	1,430,000	-	-	-
Soil Conservation Emergency Action Plan Study	-	50,000	47,185	
Hawn Spray Ground Rehab	-	20,000	20,000	-
OSP Quad Backstop Nets	-	45,000	34,300	-
Tennis Court Windscreens	-	-	6,161	-
Street ROW and Oversize Funding	-	50,000	-	-
Travis St ROW - Taylor to Lamberth	-	100,000	-	-
** Pecan Grove	-	-	24,486	-
MLK Park Building Remodel	-	-	1,940	
Neighborhood Revitalization-Fielder Park	-	-	-	250,000
Municipal Building Repair	-	-	-	190,000
Taylor Street Complex	-	-	-	200,000
Transfer to Debt Service	700,000	-	-	-
Transfer to General Fund	500,000	-	-	-
Total Expenditures	5,291,605	799,473	659,079	690,000
Ending Fund Balance	$ 1,036,393	$ 406,420	$ 545,014	$ 55,514

Utility Improvement Fund
Summary of Revenues and Expenses (Budget Basis)

	Actual 2010-2011	Amended Budget 2010-2012	Projected 2010-2012	Proposed 2012-2013
Beginning Fund Balance	$ 6,261,569	$ 5,177,586	$ 5,177,586	$ 3,411,680
Revenues				
Interest Income/Other Income	33,034	25,000	36,000	25,000
Total Revenues	33,034	25,000	36,000	25,000
Total Funds Available	6,294,603	5,202,586	5,213,586	3,436,680
Expenses				
Utility Oversizing	-	25,000	-	100,000
Hwy 75 Water/Sewer to Hwy 691	1,576	-	-	-
Pelton Street Water Line Replacement	825	-	-	-
WWTP Digester Rehab	53,148	-	12,207	-
WWTP - Upgrade Mixers, Phase I	10,865	-	3,599	-
WWTP Drain Line	-	75,000	-	-
Gallagher Tower Evaluation	-	50,000	30,000	-
Lift Station	19,353	-	9,750	
WWTP Peak Flow II	29,000	-	32,600	
WTP Second Feed	2,250	-	80,000	
WTP Flocculation Basin	-	-	19,000	
Hwy 289 Water	-	-	14,750	
Upgrade Metering and Telemetry for Water System				350,000
Well Repairs and Upgrades	-	-	-	625,000
Gallagher Elevated Tank Painting and Repair	-	-	-	625,000
Infiltration & Inflow Office and Storage Facility				75,000
Woods Street Water Line Replacement				32,000
Lamberth Road Water Line Replacement				31,000
Texoma Parkway Water Replacement-Ph IV				134,000
Transfers Out-Utility Fund	1,000,000	400,000	400,000	-
Transfers Out-General CIP	-	-	-	200,000
Transfers Out-Employee Insurance Fund	-	-	1,200,000	-
	1,117,017	550,000	1,801,906	2,172,000
Ending Fund Balance	$ 5,177,586	$ 4,652,586	$ 3,411,680	$ 1,264,680

Insurance Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Budget 2011-2012	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 791,498	$ 459,143	$ (26,450)	$ 52,550
Receipts				
Employer Contributions	3,262,835	3,290,000	3,250,000	3,840,924
Employee Contributions	626,430	612,000	601,000	601,000
Retiree Contributions	179,403	225,000	200,000	200,000
COBRA Contributions	4,342	-	8,000	-
Interest Earned	7,534	3,500	-	-
Transfers In	-	-	1,200,000	
Total Receipts	4,080,544	4,130,500	5,259,000	4,641,924
Total Funds Available	4,872,042	4,589,643	5,232,550	4,694,474
Expenses				
Health & Dental Claims	4,301,647	3,600,000	4,600,000	4,100,000
Insurance Premiums & Cost	551,978	550,000	510,000	510,000
Life Insurance	44,867	45,000	45,000	45,000
Miscellaneous	-	25,000	25,000	25,000
Total Expenses	4,898,492	4,220,000	5,180,000	4,680,000
Ending Fund Reserve	$ (26,450)	$ 369,643	$ 52,550	$ 14,474

Public Charities Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 49,277	$ 66,768	$ 24,256
Receipts			
Interest	92	120	120
Glennie O. Ham Donations	1,614	50	500
Altrusa (W.A.F.A.)	250	250	250
Library Donations	14,104	-	2,500
Animal Shelter Donations	3,379	1,500	1,500
Fishing Festival	106	110	110
Fire Dept Donations	2,150	500	2,500
Police Dept Donations	-	-	-
Genealogical Donations	79	25	25
Summer Track Program	1,437	1,500	1,500
Parks Concessions Revenue	4,522	5,000	5,000
Parks & Recreation Donations	1,050	2,500	2,500
AmBus Donations	14,125	-	-
Total Receipts	42,908	11,555	16,505
Total Funds Available	92,185	78,323	40,761
Expenditures			
Library Donations	14,278	50	2,500
Glennie O. Ham Center	855	800	500
Altrusa (W.A.F.A.)	233	250	250
Senior Citizen's Dance Club	1,095	120	120
Animal Shelter Donations	-	15,000	15,000
Fire Dept Donations	-	5,000	5,000
Fishing Festival	-	750	750
Police Dept Donations	-	-	-
Genealogical	289	100	300
Remodeling Contingency	-	17,000	7,200
Summer Track Program	1,039	1,500	1,500
Parks Concessions Expense	-	4,000	4,000
Parks & Recreation Donations	-	3,000	3,500
AmBus Expenditures	7,628	6,497	-
Total Expenditures	25,417	54,067	40,620
Ending Fund Balance	$ 66,768	$ 24,256	$ 141

Land Transaction Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 67,108	$ 68,825	$ 68,945
Receipts			
Land Sales	1,600	-	-
Interest Earned	117	120	120
Total Receipts	1,717	120	120
Total Funds Available	68,825	68,945	69,065
Expenditures			
Miscellaneous	-	-	65,000
Total Expenditures	-	-	65,000
Ending Fund Balance	$ 68,825	$ 68,945	$ 4,065

Street Revolving Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 447,677	$ 448,872	$ 450,072
Receipts			
Interest Income	1,195	1,200	1,200
Total Receipts	1,195	1,200	1,200
Total Funds Available	448,872	450,072	451,272
Total Expenditures	-	-	-
Ending Fund Balance	$ 448,872	$ 450,072	$ 451,272

TIF #3 Construction Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ -	$ 676,149	$ 679,849
Receipts			
Property Tax	58,220	53,500	54,000
Other Income	-	150,000	-
Transfer from Street Sales Tax Fund	619,204	-	-
Interest	148	200	50
Total Receipts	677,572	203,700	54,050
Total Funds Available	677,572	879,849	733,899
Expenditures			
Improvements	1,423	200,000	725,000
Total Expenditures	1,423	200,000	725,000
Ending Fund Balance	$ 676,149	$ 679,849	$ 8,899

TIF #2 Construction Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 528,242	$ 495,258	$ 3,151
Receipts			
Transfer from TIF Debt Service	10,000	15,330	-
Property Tax	-	61,500	62,000
Transfer from General Fund	-	75,563	-
Interest	816	500	500
Total Receipts	10,816	152,893	62,500
Total Funds Available	539,058	648,151	65,651
Expenditures			
Improvements	43,800	195,000	65,000
Transfer to 2009 CO Debt Service	-	450,000	-
Total Expenditures	43,800	645,000	65,000
Ending Fund Balance	$ 495,258	$ 3,151	$ 651

Auditorium Debt Service Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 144,738	$ 144,467	$ 144,917
Receipts			
Transfers-in from Hotel/Motel Tax	116,375	115,000	115,000
Interest	329	500	500
Total Receipts	116,704	115,500	115,500
Total Funds Available	261,442	259,967	260,417
Expenditures			
Debt Service	116,375	114,450	117,438
Agent Fees	600	600	600
Total Expenditures	116,975	115,050	118,038
Ending Fund Balance	$ 144,467	$ 144,917	$ 142,379

TIF #1 Debt Service Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 170,294	$ 190,242	$ 227,447
Receipts			
Property Tax	330,079	350,000	350,000
Interest	516	500	500
Total Receipts	330,595	350,500	350,500
Total Funds Available	500,889	540,742	577,947
Expenditures			
Debt Service	310,447	313,095	318,913
Agent Fees	200	200	300
Total Expenditures	310,647	313,295	319,213
Ending Fund Balance	$ 190,242	$ 227,447	$ 258,734

2008 CO Debt Service Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 195,180	$ 13,863	$ 8,834
Receipts			
Transfer from General CIP Fund	175,000	-	-
Property Tax Revenues	-	350,000	358,000
Total Receipts	175,000	350,000	358,000
Total Funds Available	370,180	363,863	366,834
Expenditures			
Debt Service	356,317	354,529	357,470
Agent Fees	-	500	500
Total Expenditures	356,317	355,029	357,970
Ending Fund Balance	$ 13,863	$ 8,834	$ 8,864

2009 CO Debt Service Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 7,212	$ 14,770	$ 149,376
Receipts			
Property Tax Revenues	-	-	175,000
Transfer from TIF#2 Debt Serv		450,000	-
Transfer from General CIP	285,000	-	-
Total Receipts	285,000	450,000	175,000
Total Funds Available	292,212	464,770	324,376
Expenditures			
Debt Service	276,942	314,894	311,560
Agent Fees	500	500	500
Total Expenditures	277,442	315,394	312,060
Ending Fund Balance	$ 14,770	$ 149,376	$ 12,316

2009A CO Bond Debt Service
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 12,795	$ 12,832	$ 1,319
Receipts			
Property Tax Revenues	-	230,000	245,000
Transfer from General Improvement Fund	240,000	-	-
Total Receipts	240,000	230,000	245,000
Total Funds Available	252,795	242,832	246,319
Expenditures			
Debt Service	239,463	241,013	242,413
Agent Fees	500	500	500
Total Expenditures	239,963	241,513	242,913
Ending Fund Balance	$ 12,832	$ 1,319	$ 3,406

Police Programs Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 115,081	$ 164,769	$ 112,511
Receipts			
E 9-1-1 Service Fees	256,613	304,000	304,000
Security and Technology Fees	51,202	52,000	52,000
Interest	275	300	300
Grant	-	34,560	86,270
Total Receipts	308,090	390,860	442,570
Total Funds Available	423,171	555,629	555,081
Expenditures			
Personnel	110,566	109,052	110,735
Supplies	8,122	37,470	71,000
Maintenance/Repairs	58,955	112,325	173,430
Contractual Payments	80,759	142,241	145,600
Equipment	-	42,030	
Total Expenditures	258,402	443,118	500,765
Ending Fund Balance	$ 164,769	$ 112,511	$ 54,316

Parks Pride Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 22,307	$ 6,149	$ 174
Receipts			
PRIDE Donations	10,905	11,000	11,000
Interest Income	61	25	25
Total Receipts	10,966	11,025	11,025
Total Funds Available	33,273	17,174	11,199
Expenditures			
Athletic Assistance Program	-	-	-
Park Improvements	27,124	17,000	11,000
Total Expenditures	27,124	17,000	11,000
Ending Fund Balance	$ 6,149	$ 174	$ 199

Police Pride Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 25,312	$ 26,700	$ 15,740
Receipts			
PRIDE Donations	10,905	11,000	11,000
Interest Income	64	40	40
Total Receipts	10,969	11,040	11,040
Total Funds Available	36,281	37,740	26,780
Expenditures			
Supplies	3,730	4,000	4,000
Travel/Tuition	3,134	3,000	5,500
Contractual Services	717	2,500	3,800
Canine Replacement Dog	2,000	12,500	13,000
Total Expenditures	9,581	22,000	26,300
Ending Fund Balance	$ 26,700	$ 15,740	$ 480

Donations Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2010-2011	Proposed 2012-2013
Beginning Fund Balance	$ 1,865	$ 1,153	$ 173
Receipts			
Donations	1,082	2,000	2,000
Interest Income	3	20	20
Total Receipts	1,085	2,020	2,020
Total Funds Available	2,950	3,173	2,193
Expenditures			
Supplies	1,797	3,000	2,100
Total Expenditures	1,797	3,000	2,100
Ending Fund Balance	$ 1,153	$ 173	$ 93

Hotel/Motel Tax Fund
Summary of Receipts & Expenditures

Beginning October 1, 2011, the Auditorium/Ballroom operations are included in this fund. Actual results have been combined for prior years to improve comparison between years.

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 457,987	$ 301,594	$ 221,124
Receipts			
Hotel/Motel Tax 5%	345,417	346,000	346,000
Hotel/Motel Tax 2%	138,167	138,000	138,000
Penalties	15,208	5,000	-
Miscellaneous	30	25	-
Interest	529	300	300
Program/Sponsor Fees	24,950	26,000	30,000
Auditorium/Ballroom Rental	26,614	29,500	35,000
Total Receipts	550,915	544,825	549,300
Total Funds Available	1,008,902	846,419	770,424
Expenditures			
Tourism			
Administration	99,551	93,208	117,184
Programs	272,958	156,100	156,130
Downtown Building Incentive	-	25,000	25,000
Museum Support	82,500	82,500	82,500
Arts Council	35,811	36,000	36,000
Ballroom:			
Personnel	27,503	19,350	19,202
Supplies	523	8,950	12,650
Maintenance	4,737	12,275	15,300
Utilities	27,653	27,700	28,500
Equipment	-	-	11,000
Auditorium:			
Personnel	2,970	6,812	7,004
Maintenance	13,910	19,900	14,000
Utilities	9,417	9,300	9,500
Transfer to General Fund, admin	13,400	13,200	12,700
Transfer to Auditorium Debt Service	116,375	115,000	115,000
Total Expenditures	707,308	625,295	661,670
Excess Receipts over Expenditures	(156,393)	(80,470)	(112,370)
Ending Fund Balance	$ 301,594	$ 221,124	$ 108,754

Drug Enforcement Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 19,912	$ 41,351	$ 31,601
Receipts			
Police Confiscated Funds	60,428	25,000	25,000
Interest Income	69	100	100
Total Receipts	60,497	25,100	25,100
Total Funds Available	80,409	66,451	56,701
Expenditures			
Supplies	24,066	25,616	25,000
Maintenance and Repair	-	-	2,000
Contractual Services	-	-	-
Travel & Tuition	9,972	9,234	14,400
Equipment	5,020	-	13,000
Total Expenditures	39,058	34,850	54,400
Ending Fund Balance	$ 41,351	$ 31,601	$ 2,301

Municipal Airport Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 473,951	$ 93,777	$ 104,843
Receipts			
Interest Income	192	200	200
Airport Rentals	49,295	49,000	49,000
Fuel Sales	409,794	455,000	455,000
Total Receipts	459,281	504,200	504,200
Total Funds Available	933,232	597,977	609,043
Expenditures			
Fuel Purchases	387,326	432,000	432,000
Other Supplies	784	3,100	2,650
Maintenance	450	5,000	5,500
Contractual Services	36,578	37,054	37,060
Utilities	14,001	14,700	15,900
Vehicle Usage	316	1,280	1,410
Transfer Out to General Fund	400,000	-	-
Total Expenditures	839,455	493,134	494,520
Ending Fund Balance	$ 93,777	$ 104,843	$ 114,523

Computer Service Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 119,124	$ 106,610	$ 107,949
Revenues			
Computer Usage:			
General Fund	574,812	510,140	582,540
Tourism	2,263	1,920	2,140
Equipment Services Fund	15,841	11,550	10,710
Utility Fund	90,522	80,820	85,670
Solid Waste Fund	11,315	9,620	12,850
Interest Earned	77	30	30
Miscellaneous Revenue	690	1,309	-
Total Revenues	695,520	615,389	693,940
Total Funds Available	814,644	721,999	801,889
Expenses			
Personnel	281,049	287,740	362,955
Supplies	33,236	13,600	52,490
Maintenance & Repairs	176,506	187,000	190,458
Utilities	43,145	44,300	52,200
Contract Wages	27,800	18,000	23,500
Debt Service	95,231	47,616	-
Contractual Services & Other	10,544	9,100	12,640
Equipment, Capital Outlay	40,523	6,694	-
Total Expenses	708,034	614,050	694,243
Ending Fund Balance	$ 106,610	$ 107,949	$ 107,646

Equipment Service Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 100,032	$ 92,281	$ 93,403
Revenues			
Equipment Service Revenue:			
General Fund	1,185,115	1,207,652	1,271,470
Airport Fund	316	1,280	1,410
Utility Fund	237,929	289,987	302,310
Solid Waste Fund	890,954	1,005,642	1,045,300
Miscellaneous Revenue	-	-	-
Total Revenues	2,314,314	2,504,561	2,620,490
Total Funds Available	2,414,346	2,596,842	2,713,893
Expenses			
Personnel	738,221	631,619	725,530
Supplies	912,119	1,126,826	1,075,031
Maintenance & Repair	506,104	563,399	584,757
Utilities	27,210	25,900	35,300
Contract Wages	5,262	-	-
Computer Services	15,841	11,550	10,710
Contractual Services	117,308	144,145	148,821
Equipment	-	-	38,517
Total Expenses	2,322,065	2,503,439	2,618,666
Ending Fund Balance	$ 92,281	$ 93,403	$ 95,227

Fleet Replacement Fund
Summary of Receipts & Expenditures

	Actual 2010-2011	Projected 2011-2012	Proposed 2012-2013
Beginning Fund Balance	$ 338,762	$ 185,029	$ 221,364
Revenues			
Transfers-In for Debt Serv	15,111	220,228	220,228
Transfers-In for Fund Balance	200,000	140,000	-
Transfer In for Equip Purchase	-	709,387	1,500,189
Grant Proceeds	14,000	32,648	-
Interest	2,961	300	300
Total Revenues	232,072	1,102,563	1,720,717
Total Funds Available	570,834	1,287,592	1,942,081
Expenses			
Debt Service	220,228	220,228	220,228
Major Repair	139,667	140,000	-
Equipment-General Fund	25,910	295,000	927,640
Equipment-Utility Fund	-	189,000	128,795
Equipment-Solid Waste Fund	-	222,000	651,754
Total Expenses	385,805	1,066,228	1,928,417
Ending Fund Balance	$ 185,029	$ 221,364	$ 13,664

Water Customer Deposits
Summary of Receipts and Expenses

	Actual 2010-2011	Projected 2010-2011	Proposed 2012-2013
Beginning Fund Balance	$ 236,125	237,123	238,323
Receipts			
Interest Income	998	1,200	1,200
Total Funds Available	237,123	238,323	239,523
Expenses			
Miscellaneous	-	-	-
Ending Fund Balance	$ 237,123	$ 238,323	$ 239,523

Water & Sewer Pro Rata Fund
Summary of Receipts and Expenses

	Actual 2009-2010	Projected 2010-2011	Proposed 2012-2013
Beginning Fund Balanc	$ 185,077	$ 190,976	$ 198,276
Receipts			
Interest Income	301	300	1,200
Pro Rata Fees	5,598	7,000	10,000
Total Receipts	5,899	7,300	11,200
Total Funds Available	190,976	198,276	209,476
Expenses			
Miscellaneous	-	-	10,000
Ending Fund Balance	$ 190,976	$ 198,276	$ 199,476

TRANSFERS SCHEDULE

FUND	DETAILS	BUDGETED FY12/13 Expense TRANSFER FROM Debit	BUDGETED FY12/13 Revenue TRANSFER TO Credit
100	From fund 700 5% franchise, admin cost		$ 3,044,000.00
	From fund 790, dept 243, 244, 245		$ 614,066.00
	From fund 460, admin cost		$ 12,700.00
	To fund 660 for debt service	$ 220,228.00	
	To fund 660 for equipment purchases	$ 927,640.00	
222	From fund 770		$ 200,000.00
310	From fund 460		$ 115,000.00
460	To fund 310	$ 115,000.00	
	To fund 100	$ 12,700.00	
480	To fund 100		
660	From fund 100		$ 1,147,868.00
	From fund 700		$ 128,795.00
	From fund 790, equipment purchase		$ 443,754.00
700	To fund 100 5% franchise, admin cost	$ 3,044,000.00	
	From fund 790, admin cost		$ 123,700.00
	To fund 660 for equipment purchase	$ 128,795.00	
	To fund 100, excess		
770	To fun 222 for General CIP	$ 200,000.00	
790	To fund 100 8% franchise, admin cost RSW	$ 229,378.00	
790	To fund 700 admin cost RSW	$ 46,200.00	
790	To fund 100 8% franchise, admin cost CSW	$ 330,362.00	
790	To fund 700 admin cost CSW	$ 66,600.00	
790	To fund 100 8% franchise, admin cost Recycl	$ 54,326.00	
790	To fund 700 admin cost Recycle	$ 10,900.00	
790	To fund 660, equipment purchase	$ 443,754.00	
	TOTALS	$ 5,829,883.00	$ 5,829,883.00

City of Sherman, Texas

Bonded Debt as of 7/15/12

	(1)				(2)			
	$2,840,000 Combination Tax & Tax Increment Revenue 2004 Series TIF Zone#1, Certificates of Obligation				***$1,605,000 General Obligation Refunding, Series 2006***			
Fiscal Yr	**Coupon**	**Principal**	**Interest**	**TOTAL**	**Coupon**	**Principal**	**Interest**	**TOTAL**
2013	4.44%	150,000.00	92,574.00	242,574.00	3.50%	60,000.00	57,437.50	117,437.50
2014	4.44%	155,000.00	85,914.00	240,914.00	3.50%	55,000.00	55,425.00	110,425.00
2015	4.44%	160,000.00	79,032.00	239,032.00	3.75%	60,000.00	53,337.50	113,337.50
2016	4.44%	170,000.00	71,928.00	241,928.00	3.75%	60,000.00	51,087.50	111,087.50
2017	4.44%	180,000.00	64,380.00	244,380.00	3.75%	65,000.00	48,743.75	113,743.75
2018	4.44%	185,000.00	56,388.00	241,388.00	3.75%	70,000.00	46,212.50	116,212.50
2019	4.44%	195,000.00	48,174.00	243,174.00	4.00%	70,000.00	43,500.00	113,500.00
2020	4.44%	205,000.00	39,516.00	244,516.00	4.00%	75,000.00	40,600.00	115,600.00
2021	4.44%	215,000.00	30,414.00	245,414.00	4.00%	80,000.00	37,500.00	117,500.00
2022	4.44%	230,000.00	20,868.00	250,868.00	4.00%	80,000.00	34,300.00	114,300.00
2023	4.44%	240,000.00	10,656.00	250,656.00	4.00%	85,000.00	31,000.00	116,000.00
2024		-	-	-	4.00%	85,000.00	27,600.00	112,600.00
2025		-	-	-	4.25%	85,000.00	24,093.75	109,093.75
2026		-	-	-	4.25%	95,000.00	20,268.75	115,268.75
2027		-	-	-	4.25%	100,000.00	16,125.00	116,125.00
2028		-	-	-	4.375%	100,000.00	11,812.50	111,812.50
2029		-	-	-	4.375%	105,000.00	7,328.13	112,328.13
2030		-	-	-	4.375%	115,000.00	2,515.63	117,515.63
		2,085,000.00	599,844.00	2,684,844.00		1,445,000.00	608,887.51	2,053,887.51

(1) These bonds were issued in 2004 to provide funding for infrastructure development for Sherman Town Center. Debt service is financed through tax increment property tax revenues.

(2) These bonds were issued in 2006 to partially refund the 2000 Series Auditorium/Ballroom restoration bonds.

City of Sherman, Texas

Bonded Debt as of 7/15/12

	(3)				(4)			
	$5,000,000 2008 Series Revenue Certificates of Obligation				***$4,100,000 Capital Improvement Fund Projects 2009 Series Revenue Certificates of Obligation***			
Fiscal Yr	**Coupon**	**Principal**	**Interest**	**TOTAL**	**Coupon**	**Principal**	**Interest**	**TOTAL**
2013	3.62%	200,000.00	157,470.00	357,470.00	3.98%	168,333.00	143,227.00	311,560.00
2014	3.62%	210,000.00	150,049.00	360,049.00	3.98%	173,333.00	138,177.00	311,510.00
2015	3.62%	215,000.00	142,356.50	357,356.50	3.98%	178,333.00	132,977.00	311,310.00
2016	3.62%	225,000.00	134,392.50	359,392.50	3.98%	180,000.00	127,627.00	307,627.00
2017	3.62%	235,000.00	126,066.50	361,066.50	3.98%	185,000.00	121,327.00	306,327.00
2018	3.62%	245,000.00	117,378.50	362,378.50	3.98%	191,667.00	114,852.00	306,519.00
2019	3.62%	255,000.00	108,328.50	363,328.50	3.98%	196,667.00	107,665.00	304,332.00
2020	3.62%	265,000.00	98,916.50	363,916.50	3.98%	208,333.00	99,799.00	308,132.00
2021	3.62%	280,000.00	89,052.00	369,052.00	3.98%	213,333.00	91,465.00	304,798.00
2022	3.62%	290,000.00	78,735.00	368,735.00	3.98%	225,000.00	82,932.00	307,932.00
2023	3.62%	305,000.00	67,965.50	372,965.50	3.98%	231,667.00	73,932.00	305,599.00
2024	3.62%	315,000.00	56,743.50	371,743.50	3.98%	241,667.00	64,665.00	306,332.00
2025	3.62%	330,000.00	45,069.00	375,069.00	3.98%	253,333.00	54,696.00	308,029.00
2026	3.62%	345,000.00	32,851.50	377,851.50	3.98%	265,000.00	44,246.00	309,246.00
2027	3.62%	360,000.00	20,091.00	380,091.00	3.98%	240,000.00	32,851.00	272,851.00
2028	3.62%	375,000.00	13,575.00	388,575.00	3.98%	250,000.00	22,531.00	272,531.00
2029		-	-	-	3.98%	265,000.00	11,594.00	276,594.00
2030		-	-	-		-	-	-
		4,450,000.00	1,439,040.50	5,889,040.50		3,666,666.00	1,464,563.00	5,131,229.00

(3) These bonds were issued in 2008 to provide funding for park and street development and improvements.

(4) These bonds were issued in the spring of 2009 to provide funding for park and street development and improvements

City of Sherman, Texas

Bonded Debt as of 7/15/12

	(5) $900,000 TIF #1 2009 Series Revenue Certificates of Obligation				(6) $3,500,000 Capital Improvement Fund Projects 2009A Series Revenue Certificates of Obligation				TOTALS		
Fiscal Yr	**Coupon**	**Principal**	**Interest**	**TOTAL**	**Coupon**	**Principal**	**Interest**	**TOTAL**	**Principal**	**Interest**	**TOTAL**
2013	3.00%	46,666.67	29,672.49	76,339.16	3.00%	125,000.00	117,412.50	242,412.50	749,999.67	597,793.49	1,347,793.16
2014	3.00%	46,666.67	28,272.49	74,939.16	3.00%	130,000.00	113,662.50	243,662.50	769,999.67	571,499.99	1,341,499.66
2015	3.00%	46,666.67	26,872.49	73,539.16	3.00%	135,000.00	109,762.50	244,762.50	794,999.67	544,337.99	1,339,337.66
2016	3.50%	50,000.00	25,472.49	75,472.49	3.00%	145,000.00	105,712.50	250,712.50	830,000.00	516,219.99	1,346,219.99
2017	3.50%	50,000.00	23,722.49	73,722.49	3.25%	150,000.00	101,362.50	251,362.50	865,000.00	485,602.24	1,350,602.24
2018	3.75%	53,333.33	21,972.49	75,305.83	3.50%	155,000.00	96,487.50	251,487.50	900,000.33	453,290.99	1,353,291.33
2019	4.00%	53,333.33	19,972.49	73,305.83	3.50%	165,000.00	91,062.50	256,062.50	935,000.33	418,702.49	1,353,702.83
2020	4.00%	56,666.67	17,839.16	74,505.83	3.50%	170,000.00	85,287.50	255,287.50	979,999.67	381,958.16	1,361,957.83
2021	4.00%	56,666.67	15,572.49	72,239.16	3.75%	180,000.00	79,337.50	259,337.50	1,024,999.67	343,340.99	1,368,340.66
2022	4.00%	60,000.00	13,305.83	73,305.83	3.75%	190,000.00	72,587.50	262,587.50	1,075,000.00	302,728.33	1,377,728.33
2023	4.00%	63,333.33	10,905.83	74,239.16	4.00%	200,000.00	65,462.50	265,462.50	1,125,000.33	259,921.83	1,384,922.16
2024	4.13%	63,333.33	8,372.49	71,705.83	4.00%	210,000.00	57,462.50	267,462.50	915,000.33	214,843.49	1,129,843.83
2025	4.13%	66,666.67	5,760.00	72,426.67	4.00%	215,000.00	49,062.50	264,062.50	949,999.67	178,681.25	1,128,680.92
2026	4.30%	70,000.00	3,010.00	73,010.00	4.00%	230,000.00	40,462.50	270,462.50	1,005,000.00	140,838.75	1,145,838.75
2027		-	-	-	4.125%	240,000.00	31,262.50	271,262.50	940,000.00	100,329.50	1,040,329.50
2028		-	-	-	4.125%	250,000.00	21,362.50	271,362.50	975,000.00	69,281.00	1,044,281.00
2029		-	-	-	4.25%	260,000.00	11,050.00	271,050.00	630,000.00	29,972.13	659,972.13
2030		-	-	-		-	-	-	115,000.00	2,515.63	117,515.63
		783,333.34	250,723.25	1,034,056.59		3,150,000.00	1,248,800.00	4,398,800.00	15,579,999.34	5,611,858.26	21,191,857.60

(5) These bonds were issued in 2009 to fund infrastructure in the Town Center TIF Zone.

(6) These bonds were issued in the fall of 2009 to provide funding for park and street development and improvements.

City of Sherman

Property Tax Historical Summary

Fiscal Year	Estimated Taxable Value (in 000)	Tax Levy (in 000)	Total Collections (in 000)	Property Tax Rate (per $100)
2003	$ 1,474,063	$ 5,896	$ 5,846	$ 0.40
2004	$ 1,514,256	$ 6,057	$ 5,921	$ 0.40
2005	$ 1,557,228	$ 6,229	$ 6,258	$ 0.40
2006	$ 1,767,235	$ 7,069	$ 6,802	$ 0.40
2007	$ 1,894,959	$ 7,580	$ 7,283	$ 0.40
2008	$ 1,994,144	$ 7,921	$ 7,491	$ 0.40
2009	$ 2,070,926	$ 6,627	$ 6,478	$ 0.32
2010	$ 2,226,215	$ 7,124	$ 7,020	$ 0.32
2011	$ 2,213,943	$ 7,085	$ 6,923	$ 0.32
2012 (est)	$ 2,200,000	$ 7,040	$ 6,858	$ 0.32

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. B.2

INTRODUCTION AND FIRST PUBLIC HEARING OF ORDINANCE NO. 5752
Providing for the Levy of Ad Valorem Taxes for the City of Sherman, Texas, for the Tax Year 2012; 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 introduce and hold the first public hearing on the Ad Valorem Tax Rate proposed for the upcoming fiscal year, as mandated by revisions in 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 $0.309846/$100, with a rollback rate of $0.351721/$100 (adjusted for sales tax adjustment). At the Budget Workshop in June, the City Council directed that the actual total tax rate be set at $0.320000 per $100 valuation. 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, called Interest and Sinking (I&S) and a Maintenance & Operations (M&O) component. The I&S rate is $0.039691/$100 and the M&O rate will be $0.280309/$100.

Origination
Assistant City Manager/CFO

Financial Consideration
The proposed tax rate will generate approximately $7.2 million in property tax revenues.

Staff Recommendation
Based on the Budget Workshop and discussion of the draft budget, the staff recommends adoption of the tax rates as indicated above.

Council Action Requested
1. Hold the first public hearing on the tax rate ordinance.
2. **Announce that the City Council will consider the adoption of the tax rate ordinance at the called meeting scheduled for 5:00 p.m. on Monday, September 17, 2012, at Sherman City Hall, 220 West Mulberry Street, Sherman, Texas.**

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. 5752
"2012 Property Tax Rates in CITY OF SHERMAN"

Prepared by:	**Approved by:**
Robby Hefton, Assistant City Manager/CFO	**George Olson, City Manager**

ORDINANCE NO. 5752

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 2012; 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 $0.280309/$100 Dollars ($0.280309) and an Interest and Sinking (I&S) ad valorem tax of $0.039691/$100 Dollars ($0.039691) on all taxable property situated within the corporate limits of the City of Sherman on the first day of January, A.D., 2012, and not exempt from taxation by the constitution and laws of the State of Texas, apportioned as follows, to-wit:

FOR GENERAL FUND EXPENDITURES, $0.280309 on each One Hundred Dollars ($100.00) assessed valuation of such property.

FOR DEBT SERVICE EXPENDITURES, $0.039691 on each One Hundred Dollars ($100.00) assessed valuation of such property.

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, 2013. Penalty charges shall be in accordance with the following schedule:

If paid in February, 2013 …………………………………… 6%
If paid in March, 2013 ……………………………………… 7%
If paid in April, 2013 ……………………………………….. 8%
If paid in May, 2013 …………………………………………9%
If paid in June, 2013 ………………………………………..10%
If paid on or after July 1, 2013 ……………………………..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, 2013, 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 _________________, 2012.

ADOPTED on this the _________________ day of _________________, 2012.

EFFECTIVE DATE on this the _________ day of _________________, 2012.

CITY OF SHERMAN, TEXAS

BY: ______________________________
BILL MAGERS, MAYOR

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM
AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

2012 Property Tax Rates in CITY OF SHERMAN

This notice concerns 2012 property tax rates for CITY OF SHERMAN. It presents information about three tax rates. Last year's tax rate is the actual rate the taxing unit used to determine property taxes last year. This year's *effective* tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's rollback tax rate is the highest tax rate the taxing unit can set before taxpayers can start tax *rollback* procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per $100 of property value.

Last year's tax rate:	
Last year's operating taxes	$5,879,161
Last year's debt taxes	$615,468
Last year's total taxes	$6,494,629
Last year's tax base	$2,029,571,563
Last year's total tax rate	$0.320000/$100
This year's effective tax rate:	
Last year's adjusted taxes (after subtracting taxes on lost property)	$5,962,749
÷ This year's adjusted tax base (after subtracting value of new property)	$1,924,418,787
= This year's effective tax rate	$0.309846/$100
(Maximum rate unless unit publishes notices and holds hearings.)	
This year's rollback tax rate:	
Last year's adjusted operating taxes (after subtracting taxes on lost property and adjusting for any transferred function, tax increment financing, state criminal justice mandate, and/or enhanced indigent health care expeditures)	$9,211,437
÷ This year's adjusted tax base	$1,924,418,787
= This year's effective operating rate	$0.478661/$100
x **1.08=this year's maximum operating rate**	$0.516953/$100
+ This year's debt rate	$0.039691/$100
= This year's total rollback rate	$0.556644/$100
- Sales tax adjustment rate	$0.204923/$100
= Rollback tax rate	$0.351721/$100

Statement of Increase/Decrease

If CITY OF SHERMAN adopts a 2012 tax rate equal to the effective tax rate of $0.309846 per $100 of value, taxes would decrease compared to 2011 taxes by $-445,663.

Schedule A - Unencumbered Fund Balances

The following estimated balances will be left in the unit's property tax accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

Type of Property Tax Fund	Balance
MAINTENANCE & OPERATIONS	$6,713,420
INTEREST & SINKING	$159,529

Schedule B - 2012 Debt Service

The unit plans to pay the following amounts for long-term debts that are secured by property taxes. These amounts will be paid from property tax revenues (or additional sales tax revenues, if applicable).

Description of Debt	Principal or Contract Payment to be Paid from Property Taxes	Interest to be Paid from Property Taxes	Other Amounts to be Paid	Total Payment
2008 CERTIFICATES OF OBLIGATION	$200,000	$157,470	$0	$357,470
2009 CERTIFICATES OF OBLIGATION	$168,333	$143,227	$0	$311,560
2009A CERTIFICATES OF OBLIGATION	$125,000	$117,413	$0	$242,413

Total Required for 2012 Debt Service	$911,443
- Amount (if any) paid from Schedule A	$136,560
- Amount (if any) paid from other resources	$0
- Excess collections last year	$0
= Total to be paid from taxes in 2012	$774,883
+ Amount added in anticipation that the unit will collect only 100.00% of its taxes in 2012	$0
= Total debt levy	$774,883

Schedule C - Expected Revenue from Additional Sales Tax

In calculating its effective and rollback tax rates, the unit estimated that it will receive $4,000,590 in additional sales and use tax revenues.

This notice contains a summary of actual effective and rollback tax rates' calculations. You can inspect a copy of the full calculations at 100 W. HOUSTON ST, SHERMAN TX 75090.

Name of person preparing this notice: JOHN W. RAMSEY, RTA
Title: TAX ASSESSOR COLLECTOR GRAYSON COUNTY
Date Prepared: 08/02/2012

HERALD DEMOCRAT – SUNDAY, AUGUST 5, 2012

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. B.3

ADOPTION OF ORDINANCES
Consider Adoption of Ordinance Numbers: 5750

B.1 SECOND PUBLIC HEARING OF ORDINANCE NO. 5750
Providing for the Appropriation of Funds for Operating and Capital Expenditures for the Fiscal Year beginning October 1, 2012, and ending September 30, 2013

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. B.4

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

C.3 * RESOLUTION NO. 5692

Appointing and Authorizing the Execution of an Agreement with Pattillo, Brown & Hill, L.L.P. to Perform the Fiscal Year 2012 Audit

D.2 * OTHER BUSINESS

Consider Request of the Grayson Hispanic Heritage Council of Sherman to Temporarily Close Certain Streets, and Use Certain City Facilities and Services for the Annual Hispanic Heritage Celebration on Saturday, September 8, 2012

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. C.1

RESOLUTION NO. 5690
Authorizing Execution of an Advance Funding Agreement between the City of Sherman and the State of Texas, Acting By and Through the Texas Department of Transportation, for an Urban Area Corridor Project (Relocation of the Southbound US 75 Exit Ramp to FM 1417)

Issue
To execute an Advance Funding Agreement with the Texas Department of Transportation (TxDOT) for the relocation of the existing southbound US 75 exit ramp to FM 1417, from its existing location to a new location one mile north of FM 1417

Background
At the request of the City of Sherman, the Sherman-Denison Metropolitan Planning Organization included in their Transportation Improvement Program a project to relocate the existing southbound US 75 exit ramp to FM 1417, from its existing location to a new location one mile north of FM 1417. Execution of the Advance Funding Agreement is required prior to commencing design of the project. A local match of $400,000 will be due from the City for this project. The payment of this $400,000 is required prior to commencing construction of the project and will be brought back to Council for approval in March 2013.

Origination
Engineering

Financial Consideration
Funds in the amount of $400,000 are anticipated to be received from the Sherman Economic Development Corporation (SEDCO) and the developer to cover the local match requirement.

Staff Recommendation
Execute the Advance Funding Agreement with TxDOT

Alternatives
Those as may be directed by the City Council

Attachments
Resolution No. 5690
Local Transportation Project Advance Funding Agreement
Project Location Map

Prepared by:
Clay Barnett, City Engineer

Approved by:
George Olson, City Manager

RESOLUTION NO. 5690

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN ADVANCE FUNDING AGREEMENT BETWEEN THE CITY OF SHERMAN AND THE STATE OF TEXAS, ACTING BY AND THROUGH THE TEXAS DEPARTMENT OF TRANSPORTATION, FOR AN URBAN AREA CORRIDOR PROJECT (RELOCATION OF THE SOUTHBOUND US 75 EXIT RAMP TO FM 1417); 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 documents being properly completed and approved as to form and content by the City Attorney, to execute an Advance Funding Agreement between the City of Sherman and the State of Texas, acting by and through the Texas Department of Transportation, for the relocation of the existing southbound US 75 exit ramp to FM 1417, from its existing location to a new location one mile north of FM 1417, in accordance with 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 ________________, 2012.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

BY: ______________________________
BILL MAGERS, MAYOR

APPROVED AS TO FORM AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

CSJ #0047-03-077
District #01-Paris
Code Chart 64 #39200
Project:US 75
Federal Highway Administration
CFDA # 20.205
Not Research and Development

STATE OF TEXAS §

COUNTY OF TRAVIS §

ADVANCE FUNDING AGREEMENT
For A
Urban Area Corridor Project
On System

THIS AGREEMENT is made by and between the State of Texas, acting by and through the Texas Department of Transportation called the "State", and the City of Sherman, acting by and through its duly authorized officials, called the "Local Government."

WITNESSETH

WHEREAS, federal law establishes federally funded programs for transportation improvements to implement its public purposes; and

WHEREAS, the Texas Transportation Code, Sections 201.103 and 222.052 establish that the State shall design, construct and operate a system of highways in cooperation with local governments; and

WHEREAS, federal and state laws require local governments to meet certain contract standards relating to the management and administration of State and federal funds; and

WHEREAS, the Texas Transportation Commission passed Minute Order Number 113074, authorizing the State to undertake and complete a highway improvement generally described as the relocation of an existing Southbound exit ramp to FM 1417 from its existing location to a new location one mile North of FM 1417 called the "Project", and,

WHEREAS, the Governing Body of the Local Government has approved entering into this agreement by resolution or ordinance dated _____________, 20__, which is attached to and made a part of this agreement as Attachment "A" for the improvement covered by this agreement. A map showing the Project location appears in Attachment "B," which is attached to and made a part of this agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, to be by them respectively kept and performed as set forth in this agreement, it is agreed as follows:

CSJ #0047-03-077
District #01-Paris
Code Chart 64 #39200
Project:US 75
Federal Highway Administration
CFDA # 20.205
Not Research and Development

AGREEMENT

1. Period of the Agreement

This agreement becomes effective when signed by the last party whose signing makes the agreement fully executed. This agreement shall remain in effect until the Project is completed or unless terminated as provided below.

2. Scope of Work

The relocation of an existing Southbound exit ramp to FM 1417 from its existing location to a new location one mile North of FM 1417 thereby increasing safety and capacity at the intersection.

3. Local Project Sources and Uses of Funds

A. The total estimated cost of the Project is shown in the Project Budget – Attachment "C", which is attached to and made a part of this agreement. The expected cash contributions from the Federal or State government, the Local Governments, or other parties is shown in Attachment "C". The State will pay for only those project costs that have been approved by the Texas Transportation Commission. The State and the Federal Government will not reimburse the Local Government for any work performed before the federal spending authority is formally obligated to the Project by the Federal Highway Administration. After federal funds have been obligated, the State will send to the Local Government a copy of the formal documentation showing the obligation of funds including federal award information. The Local Government is responsible for 100% of the cost of any work performed under its direction or control before the federal spending authority is formally obligated.

B. If the Local Government will perform any work under this contract for which reimbursement will be provided by or through the State, the Local Government must complete training before federal spending authority is obligated. Training is complete when at least one individual who is working actively and directly on the Project successfully completes and receives a certificate for the course entitled *Local Government Project Procedures Qualification for the Texas Department of Transportation*. The Local Government shall provide the certificate of qualification to the State. The individual who receives the training certificate may be an employee of the Local Government or an employee of a firm that has been contracted by the Local Government to perform oversight of the Project. The State in its discretion may deny reimbursement if the Local Government has not designated a qualified individual to oversee the Project.

C. This Project cost estimate shows how necessary resources for completing the Project will be provided by major cost categories. These categories may include but are not limited to: (1) costs of real property; (2) costs of utility work; (3) costs of environmental assessment and remediation; (4) cost of preliminary engineering and design; (5) cost of construction and construction management; and (6) any other local project costs.

D. The State will be responsible for securing the Federal and State share of the funding required for the development and construction of the local Project. If the Local Government is due funds for expenses incurred, these funds will be reimbursed to the Local Government on a cost basis.

E. The State will be responsible for all non-federal or non-state participation costs associated with the Project, including any overruns in excess of the approved local project budget unless otherwise provided for in this agreement or approved otherwise in an amendment to this agreement.

F. Prior to the performance of any engineering review work by the State, the Local Government will pay to the State the amount specified in Attachment C. At a minimum, this amount shall equal the Local Government's funding share for the estimated cost of preliminary engineering for the Project. At least sixty (60) days prior to the date set for receipt of the construction bids, the Local Government shall remit its remaining financial share for the State's estimated construction oversight and construction cost.

G. In the event that the State determines that additional funding by the Local Government is required at any time during the Project, the State will notify the Local Government in writing. The Local Government shall make payment to the State within thirty (30) days from receipt of the State's written notification.

H. Whenever funds are paid by the Local Government to the State under this agreement, the Local Government shall remit a check or warrant made payable to the "Texas Department of Transportation Trust Fund." The check or warrant shall be deposited by the State in an escrow account to be managed by the State. Funds in the escrow account may only be applied to the State Project.

I. Upon completion of the Project, the State will perform an audit of the Project costs. Any funds due by the Local Government, the State, or the Federal government will be promptly paid by the owing party. If, after final Project accounting, excess funds remain in the escrow account, those funds may be applied by the State to the Local Government's contractual obligations to the State under another advance funding agreement with approval by appropriate personnel of the Local Government.

J. The State will not pay interest on any funds provided by the Local Government.

K. If a waiver has been granted, the State will not charge the Local Government for the indirect costs the State incurs on the local Project, unless this agreement is terminated at the request of the Local Government prior to completion of the Project.

L. If the Project has been approved for a "fixed price" or an "incremental payment" non-standard funding or payment arrangement under 43 TAC §15.52, the budget in Attachment C will clearly state the amount of the fixed price or the incremental payment schedule.

M. If the Local government is an Economically Disadvantaged County and if the State has approved adjustments to the standard financing arrangement, this agreement reflects those adjustments.

N. The state auditor may conduct an audit or investigation of any entity receiving funds from the State directly under this contract or indirectly through a subcontract under this contract. Acceptance of funds directly under this contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

O. Payment under this contract beyond the end of the current fiscal biennium is subject to availability of appropriated funds. If funds are not appropriated, this contract shall be terminated immediately with no liability to either party.

P. The Local Government is authorized to submit requests for reimbursement by submitting the original of an itemized invoice in a form and containing all items required by the State no more frequently than monthly, and no later than ninety (90) days after costs are incurred. If the Local Government submits invoices more than ninety (90) days after the costs are incurred, and if federal funding is reduced as a result, the State shall have no responsibility to reimburse the Local Government for those costs.

Q. The State will not execute the contract for the construction of the Project until the required funding has been made available by the Local Government in accordance with this agreement.

4. Termination of this Agreement

This agreement shall remain in effect until the project is completed and accepted by all parties, unless:

A. The agreement is terminated in writing with the mutual consent of the parties;

B. The agreement is terminated by one party because of a breach, in which case any cost incurred because of the breach shall be paid by the breaching party;

C. The Local Government elects not to provide funding after the completion of preliminary engineering, specifications, and estimates (PS&E) and the Project does not proceed because of insufficient funds, in which case the Local Government agrees to reimburse the State for its reasonable actual costs incurred during the Project; or

D. The Project is inactive for thirty-six (36) months or longer and no expenditures have been charged against federal funds, in which case the State may in its discretion terminate this agreement.

5. Amendments

Amendments to this agreement due to changes in the character of the work, terms of the agreement, or responsibilities of the parties relating to the Project may be enacted through a mutually agreed upon, written amendment.

6. Remedies

This agreement shall not be considered as specifying the exclusive remedy for any agreement default, but all remedies existing at law and in equity may be availed of by either party to this agreement and shall be cumulative.

7. Utilities

The State shall be responsible for the adjustment, removal, or relocation of utility facilities in accordance with applicable State laws, regulations, rules, policies, and procedures, including any cost to the State of a delay resulting from the State's failure to ensure that utility facilities are adjusted, removed, or relocated before the scheduled beginning of construction. The Local Government will not be reimbursed with federal or state funds for the cost of required utility work. The Local Government must obtain advance approval for any variance from established procedures. Before a construction contract is let, the State shall provide, at the

Local Government's request, a certification stating that the State has completed the adjustment of all utilities that must be adjusted before construction is completed.

8. Environmental Assessment and Mitigation

Development of a transportation project must comply with the National Environmental Policy Act and the National Historic Preservation Act of 1966, which require environmental clearance of federal-aid projects.

A. The State is responsible for the identification and assessment of any environmental problems associated with the development of a local project governed by this agreement.

B. The State is responsible for the cost of any environmental problem's mitigation and remediation.

C. The State is responsible for providing any public meetings or public hearings required for development of the environmental assessment. Public hearings will not be held prior to the approval of project schematic.

D. The State is responsible for the preparation of the NEPA documents required for the environmental clearance of this Project.

E. Before the advertisement for bids, the State shall provide to the Local Government written documentation from the appropriate regulatory agency or agencies that all environmental clearances have been obtained.

9. Compliance with Texas Accessibility Standards and ADA

All parties to this agreement shall ensure that the plans for and the construction of all projects subject to this agreement are in compliance with the Texas Accessibility Standards (TAS) issued by the Texas Department of Licensing and Regulation, under the Architectural Barriers Act, Article 9102, Texas Civil Statutes. The TAS establishes minimum accessibility requirements to be consistent with minimum accessibility requirements of the Americans with Disabilities Act (P.L. 101-336) (ADA).

10. Architectural and Engineering Services

The State has responsibility for the performance of architectural and engineering services. The engineering plans shall be developed in accordance with the applicable *State's Standard Specifications for Construction and Maintenance of Highways, Streets and Bridges* and the special specifications and special provisions related to it. For projects on the state highway system, the design shall, at a minimum conform to applicable State manuals. For projects not on the state highway system, the design shall, at a minimum, conform to applicable *American Association of State Highway and Transportation Officials* design standards. In procuring professional services, the parties to this agreement must comply with federal requirements cited in 23 CFR Part 172 if the project is federally funded and with Texas Government Code 2254, Subchapter A, in all cases. Professional contracts for federally funded projects must conform to federal requirements, specifically including the provision for participation by Disadvantaged Business Enterprises (DBEs), ADA, and environmental matters.

11. Construction Responsibilities

A. The State shall advertise for construction bids, issue bid proposals, receive and tabulate the bids, and award and administer the contract for construction of the Project. Administration of the contract includes the responsibility for construction engineering and for issuance of any change orders, supplemental agreements, amendments, or additional work orders that may become necessary subsequent to the award of the construction contract. In order to ensure federal funding eligibility, projects must be authorized by the State prior to advertising for construction.

B. The State will use its approved contract letting and award procedures to let and award the construction contract.

C. Prior to their execution, the Local Government will be given the opportunity to review contract change orders that will result in an increase in cost to the Local Government.

D. Upon completion of the Project, the party constructing the Project will issue and sign a "Notification of Completion" acknowledging the Project's construction completion.

E. For federally funded contracts, the parties to this agreement will comply with federal construction requirements cited in 23 CFR Part 635 and with requirements cited in 23 CFR Part 633, and shall include the latest version of Form "FHWA-1273" in the contract bidding documents. If force account work will be performed, a finding of cost effectiveness shall be made in compliance with 23 CFR 635, Subpart B.

12. Project Maintenance

The Local Government shall be responsible for maintenance of locally owned roads after completion of the work and the State shall be responsible for maintenance of state highway system after completion of the work if the work was on the state highway system, unless otherwise provided for in existing maintenance agreements with the Local Government.

13. Right of Way and Real Property

The State is responsible for the provision and acquisition of any needed right of way or real property.

14. Notices

All notices to either party shall be delivered personally or sent by certified or U.S. mail, postage prepaid, addressed to that party at the following address:

Local Government:	**State:**
Mayor City of Sherman 220 W. Mulberry Street Sherman, Texas 75090	Director of Contract Services Texas Department of Transportation 125 E. 11th Street Austin, Texas 78701

All notices shall be deemed given on the date delivered in person or deposited in the mail, unless otherwise provided by this agreement. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that notices shall be delivered personally or by certified U.S. mail, and that request shall be carried out by the other party.

15. Legal Construction
If one or more of the provisions contained in this agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions and this agreement shall be construed as if it did not contain the invalid, illegal, or unenforceable provision.

16. Responsibilities of the Parties
The State and the Local Government agree that neither party is an agent, servant, or employee of the other party and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

17. Ownership of Documents
Upon completion or termination of this agreement, all documents prepared by the State shall remain the property of the State. All data prepared under this agreement shall be made available to the State without restriction or limitation on their further use. All documents produced or approved or otherwise created by the Local Government shall be transmitted to the State in the form of photocopy reproduction on a monthly basis as required by the State. The originals shall remain the property of the Local Government. At the request of the State, the Local Government shall submit any information required by the State in the format directed by the State.

18. Compliance with Laws
The parties shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this agreement. When required, the Local Government shall furnish the State with satisfactory proof of this compliance.

19. Sole Agreement
This agreement constitutes the sole and only agreement between the parties and supersedes any prior understandings or written or oral agreements respecting the agreement's subject matter.

20. Cost Principles
In order to be reimbursed with federal funds, the parties shall comply with the Cost Principles established in OMB Circular A-87 that specify that all reimbursed costs are allowable, reasonable, and allocable to the Project.

21. Procurement and Property Management Standards
The parties shall adhere to the procurement standards established in Title 49 CFR §18.36 and with the property management standard established in Title 49 CFR §18.32.

22. Inspection of Books and Records
The parties to this agreement shall maintain all books, documents, papers, accounting records, and other documentation relating to costs incurred under this agreement and shall make such materials available to the State, the Local Government, and, if federally funded, the Federal Highway Administration (FHWA), and the U.S. Office of the Inspector General, or

their duly authorized representatives for review and inspection at its office during the contract period and for four (4) years from the date of completion of work defined under this contract or until any impending litigation, or claims are resolved. Additionally, the State, the Local Government, and the FHWA and their duly authorized representatives shall have access to all the governmental records that are directly applicable to this agreement for the purpose of making audits, examinations, excerpts, and transcriptions.

23. Civil Rights Compliance
The Local Government shall comply with the regulations of the United States Department of Transportation as they relate to non-discrimination (49 CFR Part 21 and 23 CFR Part 200), and Executive Order 11246 titled "Equal Employment Opportunity," as amended by Executive Order 11375 and supplemented in the Department of Labor Regulations (41 CFR Part 60).

24. Disadvantaged Business Enterprise (DBE) Program Requirements

A. The parties shall comply with the Disadvantaged Business Enterprise Program requirements established in 49 CFR Part 26.

B. The Local Government shall adopt, in its totality, the State's federally approved DBE program.

C. The Local Government shall set an appropriate DBE goal consistent with the State's DBE guidelines and in consideration of the local market, project size, and nature of the goods or services to be acquired. The Local Government shall have final decision-making authority regarding the DBE goal and shall be responsible for documenting its actions.

D. The Local Government shall follow all other parts of the State's DBE program referenced in TxDOT Form 2395, Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise by Entity, and attachments found at web address http://txdot.gov/business/business_outreach/mou.htm.

E. The Local Government shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Local Government shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non-discrimination in award and administration of DOT-assisted contracts. The State's DBE program, as required by 49 CFR Part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the Local Government of its failure to carry out its approved program, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

F. Each contract the Local Government signs with a contractor (and each subcontract the prime contractor signs with a sub-contractor) must include the following assurance: *The contractor, sub-recipient, or sub-contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material* *breach of this agreement, which may result in the termination of this agreement or such other remedy as the recipient deems appropriate.*

25. Debarment Certifications

The parties are prohibited from making any award at any tier to any party that is debarred or suspended or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549, "Debarment and Suspension." By executing this agreement, the Local Government certifies that it is not currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Programs under Executive Order 12549 and further certifies that it will not do business with any party that is currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549. The parties to this contract shall require any party to a subcontract or purchase order awarded under this contract to certify its eligibility to receive federal funds and, when requested by the State, to furnish a copy of the certification.

26. Lobbying Certification

In executing this agreement, each signatory certifies to the best of that signatory's knowledge and belief, that:

A. No federal appropriated funds have been paid or will be paid by or on behalf of the parties to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with federal contracts, grants, loans, or cooperative agreements, the signatory for the Local Government shall complete and submit the Federal Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

C. The parties shall require that the language of this certification shall be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and all sub-recipients shall certify and disclose accordingly. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Title 31 U.S.C. §1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

27. Insurance

If this agreement authorizes the Local Government or its contractor to perform any work on State right of way, before beginning work the entity performing the work shall provide the State with a fully executed copy of the State's Form 1560 Certificate of Insurance verifying the existence of coverage in the amounts and types specified on the Certificate of Insurance for all persons and entities working on State right of way. This coverage shall be maintained until all work on the State right of way is complete. If coverage is not maintained, all work on State right of way shall cease immediately, and the State may recover damages and all costs of completing the work.

28. Federal Funding Accountability and Transparency Act Requirements

A. Any recipient of funds under this agreement agrees to comply with the Federal Funding Accountability and Transparency Act (FFATA) and implementing regulations at 2 CFR Part 170, including Appendix A. This agreement is subject to the following award terms: http://edocket.access.gpo.gov/2010/pdf/2010-22705.pdf and http://edocket.access.gpo.gov/2010/pdf/2010-22706.pdf.

B. The Local Government agrees that it shall:

1. Obtain and provide to the State , a Central Contracting Registry (CCR) number (Federal Acquisition Regulation, Part 4, Sub-part 4.1100) id this award provides more than $25,000 in Federal funding. The CCR number may be obtained by visiting the CCR website whose address is: https://www.bpn.gov/ccr/default.aspx;
2. Obtain and provide to the State a Data Universal Numbering System (DUNS) number, a unique nine-character number that allows Federal government to track the distribution of federal money. The DUNS may be requested free of charge for all businesses and entities required to do so by visiting the Dun & Bradstreet (D&B) on-line registration website http://fedgov.dnb.com/webform; and
3. Report the total compensation and names of its top five (5) executives to the State if:
   i. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than $25,000,000; and
   ii. The compensation information is not already available through reporting to the U.S. Securities and Exchange Commission.

29. Single Audit Report

A. The parties shall comply with the requirements of the Single Audit Act of 1984, P.L. 98-502, ensuring that the single audit report includes the coverage stipulated in OMB Circular A-133.

B. If threshold expenditures of $500,000 or more are met during the Local Government's fiscal year, the Local Government must submit a Single Audit Report and Management Letter (if applicable) to TxDOT's Audit Office, 125 E. 11th Street, Austin, TX 78701 or contact TxDOT's Audit Office at http://www.txdot.gov/contact_us/audit.htm.

C. If expenditures are less than $500,000 during the Local Government's fiscal year, the Local Government must submit a statement to TxDOT's Audit Office as follows: "We did not meet the $500,000 expenditure threshold and therefore, are not required to have a single audit performed for FY ______."

D. For each year the project remains open for federal funding expenditures, the Local Government will be responsible for filing a report or statement as described above. The required annual filing shall extend throughout the life of the agreement, unless otherwise amended or the project has been formally closed out and no charges have been incurred within the current fiscal year.

30. Signatory Warranty

Each signatory warrants that the signatory has necessary authority to execute this agreement on behalf of the entity represented.

THIS AGREEMENT IS EXECUTED by the State and the Local Government in duplicate.

THE LOCAL GOVERNMENT

____
Signature

____
Typed or Printed Name

____
Title

____
Date

THE STATE OF TEXAS

____
Janice Mullenix
Director of Contract Services
Texas Department of Transportation

____
Date

CSJ #0047-03-077
District #01-Paris
Code Chart 64 #39200
Project:US 75
Federal Highway Administration
CFDA # 20.205
Not Research and Development

ATTACHMENT A
RESOLUTION OR ORDINANCE

SEE ATTACHED

CSJ #0047-03-077
District #01-Paris
Code Chart 64 #39200
Project:US 75
Federal Highway Administration
CFDA # 20.205
Not Research and Development

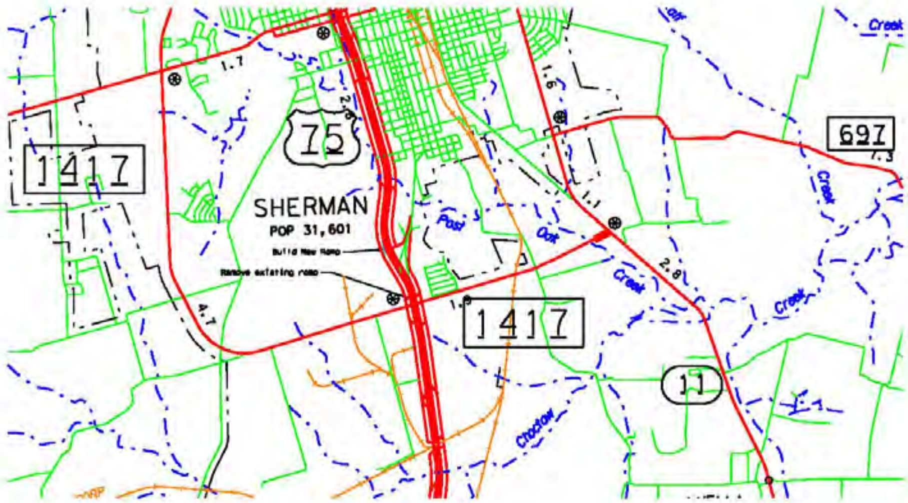
ATTACHMENT B
LOCATION MAP SHOWING PROJECT

SEE ATTACHED

ATTACHMENT B

PROJECT LOCATION MAP

CSJ: 0047-03-077
District #01 - Paris
Code Chart 64 #39200
Project: US 75



US 75 Ramp

Location Map

Texas Department of Transportation

SHEET 1 OF 1

TEXAS	PAR	Grayson	
0047	03	077	US 75

CSJ #0047-03-077
District #01-Paris
Code Chart 64 #39200
Project:US 75
Federal Highway Administration
CFDA # 20.205
Not Research and Development

ATTACHMENT C
PROJECT BUDGET

Costs will be allocated based on 80% Federal funding and 20% State funding until the federal funding reaches the maximum obligated amount. The Local Government will then be responsible for a fixed cost of $400,000.00 for this project.

Description	Total Estimated Cost	Federal Participation		State Participation		Local Participation	
		%	Cost	%	Cost	%	Cost
Engineering (by State)	$132,000	80%	$105,600	20%	$26,400	0%	$0
Construction (by State)	$260,000	80%	$208,000	20%	$52,000	0%	$0
Construction (by State)-Local Government Fixed Funds (Prop 12)	$400,000	0%	$0	0%	$0	100%	$400,000
Subtotal	$792,000		$313,600		$78,400		$400,000
Environmental Direct State Costs	$1	0%	$0	100%	$1	0%	$0
Right of Way Direct State Costs	$1	0%	$0	100%	$1	0%	$0
Engineering Direct State Costs	$19,140	80%	$15,312	20%	$3,828	0%	$0
Utility Direct State Costs	$1	0%	$0	100%	$1	0%	$0
Construction Direct State Costs	$95,700	80%	$76,560	20%	$19,140	0%	$0
Indirect State Costs	$57,578	80%	$46,062	20%	$11,516	0%	$0
TOTAL	$964,421		$451,534		$112,887		$400,000

Initial payment by the Local Government to the State: $0
Payment by the Local Government to the State before construction: $400,000.00
Total payment by the Local Government to the State $400,000.00

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. C.2

RESOLUTION NO. 5691
Authorizing Execution of a Development Agreement with Sherman Commons, LP. By and Through its Agent, Four Partners, LLC dba UCR Asset Services, for the Relocation of Public Facilities within the City of Sherman

Issue
The relocation of public facilities within the City of Sherman

Background
Sherman Commons, LP. By and Through its Agent, Four Partners, LLC dba UCR Asset Services, proposes to relocate a 16" water line near the Sherman Commons Addition.

Origination
Sherman Commons, LP. By and Through its Agent, Four Partners, LLC dba UCR Asset Services
Department of Engineering, 119

Financial Consideration
The City will receive a "Review and Testing" fee of $942.66.

Staff Recommendation
Staff recommends approval of the Development Agreement.

Alternatives
As directed by the City Council

Attachments
Resolution No. 5691
Development Agreement
Location Map

Prepared by:
Mark Gibson, Director of Engineering & Utilities

Approved by:
George Olson, City Manager

RESOLUTION NO. 5691

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT WITH SHERMAN COMMONS, LP. BY AND THROUGH ITS AGENT, FOUR PARTNERS, LLC DBA UCR ASSET SERVICES, FOR THE RELOCATION OF PUBLIC FACILITIES WITHIN THE CITY OF SHERMAN; 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 Development Agreement with Sherman Commons, LP. By and Through its Agent, Four Partners, LLC dba UCR Asset Services, for the relocation of a 16” water line near the Sherman Commons Addition within the City of Sherman, Grayson County, Texas, 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 ________________, 2012.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

BY: ______________________________
BILL MAGERS, MAYOR

APPROVED AS TO FORM AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY, CITY ATTORNEY

STATE OF TEXAS §
§
COUNTY OF GRAYSON §

DEVELOPMENT AGREEMENT BETWEEN

CITY OF SHERMAN AND DGR DEVELOPMENT GROUP, LTD

THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this ______ day of _____, 2012 (the "Effective Date"), by and among City of Sherman ("City"), a municipal corporations organized under the laws of the State of Texas, and Sherman Commons, LP. By and Through its Agent, Four Partners, LLC dba UCR Asset Services ("Developer").

WITNESSETH

WHEREAS, City recognizes the importance of its continued role in local economic development, and

WHEREAS, Developer is developing a portion of the City and making improvements to the City, and

WHEREAS, Developer owns or controls lands located in Sherman, Texas, and described in the final plat of **Sherman Commons** submitted to the City by the Developer and hereinafter referred to as the "Property", and Developer intends to develop the Property by constructing improvements thereon; and

WHEREAS, the Developer desires that the City accept the dedication of the utilities, and other improvements as reflected on the plans and specifications submitted by the Developer as a part of the public facilities of the City, as indicated in Paragraph 2 of Article I; and

WHEREAS, the City is willing to provide, in accordance with the provisions of this Agreement and the prevailing state and local laws, city services to the Property and thereafter operate applicable facilities so that the occupants of the improvements on the Property will receive City services; and

NOW THEREFORE, in consideration of the mutual covenants and obligations herein, the parties agree as follows:

ARTICLE I.

SPECIFIC CONTRACT PROVISIONS

1. **Assurance of Title:** At the time of execution of this Agreement, the Developer agrees to deliver to City a copy of a Title Insurance Policy, or an opinion of title from a qualified attorney-at-law addressed to the City in a form and substance satisfactory to City with respect to the Property, which opinion shall include a current report on the status of the title, setting out the name of the legal title holders, the outstanding mortgages, taxes, liens and covenants. The provisions of this paragraph are for the purpose of evidencing Developer's legal right to grant the exclusive rights of service contained in this Agreement.

2. **Assurance of Accuracy of Documents:** Developer has caused the plans and specifications (the "plans") for the utilities and other improvements to be developed on the Property (collectively the "Project") as part of the public facilities of the City, to be prepared by a Registered Professional Engineer and that Plans accurately depict such improvements comprising the Project. Developer understands that the City will rely on the accuracy of the Plans in making its determination as to whether the documents comply with all City ordinances, state and federal law.

3. **Development Documents:** Upon the execution of the Plans, and orders of the City Council, made in connection with the approval of the plans are confirmed, ratified, and agreed upon by both parties and attached hereto as Exhibit "A". Developer agrees to comply with such orders and Ordinance No. 2684, and any amendments as of the date of the execution of the contract, as applicable to the Subdivision; and all the work of the Project will be done under the supervision of the City Engineer (as defined in Paragraph 8 of this Article) to City standards, and in accordance with applicable City regulations. The Plans of the City Council and Ordinance No. 2684 are incorporated into this Agreement a part thereof for all purposes.

4. **Delivery of Improvements:** The Developer will pay for and deliver to the City free and clear of all liens and costs, all of the improvements provided in the plans.

5. **Performance Bond:** No work shall be performed within the Subdivision until the Developer presents to the City Manager a satisfactory

Performance Bond and Payment Bond, as provided by Chapter 2253 of the Texas Government Code, from the Contractor in favor of the Developer and the City. Such bond shall be made for 100% of the contract price for all streets and utilities and public works to be installed in the Subdivision, and shall be in a form containing all other provisions set forth in Chapter 2253 of the Texas Government Code, including, but not limited to, Section 2253.021 of that Chapter.

6. **Failure to Complete Development:** If the Developer does not complete the Improvements contained in the plans on or before September 15, 2012, City may, at its election, use the Performance Bond to complete such Improvements. The date in this Paragraph maybe extended by the mutual agreement of the parties. Such extension shall be in writing, as provided in Paragraph 13 of Article II.

7. **Availability of Public Facilities:** No public facilities will be made available to any lot within any segment of this Subdivision until the work on each segment is performed and approved as agreed upon in this Agreement.

8. **Registered Civil Engineer:** All of the plans and specifications for the improvements herein mentioned shall be prepared by a Registered Professional Civil Engineer, and all of the improvements shall be built under the supervision of such engineer, and the engineer shall certify to the City that, as each segment is built, such segment as built is true and correct in accordance with the plans and specifications, and that the same was built under his supervision, and the certificate shall be signed and sealed by such engineer. All of the expense of such engineering shall be paid for by the Developer.

9. **City Engineer:** Before work is begun on any improvement, the City Engineer shall designate a person, hereinafter identified as "City Engineer," who shall be notified and arrangements made for inspection by the City Engineer at such stages of construction as required by him, and no improvement constructed underground shall be covered by the Developer until inspected by the City Engineer and approved by him. At any time any construction is contrary to the plans and specifications, the City Engineer shall be, and is, empowered to stop construction and require correct construction and installation at the Developer's risk and without liability to the City.

10. **Coordination of Work:** The work will be coordinated between the City and the Developer so that the utilities will be in place before the permanent improvements are installed.

11. **Utility Arrangements:** The Developer will make its own arrangements with gas, electric, and telephone service providers for extensions of their utilities, and upon complying with this Agreement, the City utilities will be furnished.

12. **Fees:** Other fees normally charged by the City for building permits, water taps, service connections, and similar fees will be paid as required to the City by the Developer.

13. **Guarantee or Maintenance Bond:**

    a. If, within one year the acceptance, defects should appear in the materials or workmanship, the Developer shall have such defects promptly repaired at its own expense, and shall leave the work as intended by the plans and specifications. This guarantee will apply to all parts of the work which have been accepted by the City.

    b. Instead of the Guarantee set for in subparagraph (a) of this paragraph, Developer may provide a Maintenance Bond to the City at the time of final acceptance of the improvements by the City Engineer. The bond shall name the City as an oblige under the bond and the bond shall provide a one (1) year guarantee on all the improvements contained in the Development Documents.

14. WAIVER OF RIGHTS UNDER STATE LAW:

a. **WAIVER OF RIGHTS:**

b. Section 212.904 of the Texas Local Government Code

(i.) Developer understand that, pursuant to Section 212.904 of the Texas Local Government Code, the developer is entitled to an apportionment of the municipal infrastructure cost and that such apportionment must be done by a professional engineer. Developer hereby agrees that any land or

TO REVIEW THIS AGREEMENT AND WAIVER PROVISION WITH MY ATTORNEY, OR IF I HAVE NOT REVIEWED THIS WITH AN ATTORNEY, THAT I HAVE HAD THE OPPORTUNITY TO DO SO AND HAVE VOLUNTARILY CHOSEN NOT TO SEEK THE ADVICE OF AN ATTORNEY.

15. Other Provisions:
Developer Build Water and Sewer

a. The Developer will construct the utilities to serve the subdivision in accordance with the plans and specifications prepared by Vilbig & Associates, Inc. and approved by the City of Sherman.

b. The Developer shall pay to the City an engineering plan review, inspection, and testing fee of $942.66.

c. Upon the completion of construction of any public improvements associated with the subdivision or any portion of the subdivision one electronic copy and one reproducible set of "Record" drawings will be supplied to the City.

ARTICLE II.

GENERAL CONTRACT PROVISIONS

1. **Force Majeure.** If the performance of any of the parties hereto is delayed by reason of war, civil commotion, acts of God, inclement weather, unanticipated subsurface conditions, fire or other casualty, court injunction or any circumstances which are reasonably beyond the control of the party obligated or permitted under the terms of this Agreement to do or perform the same, regardless of whether any such circumstance is similar to any of those enumerated or not, the party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such design or construction requirement shall be extended for a period of time equal to the period such party was delayed. The terms above shall not apply to extend the time permitted for any payment obligations set forth in this Agreement.

property it donates to the City, as reflected on the Final Plat, is roughly proportionate to the need for such land. Developer further acknowledges and agrees that all prerequisites to such a determination of rough proportionality have been met, and that any costs incurred relative to said donation are related both in nature and extent to the impact of the development of the Property and its needs related thereto. BY MY DEVELOPER'S SIGNATURE ON THIS AGREEMENT, I CONTRACT ON ITS EXECUTION; DEVELOPER HEREBY FREELY, KNOWINGLY AND VOLUNTARILY WAIVES ITS RIGHTS UNDER SECTION 212.904 OF THE TEXAS LOCAL GOVERNMENT CODE, OR ANY OTHER RELATED CLAIMS. I AGREE, DEVELOPER AGREES THAT THE DEVELOPER'S AGREEMENT MAY PROCEED WITHOUT THE REQUIREMENTS IMPOSED ON THE CITY UNDER SECTION 212.904 OF THE TEXAS LOCAL GOVERNMENT CODE, EXCEPT DEVELOPER SPECIFICALLY RESERVES ITS RIGHT TO APPEAL THE APPORTIONMENT IN ACCORDANCE WITH SECTION 212.904 OF THE TEXAS LOCAL GOVERNMENT CODE. <u>I CONSENT TO THIS WAIVER AFTER HAVING THE OPPORTUNITY TO REVIEW THIS AGREEMENT AND WAIVER PROVISION WITH MY ATTORNEY, OR IF I HAVE NOT REVIEWED THIS WITH AN ATTORNEY, THAT I HAVE HAD THE OPPORTUNITY TO DO SO AND HAVE VOLUNTARILY CHOSEN NOT TO SEEK THE ADVICE OF AN ATTORNEY.</u>

(ii.) BOTH DEVELOPER AND THE CITY FURTHER AGREE TO WAIVE AND RELEASE ALL CLAIMS ONE MY HAVE AGAINST THE OTHER RELATED TO ANY AND ALL ROUGH PROPORTIONALITY AND INDIVIDUAL DETERMINATION REQUIREMENTS MANDATED BY *DOLAN V. TOWN OF TIGARD*, 512 U.S. 374 (1994), AND ITS PROGENY, AND WELL AS ANY OTHER REQUIREMENTS OF A NEXUS BETWEEN THE DEVELOPMENT CONDITIONS AND THE PROJECTED IMPACT OF THE FOREGOING, INCLUDING ALL DEDICATIONS OF LAND, PARKLAND, AND ANY INFRASTRUCTURE REFERENCED HEREIN. <u>I CONSENT TO THIS WAIVER AFTER HAVING THE OPPORTUNITY</u>

2. <u>**INDEMNIFICATION AND HOLD HARMLESS.**</u> TO THE MAXIMUM EXTENT PERMITTED BY LAW, DEVELOPER OBLIGATES ITSELF TO THE CITY TO FULLY AND UNCONDITIONALLY PROTECT, INDEMNIFY AND DEFEND THE CITY, ITS OFFICERS, AGENTS AND EMPLOYEES, AND HOLD IT HARMLESS FROM AND AGAINST ANY AND ALL COSTS, EXPENSES, REASONABLE ATTORNEY FEES, CLAIMS, SUITS, LOSSES OR LIABILITY FOR INJURIES TO PROPERTY, INJURIES TO PERSONS (INCLUDING DEVELOPERS EMPLOYEES), INCLUDING DEATH, AND FROM ANY OTHER COSTS, EXPENSES, REASONABLE ATTORNEY FEES, CLAIMS, SUITS, LOSSES OR LIABILITIES OF ANY AND EVERY NATURE WHATSOEVER ARISING IN ANY MANNER, DIRECTLY OR INDIRECTLY, OUT OF OR IN CONNECTION HEREWITH, REGARDLESS OF CAUSE OR OF THE SOLE, JOINT, COMPARATIVE OR CONCURRENT NEGLIGENCE OR GROSS NEGLIGENCE OF DEVELOPER, ITS OFFICERS, AGENTS OR EMPLOYEES. THIS INDEMNIFICATION AND SAVE HARMLESS SHALL APPLY TO ANY IMPUTED OR ACTUAL JOINT ENTERPRISE LIABILITY. This indemnity does not waive any governmental immunity available to the City under Texas law and does not waive any defenses of the parties under Texas law.

3. **Authority to Bind.** Each general partner or member executing this Agreement on behalf the Developer represents that, by executing this Agreement in such capacity, it acts within the scope of its authority and does not exceed the bounds of its authority to act to bind such party regarding the obligations and assurances contained in this Agreement. City represents that the execution of this Agreement as provided below has been duly authorized by the City Council as provided in the Approval Resolution.

4. **Events of Default.** A default shall exist if either party fails to perform or observe any material covenant contained in this Agreement. The non-defaulting party shall immediately notify the defaulting party in writing upon becoming aware of any change in the existence of any condition or event which would constitute a default under this Agreement. Such notice shall specify the nature and the period of existence thereof and what action, if any, the notifying party requires or proposes to require with respect to curing the default.

5. **Remedies Available to City.** If a default by Developer shall occur and continue, after thirty (30) day's notice to cure default, City may, at its option, pursue any and all remedies it may be entitled to, at law or in equity, in accordance with Texas law and including using the Performance Bond to complete the work, without the necessity of further notice to or demand upon Developer. City shall not, however, have the right to exercise such remedies for so long as Developer proceeds in good faith and with due diligence to remedy and correct the default, provided that Developer has commenced to cure such default within thirty (30) days following notice, pursues such cure with reasonable diligence and completes such cure within one hundred eighty (180) days.

6. **No Waiver of Defenses.** Nothing in this Agreement shall be construed or intended to waive any defenses available to the City, including, but not limited to, governmental immunity.

7. **Venue and Governing Law.** This Agreement is performable in Grayson County, Texas and venue of any action arising out of this Agreement shall be exclusively in Grayson County. This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

8. **Notices.** Any notice required by this Agreement shall be deemed to be properly served (i) three (3) days following deposit if deposited in the U.S. mail by certified letter, return receipt requested; (ii) on the next business day if sent by nationally recognized overnight delivery service; or (iii) upon receipt if transmitted by facsimile or electronic transmission, addressed to the recipient at the recipient's address shown below, subject to the right of either party to designate a different address by notice given in the manner just described.

CITY:

DESIGNEE:	Mark Gibson
ADDRESS:	220 W. Mulberry St.
	Sherman, TX 75090
PHONE:	903-892-7210
FAX:	903-870-7802

DEVELOPER:

DESIGNEE:	Scott Weaver
ADDRESS:	7001 Preston Rd, Suite 215
	Dallas, TX 75205
PHONE:	469-232-3400
FAX:	469-232-3496

9. **Legal Construction:** In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

10. **Counterparts.** This Agreement may be executed in any number of counterparts, which may be transmitted originally or electronically, each of which shall be deemed an original and constitute one and the same instrument.

11. **Captions.** The captions to the various clauses of this Agreement are for informational purposes only and shall not alter the substance of the terms and conditions of this Agreement.

12. **Successors and Assigns.** The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto, provided, however, this Agreement shall not be assigned by Developer without prior written approval by the City Manager of the City, which approval shall not be unreasonably withheld or delayed. City may assign or delegate any of its rights or obligations under this Agreement but the same shall not constitute a novation.

13. **Entire Agreement.** This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement.

14. **Interpretation of Agreement.** This is a negotiated Agreement. If any part of this Agreement is in dispute, the parties stipulate that the Agreement shall not be construed more favorably for either party.

IN WITNESS WHEREOF parties have caused this Agreement to be executed in duplicate this _____ day of ________ 2012, with an original to each party.

DEVELOPER: Sherman Commons, LP, By and through its Agent, Four Partners, LLC dba UCR Asset Services

BY: Scott Weaver

TITLE: President

ATTEST:

BY:

NAME: Lindsay Farrell

TITLE: Real Estate Analyst

CITY: CITY OF SHERMAN

BY: ____________________

NAME: George Olson

TITLE: City Manager

ATTEST:

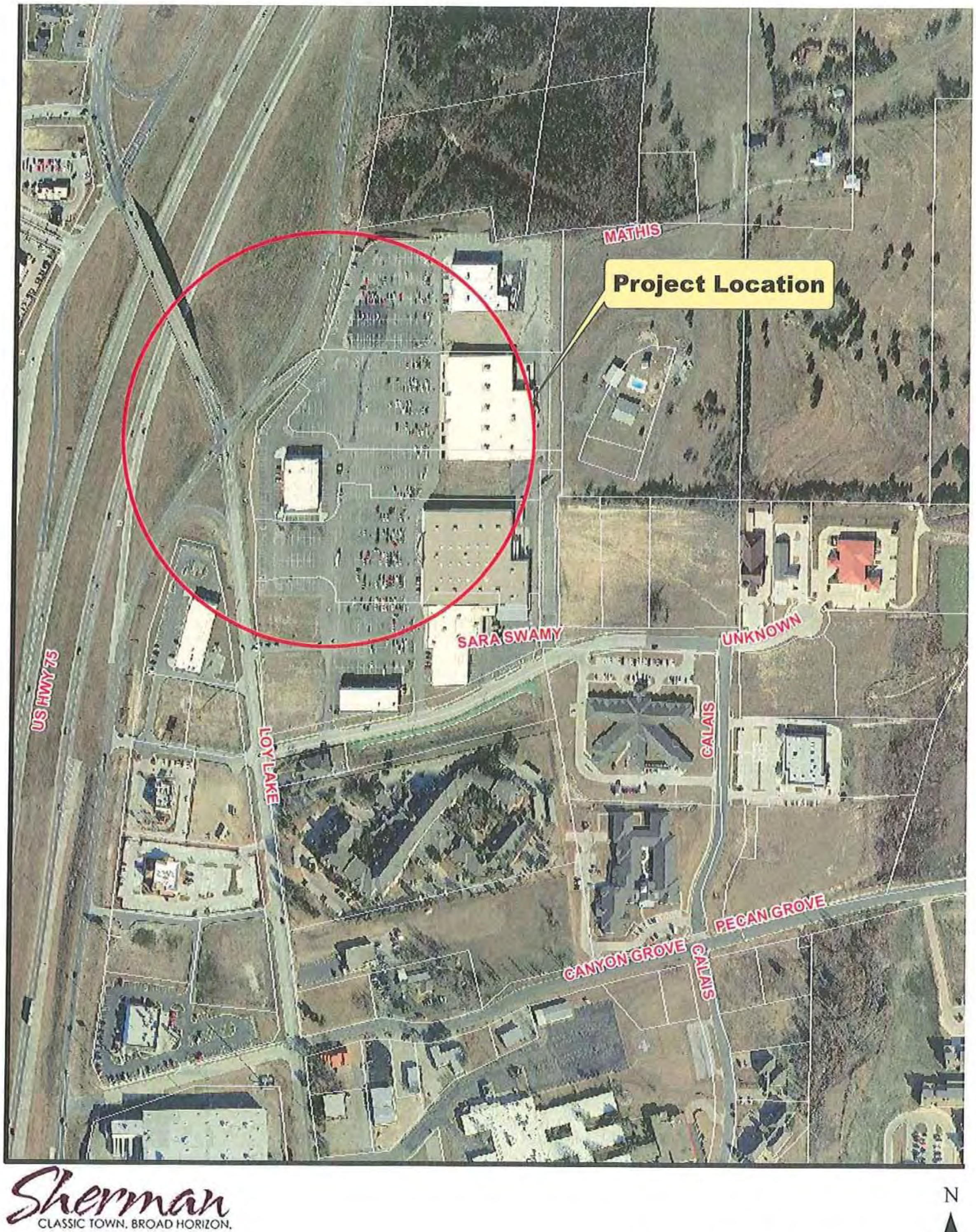
BY: ____________________

NAME: Linda Ashby

TITLE: City Clerk

APPROVED AST TO FORM:

CITY ATTORNEY: ____________________
Brandon Shelby



Sherman
CLASSIC TOWN. BROAD HORIZON.

Engineering Department

Feet
0 87.5175 350 525 700

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SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. C.3

**** RESOLUTION NO. 5692***
Appointing and Authorizing the Execution of an Agreement with Pattillo, Brown & Hill, L.L.P. to Perform the Fiscal Year 2012 Audit

Issue
Independent audit services for fiscal year (FY) 2012

Background
For the past five (5) years, Patillo, Brown and Hill, L.L.P. (PBH) have performed our annual audit. The staff and Council Audit Committee were pleased with the performance of the firm and are recommending reappointment of PBH for the FY 2012 audit.

Origination
Council Audit Committee
Robby Hefton, Assistant City Manager/CFO

Financial Consideration
The fee estimate for these services is $46,000, with SEDCO paying an amount not to exceed $3,000 and the City paying no more than $43,000. Funds have been allocated in the FY 2012-2013 budget for this expenditure.

Staff Recommendation
The staff recommends the City Council accept the recommendation of the Council Audit Committee to reappoint Pattillo, Brown & Hill, L.L.P. to perform the annual audit for the fiscal year ending September 30, 2012.

Alternatives
The City Council could instruct the staff to seek proposals from other firms.

Attachments
Resolution No. 5692
Memo to Council Audit Committee
Engagement Letter – City
Peer Review Letter

Prepared by:
Robby Hefton, Assistant City Manager/CFO

Approved by:
George Olson, City Manager

RESOLUTION NO. 5692

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPOINTING AND AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH PATTILLO, BROWN & HILL, L.L.P. TO PERFORM THE FISCAL YEAR 2012 AUDIT; 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 Council hereby appoints Pattillo, Brown & Hill, L.L.P. to perform the annual audit for the City of Sherman for fiscal year ending September 30, 2012.

SECTION 2. That the City Manager be and is hereby authorized and directed, subject to all agreement documents being properly completed and approved as to form and content by the City Attorney, to execute a contract with Pattillo, Brown & Hill, L.L.P. to perform the annual audit for the City of Sherman for fiscal year ending September 30, 2012.

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

PASSED AND APPROVED on this the _____ day of ________________, 2012.

CITY OF SHERMAN, TEXAS

BY: ______________________________
BILL MAGERS, MAYOR

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

Sherman
CLASSIC TOWN. BROAD HORIZON.

memorandum

DATE:	Thursday, August 16, 2012
TO:	The Council Audit Committee The Honorable Joe N. Smith, Council Member The Honorable Cary Wacker, Council Member The Honorable David Plyler, Council Member
CC:	The Honorable Mayor Bill Magers and Members of the Sherman City Council George Olson, City Manager
FROM:	Robby Hefton, Assistant City Manager/CFO
SUBJECT:	**Appointment of Independent Auditor for the Fiscal Year Ended September 30, 2012 Audit**

Since 2007, Pattillo, Brown & Hill, LLP (PBH) located in Waco, Texas, has been performing the City's independent audit. The initial contract has now expired and, based on City staff inquiries, there is no firm in Sherman that can perform the audit for the year ended September 30, 2012. Subsequently, the staff arranged to extend the engagement with PBH for one more year, subject to Audit Committee and City Council approval. Next year, the staff will again solicit responses from local firms to gauge their interest and ability to provide these services.

PBH has agreed to provide the audit services with no increase in fees from the prior year, so the fee estimate for these services totals $46,000, including the audit of SEDCO. Audit field work is expected to begin in September; and the audit is expected to be completed and the report draft received by January 31, 2013. Reappointment of PBH is scheduled for the August 20, 2012 Council meeting.

If you have any questions prior to the Council meeting, please let me know.

RH:pc

attachments: Auditor Engagement Letter and Peer Review Letter

PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

August 6, 2012

City of Sherman, Texas
Attention: Mary Lawrence, Controller
405 North Rusk Street
Sherman, Texas 75091-1106

We are pleased to confirm our understanding of the services we are to provide the City of Sherman, Texas for the year ended September 30, 2012. We will audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit (Sherman Economic Development Corporation), each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the City of Sherman, Texas as of and for the year ended September 30, 2012. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Sherman, Texas' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Sherman, Texas' RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.

2) Budgetary Comparison Schedule – General Fund.

3) Budgetary Comparison Schedule – General Improvement Fund.

401 WEST HIGHWAY 6 ■ P. O. BOX 20725 ■ WACO, TX 76702-0725 ■ (254) 772-4901■ FAX: (254) 772-4920 ■ www.pbhcpa.com
AFFILIATE OFFICES: BROWNSVILLE, TX (956) 544-7778 ■ HILLSBORO, TX (254) 582-2583
TEMPLE, TX (254) 791-3460 ■ ALBUQUERQUE, NM (505) 266-5904

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Sherman, Texas' financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1) Schedule of expenditures of federal awards.

2) Combining and individual fund financial statements and schedules.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance.

1) Introductory section.

2) Statistical data.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any non-audit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on January 18, 2013. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Sherman, Texas' compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City of Sherman, Texas' major programs. The purpose of these procedures will be to express an opinion on the City of Sherman, Texas' compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Pattillo, Brown & Hill, L.L.P. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Pattillo, Brown & Hill, L.L.P. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately December 3, 2012 and to issue our reports no later than February 25, 2013. John K. Manning is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $43,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review letter of comment accompanies this letter.

We appreciate the opportunity to be of service to the City of Sherman, Texas and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,
Pattillo, Brown & Hill, L.L.P.

John K. Manning

John K. Manning, CPA

JKM/ac

RESPONSE:

This letter correctly sets forth the understanding of the City of Sherman, Texas.

By:____________________________________

Title:__________________________________

Date:__________________________________

EUBANK & BETTS
A Professional Limited Liability Company
CERTIFIED PUBLIC ACCOUNTANTS
3820 I-55 North, Suite 100 (39211) P.O. Box 16090
Jackson, Mississippi 39236-6090
Telephone 601-987-4300 *Fax* 601-987-4314
E-mail: firm@eubankbetts.com
Website: www.eubankbetts.com

SYSTEM REVIEW REPORT

September 30, 2010

To the Partners
Pattillo, Brown & Hill, L.L.P.
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of **Pattillo, Brown & Hill, L.L.P.** (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Pattillo, Brown & Hill, L.L.P.** applicable to non-SEC issuers in effect for the year ended May 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail.* **Pattillo, Brown & Hill, L.L.P.** has received a peer review rating of *pass*.

Eubank & Betts

EUBANK & BETTS, PLLC

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. D.1

OTHER BUSINESS
Providing for the Ratification of the Property Tax Increase

Issue
Ratify the property tax increase reflected in the 2012-2013 Operating Budget

Background
Texas Local Government Code Section 102.007 requires that a vote separate from both the adoption of the budget and the adoption of the tax rate be made to disclose the amount and percentage increase of the proposed property tax revenue as compared to the prior year budget. The 2012-2013 Operating Budget contains $254,000 and 3.6% more revenue from property taxes than was originally budgeted in the prior year, of which $73,000 is tax revenue from new property.

Origination
Assistant City Manager/CFO

Financial Consideration
The only cost associated with this item was the cost of the public notice of the meeting on the public hearing to adopt the budget.

Staff Recommendation
The staff recommends the Council, **by motion and order**, ratify the property tax increase.

Alternatives
This action is required by State law, therefore no alternatives are recommended by the staff.

Attachments
None

Prepared by:
Robby Hefton, Assistant City Manager/CFO

Approved by:
George Olson, City Manager

SHERMAN CITY COUNCIL
Agenda Communication Form

Sherman
CLASSIC TOWN. BROAD HORIZON.

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. D.2

**** OTHER BUSINESS***

Consider Request of the Grayson Hispanic Heritage Council of Sherman to Temporarily Close Certain Streets, and Use Certain City Facilities and Services for the Annual Hispanic Heritage Celebration on Saturday, September 8, 2012

Issue

Council approval is requested for the street closures and use of city facilities and services to facilitate the annual Hispanic Heritage Celebration on Saturday, September 8, 2012, from 10:00 a.m. to 4:00 p.m. A request has been made by them to close the streets around the Municipal Building and to provide additional solid waste containers and barricades.

Background

In 2010, the Grayson Hispanic Heritage Council of Sherman moved their annual Hispanic Heritage Celebration from the downtown square to the Municipal Building grounds. The event organizers have again reserved the Oliver Dewey Mayor Outdoor Theater and the Municipal Ballroom for this year's event.

Origination

Ms. Rhonda Marroquin, President, Hispanic Heritage Council of Sherman

Financial Consideration

Labor and equipment to drop-off/pick-up barricades and solid waste containers, and the use of certain City facilities will be required.

Staff Recommendation

It is recommended that the City Council approve the request to hold this annual event on the Municipal Building grounds and that the staff be authorized to use necessary City resources to accommodate this event.

Alternatives

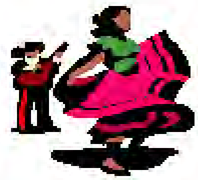
As may be recommended by the Council

Attachments

Event Organizer Request dated August 6, 2012
Street Closure/Barricade Map

Prepared by:
Don Keene, Director of Public Works

Approved by:
George Olson, City Manager



August 6, 2012

City of Sherman
Director of Public Works
P.O. Box 1106
Sherman, TX 75091

Dear Sir or Madam:

This is a request made by the Hispanic Heritage Council of Sherman regarding the Annual Hispanic Heritage Celebration. This year's event will be taking place at the Sherman Municipal Grounds on Saturday, September 8, 2012. The outdoor event is scheduled to take place from 10am to 4pm followed by the evening event to be held at the city of Sherman ballroom.

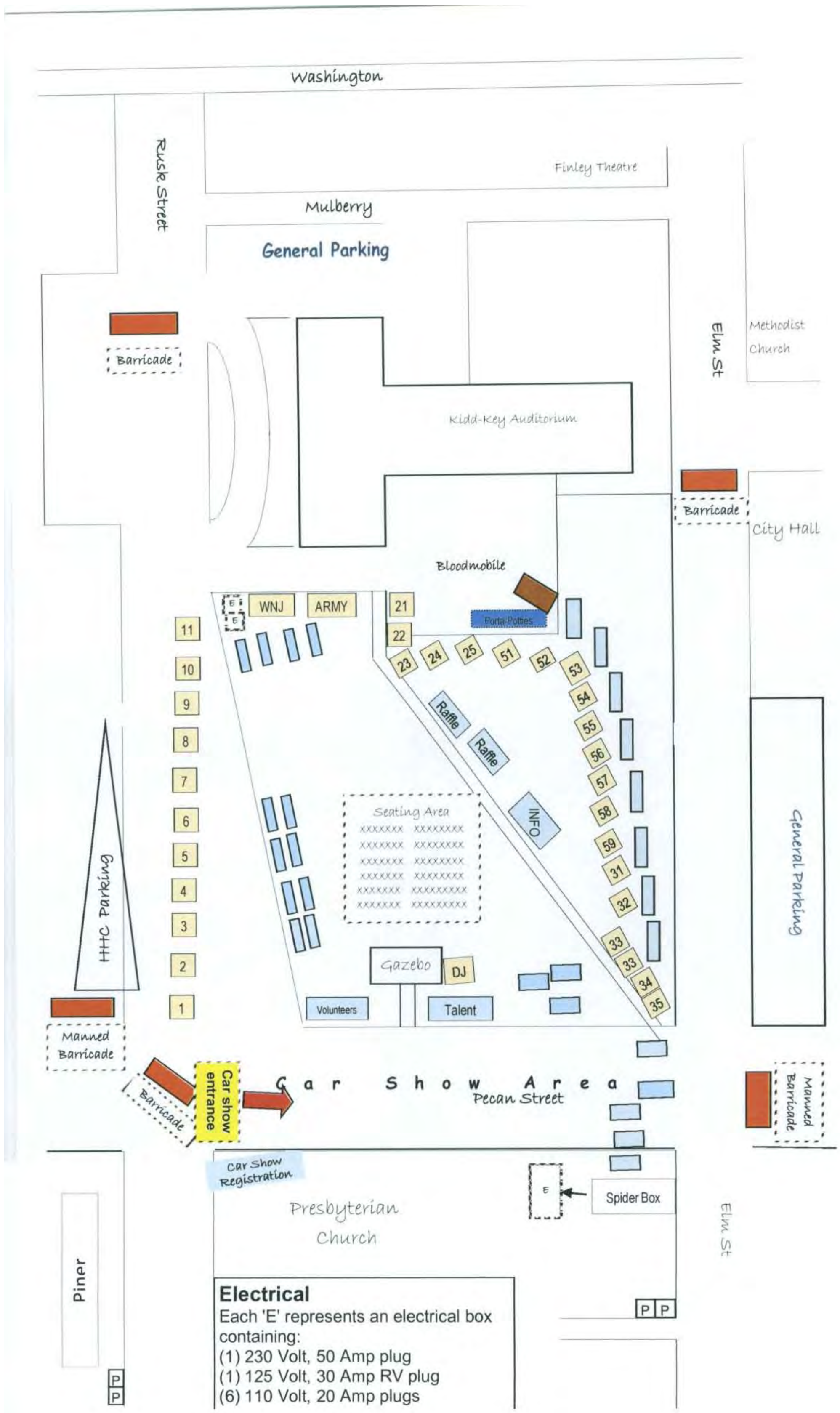
The following items are being requested from the city of Sherman:

- Request for one city dumpster to be placed on the South side of the Municipal lawn in the parking lot - (East corner of the parking lot).
- Request for sixteen of the green roll around trash cans. (to be placed near the city dumpster)
- Request street closure of Rusk Street at the intersections of Rusk and Mulberry and Rusk and Pecan.
- Request street closure of Elm Street at 2 intersections, both named Mulberry and Elm and at one intersection of Pecan and Elm.
- Request for 20 street barricades to be used as needed for blocking off sections during the event.

The Hispanic Heritage Council would like to thank the City of Sherman for its cooperation and assistance in the coordination of our request.

Thank you for your consideration,

Rhonda Marroquin
President
Hispanic Heritage Council of Sherman



Electrical

Each 'E' represents an electrical box containing:

(1) 230 Volt, 50 Amp plug

(1) 125 Volt, 30 Amp RV plug

(6) 110 Volt, 20 Amp plugs

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. D.3

CITIZEN REQUESTS

The Honorable Bill Magers, Mayor

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. D.4

MEDIA QUESTIONS

The Honorable Bill Magers, Mayor

Sherman
CLASSIC TOWN. BROAD HORIZON.

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. D.5

COUNCIL COMMENTS

The Honorable Bill Magers, Mayor

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. E.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 551.074 Personnel Matters

(a) Consider the Qualifications, Appointment and Removal of Members to Boards and Commissions:
- **(1) Texoma Community Center (formerly MHMR Services of Texoma) Board of Directors (1)**

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

The Honorable Bill Magers, Mayor

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. F.1

OPEN MEETING
Reconvene into Open Meeting and consider action, if any, on items discussed in Executive Session

The Honorable Bill Magers, Mayor

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. F.2

ADJOURNMENT

The Honorable Bill Magers, Mayor

SHERMAN CITY COUNCIL
Agenda Communication Form

From: The Office of the City Manager **Date:** 8-20-2012

Subject: Agenda Item No. N/A

COUNCIL CALENDAR
2012
CITY COUNCIL MEETINGS

JANUARY

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	**2**	3	4	5	6	7
8	9	10	11	12	13	14
15	**16**	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	**6**	7	8	9	10	11
12	13	14	15	16	17	18
19	**20**	21	22	23	24	25
26	27	28	29			

MARCH

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	**5**	6	7	8	9	10
11	12	13	14	15	16	17
18	**19**	20	21	22	23	24
25	26	27	28	29	30	31

APRIL

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	**2**	3	4	5	6	7
8	9	10	11	12	13	14
15	**16**	17	18	19	**20**	21
22	23	24	25	26	27	28
29	30					

MAY

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	**7**	8	9	10	11	12
13	14	15	16	17	18	19
20	**21**	22	23	24	25	26
27	28	29	30	31		

JUNE

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	**4**	5	6	7	8	9
10	11	12	13	14	15	16
17	**18**	19	20	**21**	**22**	23
24	**25**	26	27	28	29	30

JULY

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	**2**	3	4	5	6	7
8	9	10	11	12	13	14
15	**16**	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

AUGUST

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	**6**	7	8	9	10	11
12	13	14	15	16	17	18
19	**20**	21	22	23	24	25
26	27	28	29	30	31	

SEPTEMBER

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	**3**	**4**	5	6	7	8
9	10	11	12	13	14	15
16	**17**	18	19	20	**21**	22
23	24	25	26	27	28	29
30						

OCTOBER

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	**15**	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

NOVEMBER

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	**5**	**6**	7	8	9	10
11	12	13	**14**	15	16	17
18	**19**	20	21	22	23	24
25	26	27	28	29	30	

DECEMBER

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	**3**	4	5	6	7	8
9	10	11	12	13	14	15
16	**17**	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

01/02/12 - January 2nd Council meeting cancelled
01/16/12 - M.L.K., Jr. Birthday / Regular Council Meeting
02/20/12 - Washington's Birthday / Regular Council Meeting
04/02/12 - April 2nd Council meeting cancelled
04/20/12 - 12 Noon Budget Planning Meeting in Council Chambers
06/21-22/12 - Budget Workshop in Council Chambers
(06/22/12 Budget Workshop date unnecessary)
06/25/12 - 12 Noon Called Meeting for Annexation Ordinance
(71.671 acres on Washington Street)
07/02/12 - July 2nd Council meeting cancelled

09/03/12 - Labor Day / Called Council Meeting on 09/04/12
09/21/12 - 12 Noon Called Joint Meeting with SEDCO Board
11/06/12 - City Council Election
11/14/12 - 12 Noon Called Meeting to Canvass Election Results