CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
MONDAY, APRIL 3, 2023
5:00 P.M.

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

A. 2. **PLEDGE OF ALLEGIANCE LED BY MAYOR DAVID PLYLER**

A. 3. **INVOCATION BY MAYOR DAVID PLYLER**

A. 4. **APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF THE REGULAR CITY COUNCIL MEETING OF MARCH 20, 2023.**

Proclamations

B. 1. **PROCLAMATION**
"Achievement of Excellence in Libraries Award" – 2022

Citizen Comments

C. 1. **CITIZEN COMMENTS**
During this meeting, the City Council welcomes public comment **only** on agenda items listed under the Open Meeting portion of the agenda, in accordance with Texas Government Code Section 551.007. For items not listed on the agenda, those matters may be discussed with City staff during regular business hours, or with the Mayor or any Council member by contacting them at times other than at City Council meetings.

Consent Agenda

D. 1. **CONSENT AGENDA**
Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

Public Hearing

E. 1. **INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6580**
Relating to Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project); and Approving the Issuance Thereof and the Facilities to be Constructed or Acquired by such Authority

E. 2. **INTRODUCTION AND PUBLIC HEARING FOR ORDINANCE NO. 6581**
Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 8 (Offenses and Nuisances), Article 8.02 (Offenses Involving Public Safety), Section 8.02.005 (Sex Offender Residency), to Revise Definitions as Set Forth in the Texas Penal Code, Savings/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof

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

E. 3. **INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6582**

Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 13 (Utilities), Article 13.08 (Utility Billing), Section 13.08.002 (Utility Billing), to Impose a Lien Against an Owner's Property for Delinquent Utility Bills in Accordance with Section 552.0025 of the Texas Local Government Code; Providing a Penalty Clause with a Maximum Fine of $500, Savings/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof;

Close Public Hearing and Consider Adoption of Ordinances

E. 4. **ADOPTION OF ORDINANCES**

Consider Adoption of Ordinance Numbers 6580, 6581 & 6582

Resolutions

F. 1. **RESOLUTION NO. 7051**

Awarding a Bid to and Authorizing Execution of an Agreement with Thos. S. Byrne, Inc. dba Byrne Construction Services, as Construction Manager-at-Risk (CMAR), for Services in Connection with the Evaluation of Whether a New City Hall Facility is Appropriate

F. 2. **RESOLUTION NO. 7052**

Awarding a Bid to and Authorizing Execution of an Agreement with Thos. S. Byrne, Inc. dba Byrne Construction Services, as Construction Manager-at-Risk, for Services in Connection with the Evaluation of Whether Renovations and Additions to Fire Station No. 1 are Appropriate

F. 3. **RESOLUTION NO. 7053**

Determining a Public Necessisty to Acquire by Eminent Domain Certain Property Interests for Public Use, Including Permanent Water Easements and Temporary Construction Easements for the Construction, Expansion, Access, Repair and Maintenance of Public Water and Other Utility Improvements, from the Location Shown in Exhibit "A", As Deemed Necessary by the City Manager or His Designee; Giving Notice of an Official Determination to Acquire Certain Property Interests for Public Use by Eminent Domain for such Uses; Authorizing the City Manager of the City of Sherman, Texas to Establish Procedures for Acquiring the Easement, Offering to Acquire the Easements, Voluntarily, from the Landowner(s) through the Making of Bona Fide Offers and Appropriating Funds

F. 4. **RESOLUTION NO. 7054**

Authorizing Execution of an Agreement with the Finley Cultural Center under the City of Sherman's Central Business District Historic Building Restoration and Improvement Grant Program for Improvements to 500 N Elm Street

F. 5. **** RESOLUTION NO. 7055***

Awarding a Bid to and Authorizing Execution of a Contract with Tyler Technologies, Inc., a Delaware corporation, for Municipal Permit Software Services

Requests to Advertise

G. 2. **** REQUEST TO ADVERTISE***

Purchase of Playground Equipment and Park Equipment to be located in a park located in Northcreek Subdivision.

Other Business

H. 1. **** OTHER BUSINESS***

Consider Request of the 2023 Earth Day Planning Committee to Temporarily Close Certain Streets for the 14th Annual "Texoma Earth Day Festival" on Saturday, April 22, 2023

H. 2. **** OTHER BUSINESS***

Consider Request of Downtown Sherman NOW to Temporarily Close Certain Streets for "Craft the Night Away" on Saturday, May 13, 2023

Consider Board/Commission Appointments

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

(a) Parks and Recreation Advisory Board (1)

J. **COUNCIL COMMENTS**

Executive Session

K. 1. **EXECUTIVE SESSION**

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

Tex. Gov't Code § 551.071	Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. (a) Received legal advice regarding possible expansion of the Grayson County Jail
Tex. Gov't Code § 551.072	Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.
Tex. Gov't Code § 551.073	Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.
Tex. Gov't Code § 551.074	Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.
Tex. Gov't Code § 551.076	Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit.

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

Tex. Gov't Code § 551.087	Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. (a) Sherman Hospital Project
Tex. Gov't Code § 551.089	Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices.

The Council reconvenes into General Session

L. 1. OPEN MEETING

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

M. ADJOURNMENT

COUNCIL CALENDAR

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

CERTIFICATION

I, the undersigned authority, do hereby certify that the above Notice of Regular Meeting of the City Council of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board at City Hall of said City of Sherman, Texas, a place convenient to the public, and said notice was posted on Friday, March 31, 2023 at 4:00 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 31st day of March 2023.
City of Sherman, Texas

_____
City Clerk

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

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

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

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

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

PERSONS WITH DISABILITIES, WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT LINDA ASHBY AT (903) 892-7204, TWO (2) WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

Mayor	Deputy Mayor	Council Members	
David Plyler	Josh Stevenson	Henry Marroquin, Council-At-Large, PL #1	Josh Stevenson, Council – District #2
		Juston Dobbs, Council-At-Large, PL #2	Pamela L. Howeth, Council – District #3
		Shawn C. Teamann, Council – District #1	Daron Holland, Council – District #4

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

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **A. 4.**

Meeting Date: 04/03/2023

Approved By: Robby Hefton, City Manager

Caption:

APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF THE REGULAR CITY COUNCIL MEETING OF MARCH 20, 2023.

Attachments

March 20, 2023

Annual Audit 2023

STATE OF TEXAS §

March 20, 2023

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 March 20, 2023.

MEMBERS PRESENT: **MAYOR DAVID PLYLER; DEPUTY MAYOR JOSH STEVENSON. COUNCIL MEMBERS DOBBS, HOLLAND, HOWETH, MARROQUIN, TEAMANN.**

MEMBERS ABSENT: **NONE.**

CALL TO ORDER

CALL TO ORDER

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

APPROVE MINUTES

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of March 6, 2023. Council Member Howeth moved to approve the Minutes, as presented; Second by Council Member Dobbs; All present voted AYE.
MOTION CARRIED.

SPECIAL PRESENTATION
2023 LONE STAR RECREATION PROGRAMMING ACHIEVEMENT AWARD

RECREATION PROGRAMMING AWARD

Theresa Hutchinson, Parks and Recreation Manager, said the Texas Recreation and Parks Society recently awarded the Sherman Recreation Team with the 2023 Lone Star Recreation Programming Achievement Award at its Annual State Conference in Frisco.

The award was presented for innovative and effective recreation programming. They competed against 140 other nominees for the award. They received the award for The Fall Festival for Special Needs event that was held in November 2022, in the Municipal Ballroom.

The event provided sensory friendly games and activities, prizes, a free lunch, and a photo option for families with children classified with special needs.

By utilizing community support, both financially and through volunteers, the staff was able to hold the event, which was well received by the participating families and brought families with similar needs together. This helped provide a support group for families and helped them share resources that are available in the community.

Ms. Hutchinson thanked the Police Department, the Fire Department, and the Public Waste Department, for their participation in the event. She also thanked community organizations and businesses that donated prizes, food, and

goodies for participants. She thanked volunteers from Texoma Christian School Cross Country Team for managing all the games and for their interaction with the kids.

Ms. Hutchinson recognized Parks and Recreation City Employees Whitney Tilley, Administrative Specialist; Steven Pine, Recreation Specialist-Athletics; Macy Harwood, Recreation Specialist-Aquatics; and Dylan Johnson, Recreation Coordinator.

She also showed a video of the Fall Festival.

Mayor Plyler congratulated Ms. Hutchinson and her team, and thanked them for their hard work on the event. He recognized the emotional and meaningful response for the City team, the volunteers, participants, and the parents. He said "that's how we build our community."

CITIZEN'S COMMENTS

MUNICIPAL AIRPORT AVIATION FUEL CONTRACT

MUNICIPAL AIRPORT AVIATION FUEL CONTRACT

Peter Tracy, 705 S. Valentine, asked about Item F-4, Resolution 7048, which awarded a bid to Campbell Oil Company, for the purchase of aviation fuel for the Municipal Airport.

He said several years ago, the Council approved a $1 million contract to add an additional hangar to the Airport, and to make improvements and modifications. That contract was supposed to include the movement of the fuel station and the introduction of a jet fuel station. He asked if those modification did occur, and would this current contract include jet fuel, along with the aviation fuel.

Mary Lawrence, Director of Finance, explained that the contract did not include jet fuel, because there is no tank to put it in.

Mr. Tracy said the original contract was renegotiated to include three hangars, instead of one, and the contractor was going to "absorb the cost" of the two additional hangars. There was going to be a 10-year agreement between the City and the contractor for exclusive use of the three hangars. At the end of the 10-year period, the hangars would revert to the City at no extra cost.

Mayor Plyler said he would make sure Mr. Tracy received that information.

CONSENT AGENDA

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.

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

CONSENT AGENDA

CONSENT AGENDA

Double Asterisked (**) items are considered to be routine and will be enacted in one motion, subject to the Staff Review Letter,

without discussion, unless a Council Member or a citizen requests a specific item be discussed and voted on separately.

The Council reviewed the Consent Agenda. Council Member Howeth moved to approve the Consent Agenda, subject to the Staff Review Letter. Second by Council Member Holland. All present voted AYE.

ORD 6572 ABANDON PORTION OF KNOLLWOOD RD FOR EASEMENT

Mayor Plyler introduced Ordinance No. 6572 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, CLOSING AND ABANDONING A PORTION OF KNOLLWOOD ROAD RIGHT OF WAY IN THE CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED IN THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES, SAID PROPERTY SHALL BE RESERVED AS AN EASEMENT FOR PUBLIC AND FRANCHISE UTILITIES FOR THE RIGHT OF INGRESS AND EGRESS TO SAME FOR PURPOSES OF OPERATION, MAINTENANCE, OR REMOVAL OF SUCH UTILITIES OR UNTIL SUCH UTILITIES SHALL BE ABANDONED OR RELOCATED.

Wayne Lee, Director of Engineering, said when the Texas Department of Transportation installed the traffic signal at Northcreek, a condition of that signal was that the City close off access of Knollwood to Northcreek. That has been done.

The adjacent property owner on both sides of the road is Young Enterprises, and they have requested abandonment of the right-of-way, from Northcreek to the south end of the apartment complex. The City has no objection to the request.

No citizens appeared before the City Council to discuss Ordinance No. 6572.

ORD 6573 SUP FOR MINI-WAREHOUSE (2601 HILLTOP DR)

Mayor Plyler introduced Ordinance No. 6573 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14 AND GRANTING A SPECIFIC USE PERMIT TO ALLOW A MINI-WAREHOUSE ON A TRACT OF LAND ZONED C-2 (GENERAL COMMERCIAL) DISTRICT LOCATED AT 2601 HILLTOP DRIVE, CONSISTING OF 5.51 ACRES, LOT 2, BLOCK 1, CATES FIRST ADDITION, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS (NOAH STARR, OWNER; GARY LEESE, CANNON STORAGE SYSTEMS, INC., REPRESENTATIVE; AND GRANT ENGINEERING, INC., SURVEYOR); PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Mr. Lee said this was a Specific Use Permit for a mini-warehouse. There is currently an existing mini-warehouse at this location. The owners would like to expand the site and create additional storage

facilities. This expansion triggers the requirement for an SUP before construction can begin.

The Planning and Zoning Commission recommended approval of the Specific Use Permit, subject to the Staff Review Letter. The proposed use is compatible with the City of Sherman Comprehensive Plan.

Noah Starr, 1406 Walldorf Ave #2, Austin, Texas
Gary Leese, 2305 SW 11th Street, Lawton, Oklahoma 73501
Mr. Starr is the owner of the property, and he said they would like to expand their current facility, which has been serving the community since 2005. He said they were available to answer any questions the Council might have.

No other citizens appeared before the City Council to discuss Ordinance No. 6573.

Mayor Plyler introduced Ordinance No. 6574 and called for a public hearing:

ORD 6574 ZONE CHANGE KERR'S NURSERY ADDITION (415 E. ORANGE ST)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 0.359 ACRES, ALL OF LOT 3, LOT 4 AND THE EAST HALF (E/2) OF LOT 5, BLOCK 11, KERR'S NURSERY ADDITION, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED AT 415 EAST ORANGE STREET, HERETOFORE ZONED C-2 (GENERAL COMMERCIAL) DISTRICT; REZONING AND PLACING THE TRACT IN THE R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, (INDALECIO TORRES, OWNER; JULIO TORRES, REPRESENTATIVE; AND COPLEY LAND SURVEYING, SURVEYOR); PROVIDING FOR A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Mr. Lee said this item was a Zone Change from C-2 to R-6, and the applicant would like to develop a single-family lot.

The Planning and Zoning Commission recommended approval of the Zone Change, subject to the Staff Review Letter. The proposed use is compatible with the City of Sherman Comprehensive Plan.

Item G-4, on the agenda is the Replat for this property, and if this zone change is approved, the Planning and Zoning Commission also recommended approval of the Replat, subject to the staff review letter.

Julio Torres, 419 E. Orange
Mr. Torres was representing the request and was available to answer any questions the Council might have.

No other citizens appeared before the City Council to discuss Ordinance No. 6574.

Mayor Plyler introduced Ordinance No. 6575 and called for a public hearing:

ORD 6575 SUP FOR

SMOKE SHOP (2916 N. HWY 75)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, REPEALING ORDINANCE 6460, AND GRANTING A SPECIFIC USE PERMIT TO ALLOW A SMOKE SHOP ON A TRACT OF LAND ZONED C-1 (RETAIL BUSINESS) DISTRICT/O-1 (75 & 82) OVERLAY DISTRICT LOCATED AT 2916 NORTH HIGHWAY 75, SUITE 110, LOT 4 OF SHAFER PLAZA, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS (TAVA PROPERTIES, LLC, OWNER; INFINITY AND BEYOND, TENANT; AND NOUMAN MUHAMMAD, REPRESENTATIVE); PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Mr. Lee said this item was a renewal of a Specific Use Permit, for a smoke shop. The applicant originally received an SUP on March 21, 2022, with a one year expiration. It took them longer than anticipated to get the business up and running, and they've only been in business a few weeks.

They are hoping that the renewal of the SUP will be granted, and the staff is recommending renewal, including another one-year time limit.

The Planning and Zoning Commission recommended approval of the Specific Use Permit, subject to the Staff Review Letter. The proposed use is compatible with the City of Sherman Comprehensive Plan.

<u>Myles Walker, 2916 N. Hwy 75, Sherman, Texas</u>
Mr. Walker was available to answer any questions the Council might have.

No other citizens appeared before the City Council to discuss Ordinance No. 6575.

ORD 6576 ZONE CHANGE (620 & 622 S. FIRST ST)

Mayor Plyler introduced Ordinance No. 6576 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 0.191 ACRES IN THE G.B. PILANT SURVEY, ABSTRACT NO. 963, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED AT 620 AND 622 SOUTH FIRST STREET, HERETOFORE ZONED R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT; REZONING AND PLACING THE TRACT IN AN R-4 (PATIO HOME RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, (MARTIN CORARRUBIAS, M&G HOMEBUILDERS, OWNERS AND HELVEY-WAGNER SURVEYING, INC., SURVEYOR); PROVIDING FOR A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Mr. Lee said this was a request for a Zone Change from R-6 to R-4, to build two 40' wide lots on First Street.

The Planning and Zoning Commission recommended approval of the Zone Change, subject to the Staff Review Letter. The proposed use is compatible with the City of Sherman Comprehensive Plan.

No citizens appeared before the City Council to discuss Ordinance No. 6576.

Mayor Plyler introduced Ordinance No. 6577 and called for a public hearing:

ORD 6577 ZONE CHANGE (2900-3200 BLOCKS N. HICKORY ST)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 48.292 ACRES IN THE J.B. McANAIR SURVEY, ABSTRACT NO. 763, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED IN THE 2900-3200 BLOCKS NORTH HICKORY STREET, HERETOFORE ZONED R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT; REZONING AND PLACING THE TRACT IN THE R-5 (SINGLE-FAMILY RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, (JEROME HILL, AJH ENTERPRISES, LTD, OWNERS; BRYAN WEISGERBER, REPRESENTATIVE; AND UNDERWOOD DRAFTING & SURVEYING, INC., SURVEYOR); PROVIDING FOR A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Mr. Lee said this item was for a Zone Change from R-6 to R-5. The applicant was originally working to get a Specific Use Permit for Patio Homes, however since that time, the Zoning Ordinances have changed. The applicant has been working closely with City staff for a few months, to expand the water detention area within the development to "over detain", in order to reduce flooding in the neighborhood to the south and downstream.

The Planning and Zoning Commission recommended approval of the Zone Change, subject to the Staff Review Letter. The proposed use is compatible with the City of Sherman Comprehensive Plan.

<u>Bryan Weisgerber, 1720 W. Virginia Street, McKinney, Texas 75069</u>
Mr. Weisgerber appeared representing Cross Engineering, and said he would be the insurance broker, and was available if the Council had any questions.

No other citizens appeared before the City Council to discuss Ordinance No. 6577.

Mayor Plyler introduced Ordinance No. 6578 and called for a public hearing:

ORD 6578 SUP FOR COMMERCIAL AMUSEMENT CENTER (4801 N. FM 1417)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14 AND GRANTING A SPECIFIC USE PERMIT TO ALLOW A COMMERCIAL AMUSEMENT CENTER, INDOOR OR OUTDOOR, IN A C-2 (RETAIL BUSINESS) DISTRICT LOCATED AT 4801 NORTH FM 1417 (HERITAGE PARKWAY) CONSISTING OF 5.742 ACRES IN THE ALFRED HUME SURVEY, ABSTRACT NO. 522, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS (BRIAN PREVIATY, OWNER AND

UNDERWOOD DRAFTING & SURVEYING, INC., SURVEYOR); PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Mr. Lee said this item is a request for a Specific Use Permit for a commercial amusement center in a C-2 District. The applicant is wanting to open this facility back up as a club for racquetball, pickleball, and tennis.

The Planning and Zoning Commission recommended approval of the Specific Use Permit, subject to the Staff Review Letter. The proposed use is compatible with the City of Sherman Comprehensive Plan.

Brian Previaty, 332 Hurricane Creek, Anna, Texas 75409
Scott Whiteman, 2809 Woodson Dr, McKinney, Texas 75072
Charlie Francis, 2511 Pepper Tree Circle, McKinney, Texas 75072
The representatives were available to answer any questions the Council might have.

No other citizens appeared before the City Council to discuss Ordinance No. 6578.

ORD 6579 AMEND ZONING ORDINANCE

Mayor Plyler introduced Ordinance No. 6579 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF SHERMAN, TEXAS, CHAPTER 14 (ZONING ORDINANCE), SECTIONS 14.06.005 (AMENDMENTS TO THE ZONING ORDINANCE/DISTRICT AND ADMINISTRATIVE PROCEDURES), 14.06.006 (VARIANCE PROCEDURES), 14.06.007 (SPECIAL EXCEPTIONS), 14.06.008 (TEMPORARY USE PERMIT (TUP) APPLICATION AND REVIEW), AND 14.06.009 (SPECIFIC USE PERMIT (SUP) APPLICATION AND REVIEW); PRESCRIBING REGULATIONS RELATING TO PROPERTY NOTIFICATION SIGNS TO PROVIDE INFORMATION TO THE PUBLIC CONCERNING REQUESTS FOR REZONING, VARIANCES, SPECIAL EXCEPTIONS, TEMPORARY USE PERMITS AND SPECIFIC USE PERMITS; PROVIDING A PENALTY CLAUSE WITH A MAXIMUM FINE OF $2,000.00, SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

Ryan Pittman, City Attorney, explained that, in addition to the public notices required by State law, the City's Zoning Ordinance has historically required that applicants for zoning changes erect a sign that is prescribed by the City to give notice of a request related to that property.

When the City amended its Zoning Ordinance in December 2022, the staff found that there were some enlargements and refinements of the scope of that requirement that staff recommended. This ordinance does that, and is a "clean-up" ordinance.

It enlarges the scope of the types of requests that property owners and applicants requesting these changes from the City would need to meet for additional notice, more than what is required by State law.

These include rezoning requests, variances, special exceptions, temporary use permits, and specific use permits. This change would amend the zoning ordinance to include those requirements. There is language in the zoning ordinance that allows staff to provide some additional requirements and keep them current.

No citizens appeared before the City Council to discuss Ordinance No. 6579.

The Public Hearing was closed.

Ordinance 6572

ORD 6572 ABANDON PORTION OF KNOLLWOOD RD FOR EASEMENT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, CLOSING AND ABANDONING A PORTION OF KNOLLWOOD ROAD RIGHT OF WAY IN THE CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED IN THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES, SAID PROPERTY SHALL BE RESERVED AS AN EASEMENT FOR PUBLIC AND FRANCHISE UTILITIES FOR THE RIGHT OF INGRESS AND EGRESS TO SAME FOR PURPOSES OF OPERATION, MAINTENANCE, OR REMOVAL OF SUCH UTILITIES OR UNTIL SUCH UTILITIES SHALL BE ABANDONED OR RELOCATED.

Ordinance 6573

ORD 6573 SUP FOR MINI-WAREHOUSE (2601 HILLTOP DR)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14 AND GRANTING A SPECIFIC USE PERMIT TO ALLOW A MINI-WAREHOUSE ON A TRACT OF LAND ZONED C-2 (GENERAL COMMERCIAL) DISTRICT LOCATED AT 2601 HILLTOP DRIVE, CONSISTING OF 5.51 ACRES, LOT 2, BLOCK 1, CATES FIRST ADDITION, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS (NOAH STARR, OWNER; GARY LEESE, CANNON STORAGE SYSTEMS, INC., REPRESENTATIVE; AND GRANT ENGINEERING, INC., SURVEYOR); PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Ordinance 6574

ORD 6574 ZONE CHANGE (KERR'S NURSERY ADDITION)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 0.359 ACRES, ALL OF LOT 3, LOT 4 AND THE EAST HALF (E/2) OF LOT 5, BLOCK 11, KERR'S NURSERY ADDITION, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED AT 415 EAST ORANGE STREET, HERETOFORE ZONED C-2 (GENERAL COMMERCIAL) DISTRICT; REZONING AND PLACING THE TRACT IN THE R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, (INDALECIO TORRES,

OWNER; JULIO TORRES, REPRESENTATIVE; AND COPLEY LAND SURVEYING, SURVEYOR); PROVIDING FOR A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Ordinance 6575 — **ORD 6575 SUP FOR SMOKE SHOP (2916 N. HWY 75)**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, REPEALING ORDINANCE 6460, AND GRANTING A SPECIFIC USE PERMIT TO ALLOW A SMOKE SHOP ON A TRACT OF LAND ZONED C-1 (RETAIL BUSINESS) DISTRICT/O-1 (75 & 82) OVERLAY DISTRICT LOCATED AT 2916 NORTH HIGHWAY 75, SUITE 110, LOT 4 OF SHAFER PLAZA, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS (TAVA PROPERTIES, LLC, OWNER; INFINITY AND BEYOND, TENANT; AND NOUMAN MUHAMMAD, REPRESENTATIVE); PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Ordinance 6576 — **ORD 6576 ZONE CHANGE (620 & 622 S. FIRST ST)**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 0.191 ACRES IN THE G.B. PILANT SURVEY, ABSTRACT NO. 963, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED AT 620 AND 622 SOUTH FIRST STREET, HERETOFORE ZONED R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT; REZONING AND PLACING THE TRACT IN AN R-4 (PATIO HOME RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, (MARTIN CORARRUBIAS, M&G HOMEBUILDERS, OWNERS AND HELVEY-WAGNER SURVEYING, INC., SURVEYOR); PROVIDING FOR A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Council Member Howeth said she felt that residential use would be a great use of the land at this location, however the City Council has recently been contacted about noise from trains. She said this property "backs up" to a train track. She asked that the City notify the people purchasing the property in the future, that there will be noise from trains, several times each day.

Mayor Plyler felt that would be a disclosure from the realtor. Clint Philpott, Assistant City Manager, said, once the building permit is issued, the City isn't involved in the transaction of property. Council Member Marroquin said there are already three houses in the vicinity.

Ordinance 6577 — **ORD 6577 ZONE CHANGE (2900-3200 BLOCKS N. HICKORY ST)**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 48.292 ACRES IN THE J.B. McANAIR SURVEY, ABSTRACT NO. 763, CITY OF SHERMAN,

GRAYSON COUNTY, TEXAS, LOCATED IN THE 2900-3200 BLOCKS NORTH HICKORY STREET, HERETOFORE ZONED R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT; REZONING AND PLACING THE TRACT IN THE R-5 (SINGLE-FAMILY RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, (JEROME HILL, AJH ENTERPRISES, LTD, OWNERS; BRYAN WEISGERBER, REPRESENTATIVE; AND UNDERWOOD DRAFTING & SURVEYING, INC., SURVEYOR); PROVIDING FOR A PENALTY NOT TO EXCEED $2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Council Member Holland confirmed that the Planning and Zoning Commission vote on this item was 7 to 0 in favor of approval.

Council Member Howeth said there were a couple of letters written in opposition to the zone change, because of a concern over drainage.

Mr. Lee said the staff had already acknowledged that there was a drainage issue, and had talked with the developer's engineer about "over-detaining" to reduce the flooding issues downstream. After it was presented at the meeting, that the developer would be detaining more water than what was required, no one spoke in opposition.

Mr. Philpott said this location was part of the 2012 Post Oak Creek Flood Study, and one of the projects was to put a regional detention pond, or a small regional detention pond, within this development.

The staff has been working with Cross Engineering to analyze the cost-benefit ratio of over-detention, and working to negotiate a development agreement. The proposal will be presented to the City Council to help pay for the added construction cost to increase the drainage in that area. He said it was a good opportunity for the City to put some money in to dissipate the flooding downstream. He said the agreement would probably come in the next couple of months.

Council Member Teamann verified that the R-5 zoning would require a certain amount of greenspace.

ORD 6578
SUP FOR COMMERCIAL AMUSEMENT CENTER (4801 N. FM 1417)

<u>Ordinance 6578</u>
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14 AND GRANTING A SPECIFIC USE PERMIT TO ALLOW A COMMERCIAL AMUSEMENT CENTER, INDOOR OR OUTDOOR, IN A C-2 (RETAIL BUSINESS) DISTRICT LOCATED AT 4801 NORTH FM 1417 (HERITAGE PARKWAY) CONSISTING OF 5.742 ACRES IN THE ALFRED HUME SURVEY, ABSTRACT NO. 522, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS (BRIAN PREVIATY, OWNER AND UNDERWOOD DRAFTING & SURVEYING, INC., SURVEYOR); PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED $2,000.00; PROVIDING

A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Council Member Teamann said there will be a lot of people excited about the tennis and pickleball projects, and said he owned that building for about 10 years. He said he was excited to see life come back into the building, and appreciated them bringing this project to Sherman.

ORD 6579 AMEND ZONING ORDINANCE

Ordinance 6579
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF SHERMAN, TEXAS, CHAPTER 14 (ZONING ORDINANCE), SECTIONS 14.06.005 (AMENDMENTS TO THE ZONING ORDINANCE/DISTRICT AND ADMINISTRATIVE PROCEDURES), 14.06.006 (VARIANCE PROCEDURES), 14.06.007 (SPECIAL EXCEPTIONS), 14.06.008 (TEMPORARY USE PERMIT (TUP) APPLICATION AND REVIEW), AND 14.06.009 (SPECIFIC USE PERMIT (SUP) APPLICATION AND REVIEW); PRESCRIBING REGULATIONS RELATING TO PROPERTY NOTIFICATION SIGNS TO PROVIDE INFORMATION TO THE PUBLIC CONCERNING REQUESTS FOR REZONING, VARIANCES, SPECIAL EXCEPTIONS, TEMPORARY USE PERMITS AND SPECIFIC USE PERMITS; PROVIDING A PENALTY CLAUSE WITH A MAXIMUM FINE OF $2,000.00, SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

Council Member Teamann asked if zoning changes would now require a 4'x8' sign. Mr. Pittman said, prior to the changes in December 2022, an 8'x8' sign was required. The proposed change would require a 4'x4' sign for property greater than one acre, and a 2'x2' sign for property under one acre.

ACTION TAKEN.

Motion by Deputy Mayor Stevenson to adopt Ordinance Nos. 6572, 6573, 6574, 6575, 6576, 6577, 6578, and 6579, as presented. Second by Council Member Holland.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RES 7045 FLEET VEHICLE PURCHASES

RESOLUTION NO. 7045 -- AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH SOUTHWEST CDJR, LLC FOR THE PURCHASE OF MULTIPLE FLEET VEHICLES FOR MULTIPLE CITY DEPARTMENTS
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH SOUTHWEST CDJR, LLC FOR THE PURCHASE OF MULTIPLE FLEET VEHICLES FOR MULTIPLE CITY DEPARTMENTS.
CONSENT AGENDA.

RESOLUTION NO. 7046 -- AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH VOICE PRODUCTS, INC. FOR THE PURCHASE AND IMPLEMENTATION OF CALL RECORDING SOFTWARE AND HARDWARE

RES 7046 CALL RECORDING SOFTWARE & HARDWARE

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH VOICE PRODUCTS, INC. FOR THE PURCHASE AND IMPLEMENTATION OF CALL RECORDING SOFTWARE AND HARDWARE.

CONSENT AGENDA.

RESOLUTION NO. 7047 -- AUTHORIZING EXECUTION OF AN AGREEMENT WITH M&G HOME BUILDERS LLC FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 922 SOUTH MONTGOMERY STREET WITHIN CITY OF SHERMAN'S REINVESTMENT ZONE, NUMBER TEN (#10)

RES 7047 RESIDENTIAL TAX ABATEMENT (922 S MONTGOMERY)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH M&G HOME BUILDERS LLC FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 922 SOUTH MONTGOMERY STREET WITHIN CITY OF SHERMAN REINVESTMENT ZONE NUMBER TEN (#10).

CONSENT AGENDA.

RESOLUTION NO. 7048 -- AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH CAMPBELL OIL COMPANY FOR THE PURCHASE OF AVIATION FUEL FOR THE SHERMAN MUNICIPAL AIRPORT

RES 7048 AVIATION FUEL FOR AIRPORT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH CAMPBELL OIL COMPANY, FOR THE PURCHASE OF AVIATION FUEL FOR THE SHERMAN MUNICIPAL AIRPORT.

CONSENT AGENDA.

RESOLUTION NO. 7049 -- AWARDING BIDS TO AND AUTHORIZING EXECUTION OF CONTRACTS WITH MULTIPLE VENDORS FOR THE ANNUAL SUPPLY OF CHEMICALS FOR THE SHERMAN WATER TREATMENT PLANT

RES 7049 ANNUAL SUPPLY OF CHEMICALS FOR WTP

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF CONTRACTS WITH MULTIPLE VENDORS FOR THE ANNUAL SUPPLY OF CHEMICALS FOR THE SHERMAN WATER TREATMENT PLANT.

CONSENT AGENDA.

RESOLUTION NO. 7050 -- AUTHORIZING SUBMISSION OF A GRANT APPLICATION TO FIREHOUSE SUBS FOUNDATION TO FUND THE PURCHASE OF RIFLE PLATE CARRIERS AND BODY ARMOR PLATES FOR THE SHERMAN POLICE DEPARTMENT

RES 7050 GRANT FOR POLICE DEPT PROTECTION SUPPLIES

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING SUBMISSION OF A GRANT APPLICATION TO FIREHOUSE SUBS FOUNDATION TO FUND THE

PURCHASE OF RIFLE PLATE CARRIERS AND BODY ARMOR PLATES FOR THE SHERMAN POLICE DEPARTMENT.
CONSENT AGENDA.

OTHER BUSINESS

REPAIR AND REWORK THE TUCK #1 TRINITY WELL UNDER EMERGENCY DESIGNATION

TUCK #1 TRINITY WELL REPAIRS

Tom Pruitt, Utility Engineer, explained that they are requesting to repair and rework the Tuck #1 Trinity Well under an emergency designation. The well has been removed from service.

After inspection, it was determined that the motor and submersible pump were worn out. This type of well has 1,120 feet of cable that descends to the motor and pump. This well pumps an average of 350 gallons of water per minute, which is 500,000 gallons per day, or about 4.2% of the City's groundwater capacity.

He added that four water wells are currently out of service, which is why this well needs to be repaired under an emergency designation.

ACTION TAKEN.

Motion by Council Member Teamann to approve the repair and rework of the Tuck #1 Trinity Well under an Emergency Designation, as presented. Second by Deputy Mayor Stevenson.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

RECEIVE SEMI-ANNUAL REPORT ON THE SHERMAN CULTURAL DISTRICT

SHERMAN CULTURAL DISTRICT REPORT

Cary Wacker, Ex-Officio Member of the Sherman Cultural District Advisory Council, presented an update on the organization's activities.

At the time of the last report, they were expecting to receive a grant from the Texas Commission on the Arts. They did receive the grant, which will support the 2023 Sherman Jazz Classic, which will be held April 14 through 16, 2023.

In the past, the Sherman Jazz Museum and Sherman Jazz and More have sponsored the event. With receipt of the grant, they were able to provide additional advertising and to expand the event over three days. She outlined the schedule for the weekend, as well as sponsors of the event, and the partners working on the event.

Ms. Wacker also provided some data from the State on tourism. As of September 2022, numbers specific to Sherman alone include:

- **Total direct spending related to travel impact is $94 million, up 35%**
- **Employment - 580 employees, part or full time, or proprietors, that work in travel or tourism related industry**
- **Total direct earnings of $16.7 million**

- **Local tax receipts of $7.8 million total, of which 25.8% comes back to the City of Sherman, which is over $2 million, just from tourism sector**

She said the main emphasis now is publicizing the upcoming Jazz Weekend. They will also be submitting a new grant application in June 2023, and are currently working to determine what grant they will be applying for this coming year.

Council Member Howeth asked Ms. Wacker to be sure they get the information to share on social media about the schedule for the Jazz Weekend. Ms. Wacker said she would send that to Council Members, and it is also available on their website at shermanarts.org.

ACCEPT ANNUAL AUDIT REPORT FOR YEAR ENDED SEPTEMBER 30, 2022 FROM PATTILLO, BROWN AND HILL, LLP **ANNUAL AUDIT**

Ms. Lawrence said Pattillo, Brown and Hill performed the City's Audit this year and she introduced John Manning, Partner, Pattillo, Brown and Hill, LLP, to present the results.

He began with the Independent Auditor's Report on the Financial Status of the City. As of September 30, 2022, they offered an "unmodified" opinion, meaning they did not have to modify their opinion for things that were being omitted from the City's financial statement. Of the four types of opinions they can offer, the unmodified is the highest level of assurance that they can give.

He recognized the City staff that assisted them in providing the report. He said it is only three pages out of the entire report, but it's very important because grantors, bond rating agencies, and organizations that are giving money to the City are assured that the money is being spent and reported properly.

He also presented the "Management's Discussion and Analysis" which puts the information in a narrative form. He said pages 19 and 20 are the Balance Sheet for the Governmental Funds. The year ended with about $14.5 million in cash investments. They confirmed those balances with outside agencies and Mr. Manning said everything looked good.

Mr. Manning said the big fund for the City is the General Fund, and it ended the year with about $18.3 million of fund balance, which is an increase of about $1.4 million over last year. The additional sales tax and all the things that are happening are increasing the fund balance and the financial position of the City looks really good.

He said, because the City spent over $750,000 in Federal funds, they did have to do a Single Audit to look at the Federal receipts. There were no significant deficiencies or material weaknesses. The requirements for these grants are pretty specific and are voluminous, so he commended the City on getting this funding to benefit the City, and for meeting the rules of the Federal government for the grants.

He thanked Ms. Lawrence and the Finance Department for the help they received compiling the Audit. He said they really appreciated their help during the process.

ACTION TAKEN.

Motion by Deputy Mayor Stevenson to accept the Annual Audit Report for the year ended September 30, 2022, as presented. Second by Council Member Teamann.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

APPROVE REPLAT KERR'S NURSERY ADDITION (415 E. ORANGE ST)

REPLAT OF KERR'S NURSERY ADDITION, CONSISTING OF ALL OF LOT 3, LOT R AND THE EAST HALF (E/2) OF LOT 5, BLOCK 11, KERR'S NURSERY ADDITION; INDALECIO TORRES, OWNER; JULIO TORRES, REPRESENTATIVE AND COPLEY LAND SURVEYING, SURVEYOR (415 EAST ORANGE STREET)

Mr. Lee said this item is related to the zoning case in Item E-3, Ordinance 6574, that was approved earlier in the meeting. This Replat is to split the 125' wide parcel into two residential lots for development.

The Planning and Zoning Commission recommended approval of the Replat, subject to the Staff Review Letter.

ACTION TAKEN.

Motion by Deputy Mayor Stevenson to approve the Replat of Kerr's Nursery Addition, located at 415 East Orange Street, as presented, subject to the Staff Review Letter. Second by Council Member Teamann.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED, SUBJECT TO STAFF REVIEW LETTER.

CANCEL & RESCHEDULE COUNCIL MTG.

CONSIDER CANCELATION OF THE JULY 3, 2023 REGULAR CITY COUNCIL MEETING AND ADD CALLED CITY COUNCIL MEETING ON WEDNESDAY, JULY 5, 2023

Robby Hefton, City Manager, said Lights on the Lake is on Monday, July 3, 2023, which is normally when the City Council Meeting would be held. The City offices are closed on Tuesday, July 4, 2023, so he proposed to move the Council Meeting to Wednesday, July 5, 2023, after the holiday festivities.

ACTION TAKEN.

Motion by Council Member Dobbs to cancel the July 3, 2023 Regular City Council Meeting and add a Called City Council Meeting on Wednesday, July 5, 2023, as presented. Second by Council Member Howeth.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

FINAL PLAT OF COPLEY LAND SURVEYING, CONSISTING OF 1.149 ACRES IN THE D.C. SHELP SURVEY, ABSTRACT NO. 1097 AND THE J.B. SHANNON SURVEY, ABSTRACT NO. 1085, AND CURRENTLY ZONED C-2 (GENERAL COMMERCIAL) DISTRICT; ED AND CATHY BREACH, OWNER AND COPLEY LAND SURVEYING, SURVEYOR (5904 TEXOMA PARKWAY)

APPROVE FINAL PLAT COPLEY LAND SURVEYING (5904 TEXOMA PKWY)

The City Council approved the Final Plat of Copley Land Surveying, a 1.149 acre tract, located at 5904 Texoma Parkway. The property is currently zoned C-2 (General Commercial) District, and the owner would like to plat the property into one lot for commercial development.

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

REPLAT FOR LOTS 3R-A AND 3R-B, BLOCK 2, CYPRESS LOFTS ADDITION, PHASE 1A, CONSISTING OF 6.101 ACRES IN THE JAMES H. CLARK SURVEY, ABSTRACT NO. 275, AND BEING ALL OF LOT 3R, BLOCK 2, CYPRESS LOFTS ADDITION PHASE 1A, AND CURRENTLY ZONED C-2 (GENERAL COMMERCIAL) DISTRICT; TODD YOUNG, YOUNG ENTERPRISES, LP, OWNER AND HELVEY-WAGNER SURVEYING, SURVEYOR (200 BLOCK HILRE DRIVE AND IN THE 201 BLOCK NORTHCREEK DRIVE)

APPROVE REPLAT CYPRESS LOFTS ADDITION (200 BLOCK HILRE DR & 201 BLOCK NORTHCREEK DR)

The City Council approved the Replat of Lots 3R-A and 3R-B, Block 2, Cypress Lofts Addition, Phase 1A, a 6.101 acre tract, located in the 200 block of Hilre Drive and the 201 block of Northcreek Drive. The property is currently zoned C-2 (General Commercial) District, and the owner would like to plat the property into two lots for commercial development.

The Planning and Zoning Commission recommended approval of the Replat, subject to the Staff Review Letter.
CONSENT AGENDA, SUBJECT TO STAFF REVIEW LETTER.

REPLAT FOR 725 SOUTH RUSK ADDITION, CONSISTING OF 0.269 ACRES IN THE SAMUEL BLAGG SURVEY, ABSTRACT NO. 56, BEING A REPLAT OF PART OF LOT 5, BLOCK 1, BLAIN ADDITION AND CURRENTLY ZONED R-6 (SINGLE-FAMILY RESIDENTIAL) DISTRICT; JUAN ANTONIO REYES AND GOMEZ REYNA CABRERA PACHECO, OWNER; AND PRESTON TRAIL LAND SURVEYING, SURVEYOR (725 SOUTH RUSK STREET)

APPROVE REPLAT 725 SOUTH RUSK ADDITION (725 S. RUSK)

The City Council approved the Replat for 725 South Rusk Addition, a 0.269 acre tract, located at 725 South Rusk Street. The property is currently zoned R-6 (Single-Family Residential) District, and the owner would like to plat the property into one lot for residential development.

The Planning and Zoning Commission recommended approval of the Replat, subject to the Staff Review Letter.
CONSENT AGENDA, SUBJECT TO STAFF REVIEW LETTER.

FINAL PLAT OF DOUBLE D MACHINING ADDITION, CONSISTING OF 1.40 ACRES IN THE ROBERT THOMPSON SURVEY, ABSTRACT NO. 1200 AND IS CURRENTLY ZONED M-1 (LIGHT MANUFACTURING) DISTRICT; DYLAN GARZA, OWNER AND

APPROVE FINAL PLAT DOUBLE D MACHINING ADDITION (2513 S. FIRST ST)

HELVEY-WAGNER SURVEYING, SURVEYOR (2513 SOUTH FIRST STREET)

The City Council approved the Final Plat of Double D Machining Addition, a 1.40 acre tract, located at 2513 South First Street. The property is currently zoned M-1 (Light Manufacturing) District, and the owner would like approval of the Final Plat.

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

COUNCIL COMMENTS

PARKS AND RECREATION PROGRAMMING AWARD — **PARKS & REC PROGRAMMING AWARD**

Council Member Dobbs congratulated the Parks and Recreation team for their Lone Star Recreation Programming Achievement Award.

ST. PATRICK'S DAY PANCAKE BREAKFAST — **ST. PATRICK'S DAY PANCAKE BREAKFAST**

Council Member Dobbs thanked the City leadership for the St. Patrick's Day Pancake Breakfast, and said they did a great job. He said he had a good time and knew the employees appreciated it.

ST. PATRICK'S DAY PANCAKE BREAKFAST — **ST. PATRICK'S DAY PANCAKE BREAKFAST**

Council Member Howeth said a lot of employees came out on a very cold morning for the St. Patrick's Day Pancake Breakfast. She also complimented Council Member Dobbs for his skill in "flipping pancakes."

ANNOUNCEMENTS — **ANNOUNCEMENTS**

Mayor Plyler announced the following:

- **Update on Downtown Sherman projects and help plan for the future of Sherman's historic central business district. Meeting will be held in the Municipal Ballroom on March 30, 2023, at 6:00 p.m.**

- **Coffee With the Mayor will be held on April 7, 2023, at Schulman's Movie Bowl Grille. This year's line-up for Hot Summer Nights and Lights on the Lake will be announced.**

- **Craft the Night Away will be held in Downtown Sherman on May 14, 2023, at 5:00 p.m. Adult beverages from area breweries will be available, as well as some great entertainment.**

HISPANIC HERITAGE COUNCIL CINCO DE MAYO CELEBRATION — **HISPANIC HERITAGE COUNCIL CINCO DE MAYO CELEBRATION**

Council Member Marroquin said the Hispanic Heritage Council will sponsor the First Annual Cinco de Mayo Celebration on May 5, 2023, downtown, by the Grayson County Court House.

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.

TEX. GOV'T CODE § 551.071 --
SEEKING THE ADVICE OF ITS ATTORNEY ABOUT PENDING OR CONTEMPLATED LITIGATION, SETTLEMENT OFFERS OR ANY MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE CITY COUNCIL UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE TEXAS OPEN MEETINGS ACT

TEX. GOV'T CODE § 551.072 --
DELIBERATING THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.073 --
DELIBERATING A NEGOTIATED CONTRACT FOR A PROSPECTIVE GIFT OR DONATION TO THE CITY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.074 --
DELIBERATING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE; OR TO HEAR A COMPLAINT OR CHARGE AGAINST AN OFFICER OR EMPLOYEE UNLESS THE OFFICER OR EMPLOYEE WHO IS THE SUBJECT OF THE DELIBERATION OR HEARING REQUESTS A PUBLIC HEARING

TEX. GOV'T CODE § 551.076 –
DELIBERATING THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES OR A SECURITY AUDIT

TEX. GOV'T CODE § 551.087 –
DISCUSSING OR DELIBERATING COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT THAT THE CITY SEEKS TO HAVE LOCATE, STAY OR EXPAND IN OR NEAR THE CITY AND WITH WHICH THE CITY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS; OR DELIBERATING THE OFFER OF A FINANCIAL OR OTHER INCENTIVE TO A BUSINESS PROSPECT
(A) SHERMAN HOSPITAL PROJECT

TEXAS GOV'T CODE § 551.089 --
DELIBERATING SECURITY ASSESSMENTS OR DEPLOYMENTS RELATING TO INFORMATION RESOURCES TECHNOLOGY, NETWORK SECURITY INFORMATION, OR THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL, CRITICAL INFRASTRUCTURE OR SECURITY DEVICES

The Executive Session was not needed.

ADJOURNMENT **ADJOURNMENT**

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

MAYOR

CITY CLERK

Sherman

CLASSIC TOWN. BROAD HORIZON.

City of Sherman, Texas
Annual Comprehensive Financial Report
Year Ended September 30, 2022

Prepared by:

Department of Finance

Mary Lawrence, Finance Director

Jana Walker, Controller

CITY OF SHERMAN, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2022

Prepared by:

Department of Finance
Mary Lawrence, Finance Director
Jana Walker, Controller

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF SHERMAN, TEXAS

SEPTEMBER 30, 2022

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
Letter of Transmittal	i – vii
Organization Chart	viii
Principal Officials	ix
Texas Map	x
GFOA Certificate of Achievement	xi
FINANCIAL SECTION	
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	15 – 16
Statement of Activities	17 – 18
Fund Financial Statements	
Balance Sheet – Governmental Funds	19 – 20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22 – 23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position – Proprietary Funds	25 – 26
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28 – 29

FINANCIAL SECTION (Continued)

Notes to Financial Statements ..... 30 – 67

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund ..... 68 – 69

Schedule of Changes in Net Pension Liability and Related Ratios ..... 70 – 71

Schedule of Contributions – Texas Municipal Retirement System ..... 72 – 73

Schedule of Changes in Total OPEB Liability And Related Ratios – Retiree Insurance Benefit Plan ..... 74 – 75

Schedule of Changes in Total OPEB Liability and Related Ratios Texas Municipal Retirement System – Supplemental Death Benefits Fund ..... 76 – 77

General Fund

Budgetary Comparison Schedule – General Fund Revenues and Other Financing Sources..... 78 – 81

Budgetary Comparison Schedule – General Fund Expenditures and Other Financing Uses ..... 82 – 91

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Improvement Fund 92

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund 93

Combining Statements

Nonmajor Governmental Funds

Combining Balance Sheet ..... 94 – 97

Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... 98 – 101

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Hotel/Motel Fund..... 102
Community Development Fund 103
Pride Program..... 104
Drug Enforcement Fund 105
Municipal Airport Fund 106
Emergency 9-1-1 Fund 107
Court Security and Technology Fund..... 108
Street Revolving Fund..... 109
TIF #2 Construction Fund..... 110
TIF #3 Construction Fund..... 111
TIRZ #5 Construction Fund 112
TIRZ #6 Construction Fund 113
TIRZ #7 Construction Fund 114
Roadway Impact Fee Zone #1 115
Roadway Impact Fee Zone #2 116
Roadway Impact Fee Zone #3 117
Roadway Impact Fee Zone #4 118

Regional Detention Fund 119
Stormwater Fund 120
Perpetual Care Cemetery and Mausoleum Fund 121

Internal Service Funds

Combining Statement of Net Position 122

Combining Statement of Revenues, Expenses and Changes in Net Position 123

Combining Statement of Cash Flows ..... 124 – 125

STATISTICAL SECTION

	Table	
Net Position by Component Unit	1	126 – 127
Changes in Net Position	2	128 – 131
Fund Balance Governmental Funds	3	132 – 133
Changes in Fund Balances Governmental Funds	4	134 – 135
Assessed Value and Estimated Actual Value of Taxable Property	5	136 – 137
Classification of Assessed Valuation	6	138 – 141
Direct and Overlapping Property Tax Rates	7	142 – 143
Principal Property Taxpayers	8	144
Property Tax Levies and Collections	9	145
Sales Tax Collections	10	146
Sales Tax Collection by Industry	11	147 – 148
Water and Sewer Rates	12	149
Water Sold by Type of Customers	13	150 – 151
Top Ten Water Customers	14	152
Ratios of Outstanding Debt by Type	15	153 – 154
Ratios of General Bonded Debt Outstanding	16	155
Direct and Overlapping Governmental Activities Debt	17	156
Legal Debt Margin Information	18	157 – 158
Pledged Revenue Coverage	19	159
Demographic and Economic Statistics	20	160
Principal Employers	21	161
Full-Time Equivalent City Government Employees by Function/Program	22	162 – 163
Operating Indicators by Function/Program	23	164 – 165
Capital Assets Statistics by Function/Program	24	166 - 167

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY SECTION

Sherman
CLASSIC TOWN. BROAD HORIZON.

March 20, 2023

The Honorable David Plyler, Mayor
Members of the City Council, and
Citizens of the City of Sherman, Texas

The Annual Comprehensive Financial Report of the City of Sherman, Texas, (the City) for the fiscal year ended September 30, 2022, is hereby submitted as mandated by the City Charter. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable to reader to gain the maximum understanding of the City's financial activities have been included.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient, reliable information for the preparation of the financial statements in conformity with Generally Acceptable Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. Within this framework, management believes that the City's transactions are properly recorded, and the financial report is complete and reliable in all material respects.

The City of Sherman's financial statements have been audited by Pattillo, Brown & Hill, LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. As a result of the audit, an unmodified opinion on the City's financial statements for the fiscal year ended September 30, 2022, was issued. An unmodified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditor's report is located at the front of the financial section of this report.

Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY OF SHERMAN PROFILE

The City of Sherman was founded in 1846 and is located in North Central Texas, 65 miles north of the Dallas/Fort Worth Metroplex. Sherman was named in honor of General Sidney Sherman, a Texas revolutionist, famous for creating the Texas Independence Slogan, "Remember the Alamo." The City's geographic corporate boundaries encompass 47 square miles. The additional municipal extraterritorial jurisdiction included for the purpose of planning and control, covers approximately 63 square miles. Sherman is the county seat of Grayson County. The 2020 Census reported a population of 43,645 individuals in Sherman, a 13.3% increase over 2010. Substantial, steady growth trends are expected to continue. The City of Sherman is included within the Sherman/Denison Standard Metropolitan Statistical Area and is defined as a regional trade zone by the Bureau of Economic Analysis.

Sherman operates as a home-rule city in a Council/Manager form of government. A home-rule city may do anything authorized by its charter that is not specifically prohibited or preempted by the Texas Constitution or state or federal law. Policy making and legislative authority are vested in the City Council, which consists of five Council members, a Deputy Mayor and Mayor. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and Municipal Judge. The City Manager is the chief administrative officer. The Mayor and two Council seats have no geographic restriction other than the candidates must reside in the City of Sherman. The four remaining Council seats represent specific districts and candidates must reside in those districts. However, voting for all Council seats is at-large and non-partisan. All City officials are elected to staggered three-year terms and are eligible to serve for a maximum of four consecutive terms in any combination of offices. Presiding over all meetings of the City Council, the Mayor is recognized as the head of the City government.

The City provides a full range of services. These include police and fire protection, ambulance service, sanitation service, environmental health, animal shelter and control services, community development, building inspections, traffic control, parks, a library, water and sewer services, drainage, streets, a municipal airport, recreational activities, tourism services and programs for youth and senior citizens.

Sherman Economic Development Corporation (SEDCO) is a discretely presented component unit. SEDCO was established in 1996 for purposes set forth in Section 4A, Article 5190.6, Vernon's Texas Civil Statues, known as the Development Corporation Act of 1979. SEDCO administers a special 3/8-cent sales tax for economic development. Even though SEDCO is a legally separate entity, the City appoints all SEDCO board members, can remove board members at will, must approve SEDCO's budget and plan of work, and financially benefits the City by promoting, assisting and enhancing economic development in the City.

The City Charter mandates that a proposed budget be presented to the City Council fifty days prior to the end of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. Direction for the budget is given by the City Council five months before year end. A proposed budget is developed by staff and submitted to the City Council in June each year for review. The City Council is required to hold a public hearing and to adopt a final budget no later than September 25th. The City Manager may move part or all of any unencumbered appropriation balance among the various departments within each fund, provided that total expenditures do not exceed total appropriations for that fund. In the case where additional expenditures are required within a fund, the City Council, by resolution, may increase that fund's appropriations. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The City's major thoroughfares, US Highways 75 and 82, intersect in Sherman and allow access to major metropolitan areas in the southwest. Sherman is the largest city within the tri-county area and a primary city for business, retail, government and professional services for the region. The BNSF industrial rail spur serves the industrial park. Private air service is available at the North Texas Regional Airport with its 9,000-foot runway, and at the Sherman Municipal Airport. Due to Sherman's convenient location, excellent transportation options and abundant water supply, more than 30 manufacturers have selected Sherman as the site for one of their plants. The City's impressive industrial base includes manufacturing facilities of major national firms that produce electronic components, food products, pvc products, lumber, railroad components, precision valves, electricity, and many other products. SEDCO has been successful in attracting new employers to the area and aiding in the expansion of existing employers.

The largest project affecting economic growth was announced in November 2021, as Texas Instruments (TI) selected its current location in the City of Sherman for a 4.7 million square-foot semiconductor fabrication plant to produce state-of-the-art, 300mm wafers for use in consumer electronics and other purposes. The plant, which is slated to begin production by 2025, will employ more than 3,000 high paying positions and contribute billions of dollars to the Grayson County economy. TI plans to complete the project in four phases, with an investment totaling over $29.4 billion, by 2030. Activity in the first two phases has already begun. At full build out, the fabrication plant will be the largest electronics production facility in Texas.

Another significant project affecting economic growth was announced in June 2022, as Globitech Incorporated (Globitech) selected the City of Sherman to establish an additional manufacturing facility to produce state-of-the-art silicone wafers for use in consumer electronics and other purposes. The plant, when completed, will create 1,500 new jobs and generate billions of dollars in capital investment.

In addition to direct benefits of property and sales tax revenue, water and sewer revenue, hotel/motel revenue during the construction phases, the addition of high-paying jobs and the community reputation in the US and global technology circles, the City anticipates indirect benefits as well, including the "spillover" effect for complementary primary job creation and a complementary effect with other existing high-tech employers in the area which could lead to Sherman becoming known as a "tech-corridor" worldwide.

The City has entered into tax abatement agreements and Chapter 380 economic incentive agreements with TI and Globitech for each scheduled phase, but the major focus for fiscal year 2023 will involve preparing for the significant increase in water and wastewater infrastructure needs. Sherman plans to address the general needs of a growing city, as well as the upcoming TI and Globitech projects, with investments in various water and wastewater infrastructure improvement and expansion projects over the next five to six years.

In anticipation of Sherman's future growth, there are currently six active planned developments:

- **Bel-Air Village** – Plans include 280 acres east of US Highway 75 and south of FM 1417 (Vietnam Veterans Parkway) to include 3,000 multi-family units, 1,900 single family homes and 4.5 acres of commercial/retail space.
- **Heritage Ranch** – This development consists of 420 acres along US Highway 82 between FM 1417 and Travis Street with 138 acres zoned for residential, 15 acres zoned for commercial activities and 112 acres zoned for entertainment.

- **Shepherd's Place** – Plans for this development include 503 acres located at the southwest corner of Shepherd Drive and US Highway 75. This development includes 1,820 multi-family units, 1,359 single family units and 113 acres of mixed commercial/retail space.
- **The Village** – This area comprises 620 acres south of FM 1417 between Moore Street, West Travis and West OB Groner Road and plans for 1,500 multi-family units, 1,500 single family homes and a mix of commercial, office and retail space.
- **Hickory Hill** – Plans for this development include 143.7 acres located in the northwest quadrant of the City at the intersection of Lamberth Rd and Friendship Rd, between Heritage Pkwy and Preston Rd, just south of Hwy 82. The development will feature single- and multi-family residential, mixed use and open space.
- **Blalock Industrial Park** – 1,495 acres located in the southern gateway of the City of Sherman, the purpose of this planned development is to achieve a quality, cohesive and compatible industrial and manufacturing district to a climate and location for the orderly development of light industry.

The City has recently invested more than $60 million in local infrastructure improvements, most notably the new Sherman Police Headquarters which is scheduled to be completed in March 2023 as well as various water and wastewater expansion and improvement projects. In addition, TxDOT continues the $170 million expansion project of US Highway 75 with a completion date expected to be in late 2023.

In addition to the exciting new projects mentioned previously, Sherman enjoys a diverse tax base due to its industrial park and major retail shopping centers with revenues increasing year over year for about the past ten years. By far, retailers are the biggest generators of sales tax at about 55% of sales tax revenue in fiscal year 2022. Approximately half of the retail sales tax comes from non-Sherman residents. The next largest generator of sales tax is food service at 11%.

The City also experienced growth in the property tax base by about 8% from new property added to the tax roll and an increase in the values of existing properties. About half of Sherman's taxable value is from commercial/industrial property. The City expects to see continued growth in both sales and property taxes.

Unemployment in Sherman was 3.4% at the end of the fiscal year, which is lower than the unemployment rate for the State of Texas (4.0%) and the national unemployment rate (3.5%) for the same time period.

Due to the City's sound financial policies and growing economy, the City has a credit rating of AA from Standard and Poor's and A+ for its debt issued through the Greater Texoma Utility Authority. The City also has an abundant supply of water for industrial, commercial and residential use through a combination system of ground wells and surface water from Lake Texoma. Educational opportunities are available at Austin College, Grayson College, and Sherman ISD. Nearby Lake Texoma is also a recreational draw to the area. Sherman's downtown area continues see a renewed interest for restaurants and retail stores.

LONG-TERM FINANCIAL PLANNING

The City is focused on managing its growth in strategic directions with a long-term vision. Equally important items include maintaining sustainable levels of existing services through funding for staffing and performing sufficient repairs and maintenance for existing infrastructure. Now more than ever, multi-year planning for capital projects is imperative with properly timed infrastructure development. The City Council adopted the 2022 Comprehensive Master Plan as well as the Trails Master Plan in October 2022.

The Comprehensive Master Plan provides a roadmap that will guide future growth and development for the next 10 years and beyond and includes goals focused on housing and neighborhoods, land use and design, mobility, and livability. The Trails Master Plan envisions a trail system that will allow residents to connect to local destinations, enjoy the outdoors, and enhance their health and well-being. As major changes in the local economy or other unforeseen events occur, plans are subject to change. Therefore, these plans are meant to be a planning tool and do not commit the City Council to action in future years. The 2022 Comprehensive Master Plan is available on the City's website.

The City's Charter requires submission of a five-year capital improvement program to the City Council in conjunction with the submission of the annual budget. This plan is used to identify needed capital projects and to coordinate the financing and timing of those projects. Only the first year of the five-year program is funded. The next four years are considered planning years and are subject to appropriation in the following years. The fiscal year 2023 budget includes $45 million in the General Improvement Fund primarily for street projects and new city facilities. The Utility Improvement Fund includes projects totaling $117.6 million for the construction phase of water line from the water treatment plant to Shepherd Drive as well as the future Friendship Road right-of-way, increasing UF/RO capacity at the water treatment plant, completion of southside industrial sewer replacement, upsizing raw water pump station number one, and other smaller utility projects. Major utility improvements are funded through debt issued by the Greater Texoma Utility Authority on behalf of and paid by the City through contractual debt payments. The Capital Improvement Plan is available on the City's website.

MAJOR INITIATIVES

The City's primary focus in 2022 was a continued emphasis on infrastructure development related to residential and commercial growth. In 2022, the City completed the construction of Bel Air Boulevard Phase 1, completed the lab services building expansion, purchased land for the water treatment plant expansion and substantially completed construction on the new police headquarters.

The City supports growth by building infrastructure and incentivizing the right kind of growth as those opportunities arise. Tax abatements, Chapter 380 Agreements, and SEDCO are all part of attracting builders, retailers and industries to Sherman.

RELEVANT FINANCIAL POLICIES

As part of the budget process, the financial policy of the City is used to support the mission of the City to provide high quality municipal services that meet the citizens' needs in a responsible, efficient and effective manner. Included in the policy is direction on the budget, internal controls, reserves, debt, deposits, and maintenance of equipment and infrastructure. The implementation of these policies in the budget process is part of the published budget document.

The City's financial policy authorizes only the City Council, by resolution, to increase appropriations. One amendment was approved by the City Council in fiscal year 2022, increasing revenues by $6.6 million and expenditures by $8.6 million primarily related to debt proceeds from the 2022 tax notes and related spending, as well as remaining items for the Coronavirus Aid, Relief and Economic Security (CARES) Act grant revenue and expenses through the Texas Department of Emergency Management, increased sales tax revenue, increased fuel costs, plus expenses related to additional fleet and equipment purchases and operations. The size of the budget amendment was a reflection of the rate of growth and change the City experienced during fiscal year 2022 as well as increased costs due to economic factors.

The City has also adopted policies on long-term debt, investments, and fund balance. The long-term debt policy calls for specific limitations on amount of debt that may be issued by year and in total. It also requires the City to benchmark its total debt with other cities.

The City's investment policy is adopted annually by the City Council. The Public Funds Investment Act governs the policy, but the City is more restrictive than what is allowed under the Act. The $39 million portfolio is managed by the Director of Finance who reports quarterly to the City Council. More information on the investments may be found in the notes to the financial statements.

The City's fund balance policy sets the minimum funds balance at 60 days for the General Fund, Utility Fund and the Solid Waste Fund, on a budgetary basis. The fund balance for each of these funds is above the minimum set forth in the policy.

FUTURE ECONOMIC OUTLOOK

The selection of Sherman as Texas Instrument's home to their $29.4 billion state-of-the-art, 4.7 million square-foot semiconductor fabrication plant is a "game changer" for the City. Sales tax revenues are expected to continue increasing and the City expects to issue a growing number of commercial and residential permits. Six planned development projects in Sherman will help meet upcoming additional needs for housing, commercial/retail, entertainment and industry.

Looking forward, the City continues to anticipate a growing tax base with ancillary business interests related to the TI and Globitech projects, new industries, businesses, and people finding Sherman an attractive place to work and live.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sherman for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This was the thirty-sixth consecutive year that the City of Sherman earned this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report on a timely basis requires a great deal of cooperation. In recognition of that, the Finance Department gratefully acknowledges the leadership and support of the City Council and City Manager. Furthermore, for their cooperation, the other departments within the City of Sherman have the Finance Department's appreciation. Also, the efforts of our external audit firm are invaluable.

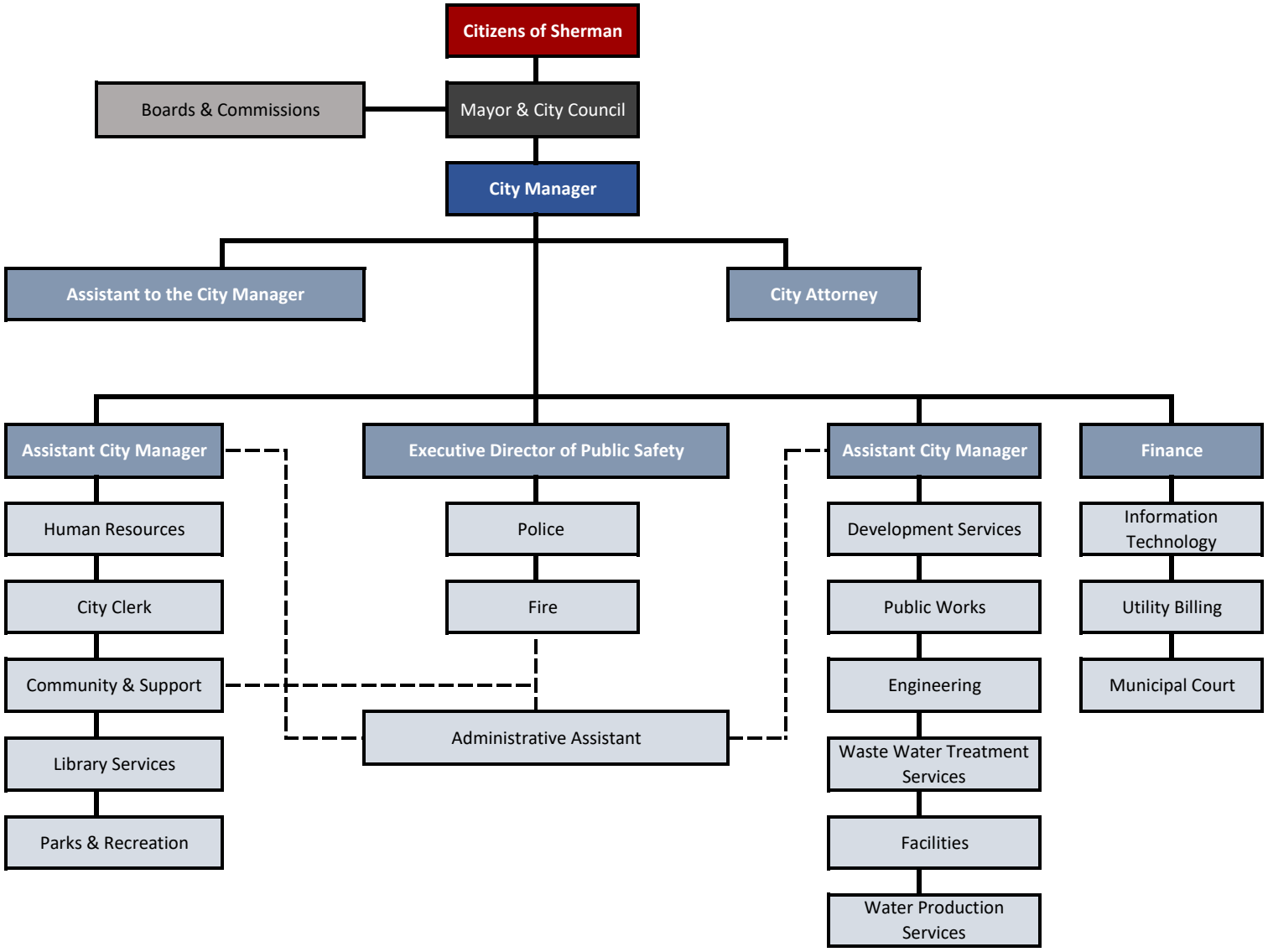
Respectfully submitted,

Robby Hefton, City Manager

Mary Lawrence, Finance Director

CITY OF SHERMAN, TEXAS

CITY OF SHERMAN ORGANIZATION CHART



CITY OFFICIALS AS OF SEPTEMBER 30, 2022

Elected Officials

Mayor	David Plyler
Deputy Mayor	Pamela L. Howeth
Councilmember, At-Large, Place #1	Henry Marroquin
Councilmember, At-Large, Place #2	Juston Dobbs
Councilmember, District #1	Shawn C. Teamann
Councilmember, District #2	Josh Stevenson
Councilmember, District #4	Daron Holland

Appointed Officials

City Manager	Robby Hefton
City Attorney	The Law Firm of Abernathy, Roeder, Boyd & Hullett, P.C.

Department Directors

Assistant City Manager	Clint Philpott, P.E.
Assistant City Manager	Terrence R. Steele
Director of Finance	Mary Lawrence, C.P.A.
Director of Development Services	Rob Rae, A.I.C.P.
Director of Engineering	Wayne Lee, P.E.
Fire Chief	Danny Jones
Police Chief	Jason Jeffcoat

Tulsa
Santa Fe
Oklahoma City
Amarillo
OKLAHOMA
NEW MEXICO
LLANO ESTACADO (STAKED PLAIN)
SHERMAN
Lubbock
Dallas
Fort Worth
Ciudad Juárez
Midland
Odessa
TEXAS
Austin
Houston
San Antonio
Chihuahua
COAHUILA
Brownsville
Monterrey

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sherman
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
Sherman, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Sherman, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sherman, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sherman, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2022, the City of Sherman, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sherman, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sherman, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sherman, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sherman, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023 on our consideration of the City of Sherman, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sherman, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sherman, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 20, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Sherman, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. The information presented here should be considered in conjunction with the letter of transmittal at the front of this report and the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Sherman exceeded its liabilities and inflows of resources at the close of the most recent fiscal year by $65.3 million (net position). Of this amount, $50.5 million represents net investment in capital assets, $2.9 million is restricted for specific uses with the remainder identified as unrestricted, which may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased $17.6 million or 36.9% from last fiscal year's net position. The increase was due in part to an increase in water and sewer sales, impact fees, and an increase in the City's sales tax revenue.

- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of $46.1 million, a decrease of $14.5 million in comparison with the prior year. Approximately 39% of this total amount, $18.1 million, is available for spending at the government's discretion (unassigned fund balance). $21.8 million or 47% of fund balance in the City's governmental funds is restricted for general improvements of infrastructure and facilities.

- As of the end of the current fiscal year, the City's proprietary funds, excluding internal service funds, reported combined ending net position of $34.4 million. Approximately 18.2% of this total amount, $6.2 million, is in unrestricted net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities). The governmental activities of the City include general government, public safety, streets, sanitation, community services, and community development. The business-type activities of the City include water, wastewater, and solid waste services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate entity for which the City is financially accountable, the Sherman Economic Development Corporation (SEDCO). Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements for SEDCO are available upon request from SEDCO or the City's Finance Department.

The government-wide financial statements begin on page 15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The City maintains three (3) major governmental funds, and twenty (20) nonmajor governmental funds. Information for the major funds (General Fund, Debt Service Fund, and General Improvement Fund) is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements beginning on page 94 of this report.

  The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

  The City's governmental fund financial statements begin on page 19 of this report.

- **Proprietary Funds.** The City maintains two types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements and account for its water and wastewater, and solid waste operations. Internal Service Funds are used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for its equipment services, information technology, self-funded health insurance, and fleet replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

  Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater operations and for solid waste operations, both of which are considered to be major funds of the City. Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds are provided in the form of combining statements beginning on page 122 of this report.

  The basic proprietary fund financial statements begin on page 25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary compliance of the City's general fund and the City's progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information begins on page 68 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules begin on page 94 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $65.3 million at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

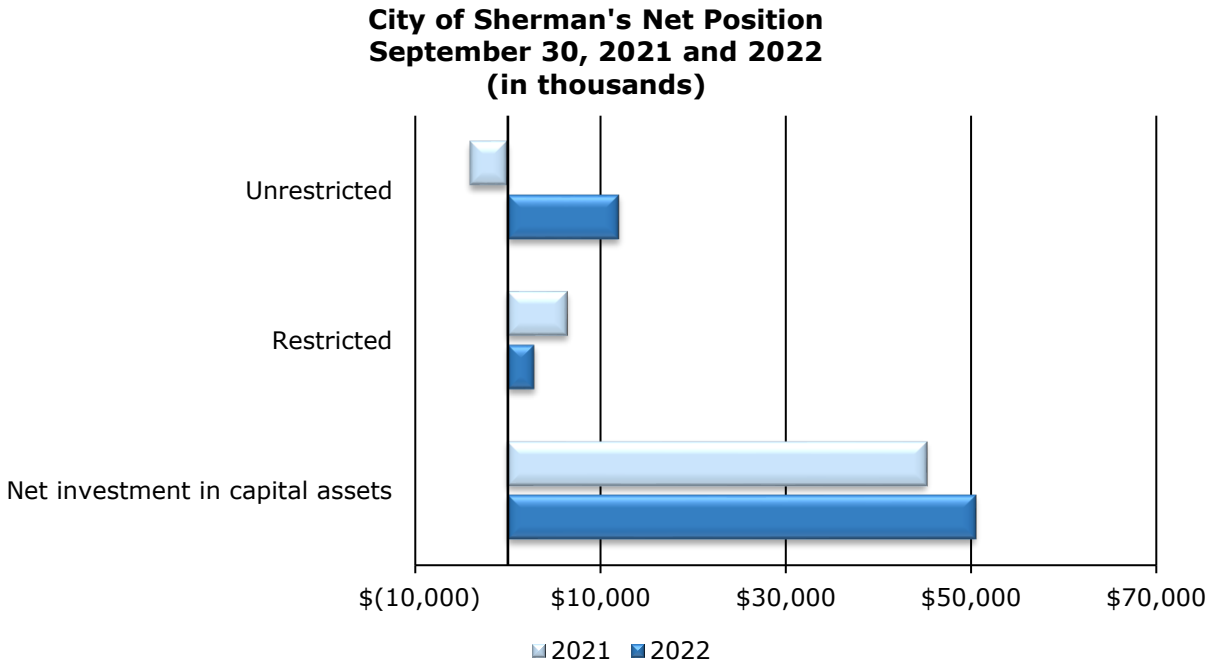
The overall net position of the City of Sherman increased by $17.6 million, or 36.9% from the prior fiscal year. The increase was due in part to an increase in water and sewer sales, impact fees, grant revenue, sales tax revenue and a decrease in street-related expenses due to payments to the Texas Department of Transportation in fiscal year 2021.

The City's current net position, along with last fiscal year's numbers, are presented for comparison in the following table.

CITY OF SHERMAN'S NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Current and other assets	$ 52,896	$ 66,479	$ 16,755	$ 12,352	$ 69,651	$ 78,831
Capital assets	107,260	90,741	30,253	26,863	137,513	117,604
Total assets	**160,156**	**157,220**	**47,008**	**39,215**	**207,164**	**196,435**
Deferred outflows of resources	**4,761**	**4,202**	**1,182**	**1,105**	**5,943**	**5,307**
Long-term liabilities	111,479	122,769	4,529	6,701	116,008	129,470
Other liabilities	12,374	11,117	6,423	6,250	18,797	17,367
Total liabilities	**123,853**	**133,886**	**10,952**	**12,951**	**134,805**	**146,837**
Deferred inflows of resources	**10,092**	**5,670**	**2,861**	**1,491**	**12,953**	**7,161**
Net investment in capital assets	22,359	20,738	28,113	24,504	50,472	45,242
Restricted	2,886	6,525	-	-	2,886	6,525
Unrestricted	5,727	(5,397)	6,264	1,374	11,991	(4,023)
Total net position	**$ 30,972**	**$ 21,866**	**$34,377**	**$25,878**	**$65,349**	**$47,744**

A portion of the City's net position, $2.9 million, represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, all categories of net position were positive except for Unrestricted Net Position in Governmental Activities.



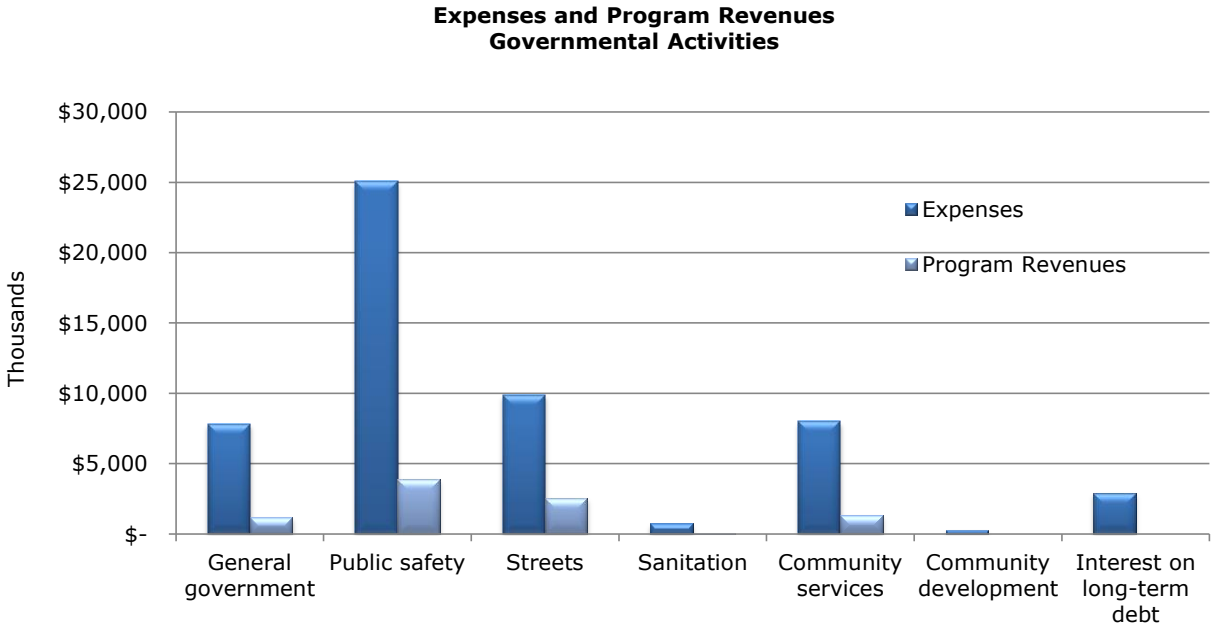
The City's condensed changes in net position, along with last fiscal year's numbers, are presented for comparison in the following table.

CITY OF SHERMAN'S CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Revenues						
Program revenues:						
Charges for services	$ 9,060	$ 5,898	$ 38,076	$ 31,343	$ 47,136	$ 37,241
Operating grants and contributions	1,039	2,251	-	-	1,039	2,251
Capital grants and contributions	3,637	348	3,191	600	6,828	948
General revenues:						
Property taxes	18,613	17,627	-	-	18,613	17,627
Sales taxes	25,229	21,564	-	-	25,229	21,564
Other taxes	4,057	3,651	-	-	4,057	3,651
Other	(452)	3,611	1,077	115	625	3,726
Total revenues	**61,183**	**54,950**	**42,344**	**32,058**	**103,527**	**87,008**
Expenses						
General government	7,797	7,089	-	-	7,797	7,089
Public safety	25,060	24,623	-	-	25,060	24,623
Streets	9,879	11,044	-	-	9,879	11,044
Sanitation	750	732	-	-	750	732
Community services	7,997	7,808	-	-	7,997	7,808
Community development	305	441	-	-	305	441
Interest on long-term debt	2,918	3,319	-	-	2,918	3,319
Water and sewer service	-	-	24,153	24,360		24,360
Solid waste service	-	-	6,334	5,731	6,334	5,731
Total expenses	**54,706**	**55,056**	**30,487**	**30,091**	**61,040**	**85,147**
Increases (decreases) in net position before transfers	6,477	(106)	11,857	1,967	18,334	1,861
Transfers	3,358	3,526	(3,358)	(3,526)	-	-
Change in net position	**9,835**	**3,420**	**8,499**	**(1,559)**	**18,334**	**1,861**
Net position, beginning	21,866	18,446	25,878	27,437	47,744	45,883
Prior period adjustment	(729)	-	-	-	(729)	-
Net position, ending	**$ 30,972**	**$ 21,866**	**$ 34,377**	**$ 25,878**	**$ 65,349**	**$ 47,744**

Governmental Activities

Governmental activities increased the City's net position by $9.1 million, including the prior period adjustment. Primary factors attributing to the increase compared to the prior year include sales tax growth of 15.2% or $3.3 million and general property tax growth of 5.4% or $1.0 million due to increased valuations and additions to the tax roll. Expenses in governmental activities were overall similar to the prior year, yet charges for services were higher compared to the prior year due to roadway impact fees of $2.2 million. While impact fees were adopted in fiscal year 2021, collection of the fees did not substantially begin until fiscal year 2022. Permit fees were also up $0.3 million in fiscal year 2022 from development growth.

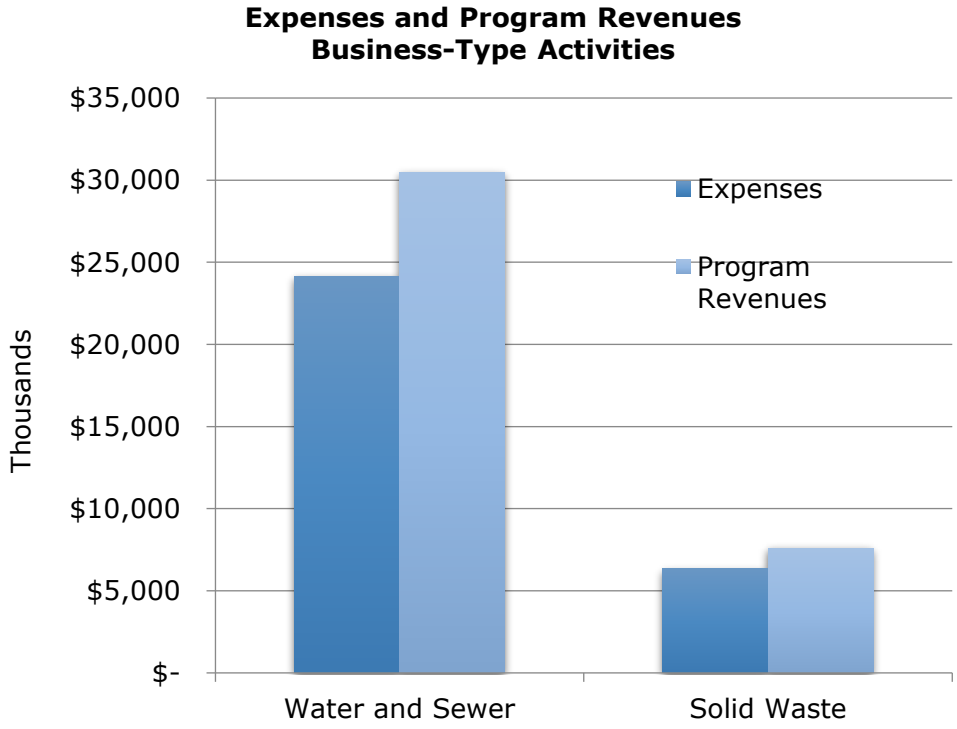


Business-type Activities

Results for the current fiscal year in the City's business-type activities increased the City's net position by $8.5 million, with operations similar to the prior year. Net position from Water and Sewer activities for fiscal year 2022 increased $7.5 million, primarily due to an increase in water and sewers sales in combination with an increase in water and sewer rates, water impact fees of $0.7 million and sewer impact fees of $0.4 million.

Net position related to Solid Waste activities increased $1 million primarily due to a distribution to member cities from the City's landfill joint venture in the Texoma Area Solid Waste Authority.

The City's business-type activities expenses and program revenues are presented in the following chart.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

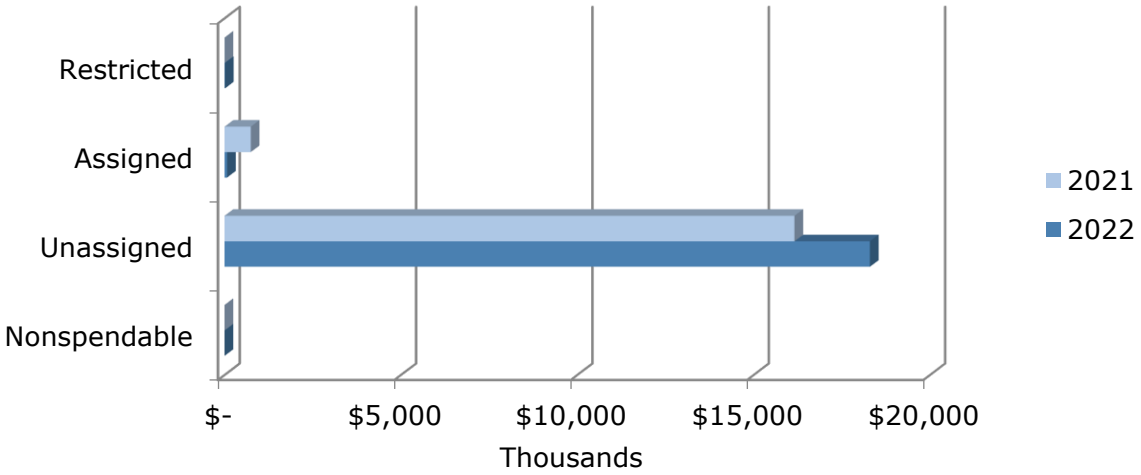
As noted earlier, the City of Sherman uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Sherman itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

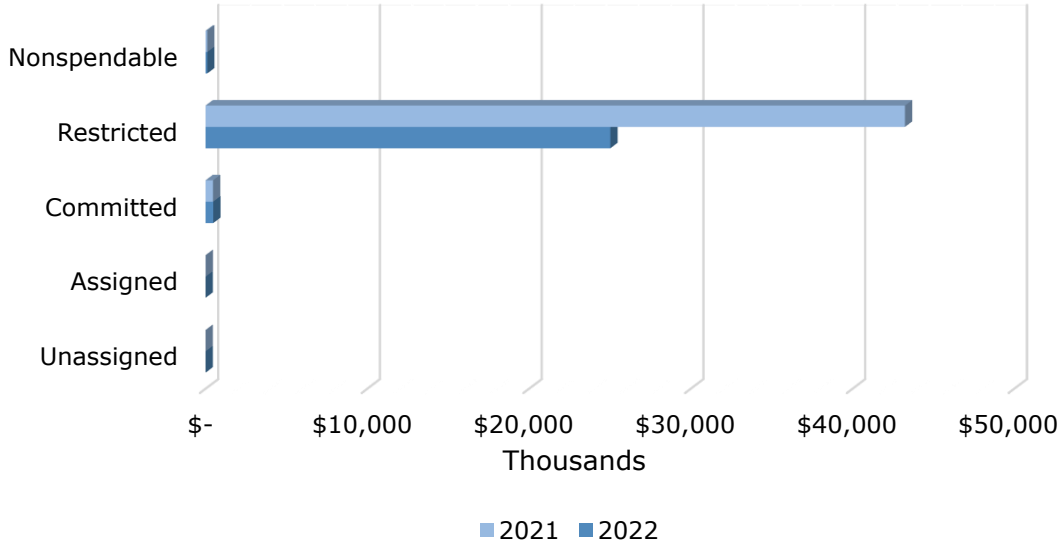
At September 30, 2022, the City's governmental funds reported combined fund balances of $46.1 million, which is $14.5 million less than the prior year due to spending down the proceeds from certificates of obligation, the largest of which consisted of construction expenses for the new police headquarters of approximately $11.1 million. Approximately 39.3% of the governmental fund balances, or $18.1 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form ($0.1 million), 2) committed for particular purposes ($0.5 million), 3) restricted for particular purposes ($25 million), or 4) assigned for particular purposes ($2.4 million).

General Fund
Components of Fund Balance
September 30, 2021 and 2022



The General Fund is the chief operating fund of the City of Sherman. At the end of the fiscal year, unassigned fund balance of the general fund was $18.3 million. Total fund balance increased by $1.5 million from the prior fiscal year to $18.4 million, primarily due to better than expected sales tax performance. Unassigned fund balance represents approximately 39.4% of total general fund expenditures, which is about the same percentage as total fund balance to expenditures.

Other Governmental Funds
Components of Fund Balance
September 30, 2021 and 2022



The General Improvement Fund, a major fund, decreased $16.5 million during the fiscal year, ending the year at a fund balance of $19.9 million. The decrease was due primarily to the capital outlay for the new police headquarters. Expenditures of $18.4 million in fiscal year 2022 included $11.1 million for police headquarters construction, $2.9 million for the Moore Street, $1.2 million related to the Taylor Street and McGee Street extensions and $1 million for Bel Air Boulevard.

The Debt Service Fund, also a major fund, ended the year at a fund balance of $0.4 million. General property taxes of $6.1 million were allocated to this fund to cover principal and interest payments of approximately $7.19 million.

The remaining governmental funds ended the year with a fund balance of $7.3 million, an increase of $0.4 million from the prior year, with similar activity in both years.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has two proprietary funds, the Water and Sewer Fund, and the Solid Waste Fund.

Unrestricted net position of the Water and Sewer Fund at the end of the year was $5.3 million and had increased by $3.9 million primarily due to an increase in water and sewer sales and impact fees. Water sales increased by 390 million gallons in fiscal year 2022. The base rates for water and sewer increased from the prior fiscal year by $0.07 and $0.61, respectively. The rate per 1,000 gallons also increased for water and sewer from the prior fiscal year, by $0.10 and $0.26, respectively.

Unrestricted net position of the Solid Waste Fund increased by $1 million. Operations in the Solid Waste Fund were similar to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget

The original budget was amended by the City Council during fiscal year 2022, increasing revenues by $6.6 million and expenditures by $3.3 million primarily related to debt proceeds from the 2022 tax notes and related spending, including a reallocation of property taxes to the fund paying for the debt service, as well as remaining items for the Coronavirus Aid, Relief and Economic Security (CARES) Act grant revenue and expenses through the Texas Department of Emergency Management, increased sales tax revenue, increased fuel costs, plus expenses related to additional fleet and equipment purchases and operations. The size of the budget amendment was a reflection of the rate of growth and change the City experienced during fiscal year 2022 as well as increased costs due to economic factors.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to $137 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery, equipment, vehicles, park facilities, roads, bridges, and the water and wastewater treatment plants. The City's total investments in net capital assets increased in the current fiscal year by $20 million or approximately 17%.

Major capital asset events during fiscal year 2022 included the following:

- New and continuing projects included Taylor Street expansion, Texoma Parkway water main construction, work related to the new police headquarters, Bel Air Boulevard and Moore Street.

- Construction projects in progress at the end of fiscal year 2022 included new street design and construction in developing areas, new police headquarters, bridge repairs, wastewater treatment plant and lift station improvements and water system extension and improvements.

- Various machinery and equipment were acquired totaling approximately $3.5 million. Governmental activities included purchasing a tractor with mower, bucket truck, dump truck and chipper truck for the street department, patrol vehicles and equipment for law enforcement, four pickup trucks for the fire department, two pickup trucks and several mowers for the parks maintenance department and a pickup truck for the engineering department. Business type activities included purchasing a dump truck, track loader and trailer for water treatment and distribution, and two solid waste collection trucks and trailers.

- Depreciation totaled $9.7 million for governmental activities, including internal service funds and $3.1 million for business-type activities.

CITY OF SHERMAN'S CAPITAL ASSETS, NET OF DEPRECIATION
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	$ 7,844	$ 7,556	$ 2,928	$ 383	$ 10,772	$ 7,939
Buildings	9,625	9,404	978	1,096	10,603	10,500
Other improvements	52,669	49,007	16,916	16,441	69,585	65,448
Machinery and equipment	13,695	13,503	1,951	2,011	15,646	15,514
Other assets	95	83	6,418	6,432	6,513	6,515
Construction in progress	23,225	11,188	1,033	500	24,258	11,688
Right of use asset - equipment	106	-	29	-	135	-
Total Assets	**$ 107,259**	**$ 90,741**	**$ 30,253**	**$ 26,863**	**$ 137,512**	**$ 117,604**

Additional information on the City's capital assets can be found in the notes on pages 43 through 45 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total contractually obligated long-term debt of $211 million. In fiscal year 2022 the City issued $2.1 million in tax notes for the purchase of equipment for departments in the general fund and the solid waste fund which will be repaid from property taxes.

CITY OF SHERMAN'S OUTSTANDING DEBT
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Bonds	$ 6,501	$ 7,386	$ -	$ -	$ 6,501	$ 7,386
Leases	102	2,668	36	158	138	2,826
Certificates of obligation, net of premium	91,563	94,549	-	-	91,563	94,549
Other long-term payables	2,316	729	2,104	2,201	4,420	2,930
Tax notes	3,298	1,795	-	-	3,298	1,795
Total Debt	**$103,780**	**$107,127**	**$ 2,140**	**$ 2,359**	**$105,920**	**$109,486**

Long-term debt for the City decreased by $3.6 million or 3.2%. The City issued $2.1 million in tax notes in and made principal payments on outstanding debt totaling $5.5 million in fiscal year 2022.

The City of Sherman maintains a "AA" rating from Standard & Poor's for general obligation debt and a rating of "A+" for its debt issued through the Greater Texoma Utility Authority.

As part of the budget process, City staff compares the debt limit allowed under the City charter to debt outstanding. At the beginning of the 2022 fiscal year, the City had 24.1% of allowable bonded debt outstanding.

Additional information on the City's long-term debt can be found in the notes on pages 45 through 50 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In November 2021, Texas Instruments (TI) selected its current location in the City of Sherman for a 4.7-million-square-foot semiconductor fabrication plant to produce state-of-the-art, 300 mm chips for use in consumer electronics and other purposes. The plant, which is slated to begin production by 2025, will employ more than 3,000 people and contribute billions of dollars to the Grayson County economy. TI plans to complete the project in four phases, with an investment totaling over $29.4 billion, by 2030.

In June 2022, Globitech Incorporated (Globitech) selected the City of Sherman to establish an additional manufacturing facility to produce state-of-the-art silicone wafers for use in consumer electronics and other purposes. The plant, when completed, will create 1,500 new jobs and generate billions of dollars in capital investment.

The City has entered into tax abatement agreements and Chapter 380 economic incentive agreements with TI and Globitech. The City is preparing for both direct and indirect effects of the TI and Globitech plants. Direct benefits include property and sales tax revenue, water and sewer revenue, hotel/motel revenue during the construction phases, the addition of high-paying jobs and the community reputation in the US and global technology circles. Indirect benefits include the "spillover" effect for complementary primary job creation and residential and commercial growth. The City is preparing for the significant increase in demand for water and wastewater when the plants begin production, as well infrastructure to facilitate overall growth of the City.

The following economic factors affecting the City were considered in developing the 2022-2023 fiscal year budget.

- General Fund revenues are expected to be more than fiscal year 2022. Sales tax is projected to increase about $4.5 million due to the 12% growth the City experienced in fiscal year 2022 and from sales tax collections from increased industrial and residential growth. Revenues were better than projected for fiscal year 2022 giving the fund additional spending capacity in fiscal year 2023. Tax notes, to be repaid from property taxes, will be used to finance about $4.6 million of fleet and equipment purchases.

- Utility Fund revenue is expected to increase in fiscal year 2023. A 3% increase in water rates and 7% increase in sewer rates are expected to generate about $960,000 in revenue to help restore reserves, finance system expansion and improvements, and pay debt service. Utility fund expenses are budgeted to increase compared to fiscal year 2022 due to an increase for personnel and capital expenses.

- Solid Waste Fund revenue is expected to continue to grow, with most of the increase coming from commercial activity. However, another distribution of $700,000 in fiscal year 2023 from the City's joint venture in the Texoma Area Solid Waste Authority landfill is expected and considered critical to this fund. Fund balance is projected to be $1.4 million, or 60 days of operating expenditures.

- The budget of the General Improvement Fund includes expenditures of $54 million for projects not yet completed in the previous fiscal year and new projects funded by the anticipated issuance of a 2023 Certificate of Obligation. Ongoing and new street projects include bridge improvements at Center Steet and McGee Street; extensions for Friendship Road, Lamberth Road, Progress Drive, and Flanary Road; Beach Club Boulevard and Shepherd Drive construction, design and right-of-way costs for FM 1417 between SH 56 and West Travis, and continuation of Bel Air Boulevard. City facility projects include the completion of the Police Department Headquarters, combining Fire Stations Number 1 and 2, and land acquisition for future public facilities. Park improvements include ballfield and trail lighting at Pecan Grove West, restroom and concession at Fairview Park, trail lighting and restroom at Pecan Grove East.

- The Utility Improvement Fund budget includes design and construction of two water lines from the Water Treatment Plant to the southside of town to serve the growing needs of the industrial park and new residential and commercial development in the area. Additional projects are planned to update the electrical system at the Wastewater Treatment Plant, replace the southside industrial sewer, upsize the pump at the Lake Texoma Pump Station, construct a new laboratory, upsize the Water Treatment Plant, repair and replace sewer lines in downtown Sherman, and install generators a the Water Treatment Plant, Wastewater Treatment Plant and the Lake Texoma Pump Station. In addition to revenues from utility rates, funding sources also include impact fees, contractual debt through the Greater Texoma Utility Authority and grant funds from the American Rescue Plan Act.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Sherman, Finance Department, P.O. Box 1106, Sherman, Texas 75091-1106.

BASIC
FINANCIAL STATEMENTS

CITY OF SHERMAN, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash	$ 16,603,539	$ 1,091,934	$ 17,695,473	$ 13,322,478
Pooled and temporary investments	29,455,763	9,713,318	39,169,081	2,975,501
Receivables, net	6,594,606	5,310,305	11,904,911	1,119,265
Inventories, at cost	239,343	629,836	869,179	-
Prepayments and deposits	2,532	10,158	12,690	2,400
Total current assets	52,895,783	16,755,551	69,651,334	17,419,644
Noncurrent assets:				
Capital assets:				
Non-depreciable assets	31,069,430	10,361,847	41,431,277	10,189,572
Other capital assets, net	76,190,068	19,891,181	96,081,249	3,126
Total noncurrent assets	107,259,498	30,253,028	137,512,526	10,192,698
Total assets	$ 160,155,281	$ 47,008,579	$ 207,163,860	$ 27,612,342
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan - TMRS	$ 3,671,666	$ 911,308	$ 4,582,974	$ 54,725
OPEB - Retiree health plan	724,634	179,854	904,488	10,801
OPEB - TMRS supplemental death benefit	364,888	90,566	455,454	5,438
Total deferred outflows of resources	$ 4,761,188	$ 1,181,728	$ 5,942,916	$ 70,964
LIABILITIES				
Current liabilities:				
Accounts payable	$ 2,698,427	$ 1,323,682	$ 4,022,109	$ 14,174
Accrued expenses payable	755,496	134,872	890,368	920
Accrued interest payable	494,686	-	494,686	-
Unearned revenue	8,217	4,052,859	4,061,076	-
Landfill closure costs	-	39,468	39,468	-
Customers' deposits payable	179,413	271,740	451,153	-
Current portion of bonds, leases, certificates of obligation, tax notes and other long-term payables	8,237,264	600,363	8,837,627	76,447
Total current liabilities	12,373,503	6,422,984	18,796,487	91,541

The accompanying notes are an integral part of these financial statements.

CITY OF SHERMAN, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES (Continued)				
Long-term liabilities:				
Accrued compensated absences	3,349,504	-	3,349,504	-
Notes payable	1,278,904	-	1,278,904	-
General obligation bonds	5,586,700	-	5,586,700	-
Certificates of obligation	88,251,631	-	88,251,631	-
Tax notes	2,615,791	-	2,615,791	-
Lease liability	49,384	21,445	70,829	-
Net pension liability	3,048,580	756,658	3,805,238	45,438
Total OPEB liability - retiree health plan	5,693,323	1,413,083	7,106,406	84,857
Total OPEB liability - TMRS supplemental death benefit	1,605,323	398,441	2,003,764	23,927
Other long-term payables	-	1,939,683	1,939,683	-
Total long-term liabilities	111,479,140	4,529,310	116,008,450	154,222
Total liabilities	$ 123,852,643	$ 10,952,294	$ 134,804,937	$ 245,763
DEFERRED INFLOWS OF RESOURCES				
Leases	$ 50,144	$ 368,978	$ 419,122	$ -
Pension plan - TMRS	8,508,599	2,111,835	10,620,434	126,818
OPEB - Retiree health plan	1,333,181	330,895	1,664,076	19,871
OPEB - TMRS supplemental death benefit	200,214	49,694	249,908	2,985
Total deferred inflows of resources	$ 10,092,138	$ 2,861,402	$ 12,953,540	$ 149,674
NET POSITION				
Net investment in capital assets	$ 22,359,129	$ 28,113,157	$ 50,472,286	$ 10,192,698
Restricted for:				
General obligation debt service	43,877	-	43,877	-
Cemetery maintenance:				
Expendable	1,592,483	-	1,592,483	-
Nonexpendable	100,000	-	100,000	-
Cafeteria plan	10,612	-	10,612	-
Law enforcement support	900,559	-	900,559	-
Airport and tourism	238,447	-	238,447	-
Economic development	-	-	-	17,095,171
Unrestricted	5,726,581	6,263,454	11,990,035	-
Total net position	$ 30,971,688	$ 34,376,611	$ 65,348,299	$ 27,287,869

The accompanying notes are an integral part of these financial statements.

CITY OF SHERMAN, TEXAS

STATEMENT OF ACTIVITIES

YEAR END SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 7,797,652	$ 1,182,410	$ 43,474	$ -
Public safety	25,060,102	3,899,548	176,918	22,942
Streets	9,879,616	2,539,424	316,215	3,548,998
Sanitation	750,647	82,026	-	-
Community services	7,996,640	1,356,150	58,154	-
Community development	304,758	-	444,572	65,008
Interest on long-term debt	2,917,728	-	-	-
Total governmental activities	54,707,143	9,059,558	1,039,333	3,636,948
Business-type activities:				
Water and sewer service	24,153,265	30,486,634	-	3,190,854
Solid waste service	6,333,408	7,589,327	-	-
Total business-type activities	30,486,673	38,075,961	-	3,190,854
Total primary government	$ 85,193,816	$ 47,135,519	$ 1,039,333	$ 6,827,802
Component unit:				
Economic development	$ 2,044,100	$ -	$ -	$ -
Total component unit	$ 2,044,100	$ -	$ -	$ -
General revenues:				
Taxes				
General property				
City sales				
Franchise				
Nonproperty				
Investment income				
Miscellaneous				
Transfers - internal activity				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Prior period adjustment				
Net position, ending				

The accompanying notes are in intergel part of these financial statements.

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
$(6,571,768)	$ -	$(6,571,768)	$ -
(20,960,694)	-	(20,960,694)	-
(3,474,979)	-	(3,474,979)	-
(668,621)	-	(668,621)	-
(6,582,336)	-	(6,582,336)	-
204,822	-	204,822	-
(2,917,728)	-	(2,917,728)	-
(40,971,304)	-	(40,971,304)	-
-	9,524,223	9,524,223	-
-	1,255,919	1,255,919	-
-	10,780,142	10,780,142	-
$(40,971,304)	$ 10,780,142	$(30,191,162)	$ -
$ -	$ -	$ -	$(2,044,100)
$ -	$ -	$ -	$(2,044,100)
$ 18,613,053	$ -	$ 18,613,053	$ -
25,229,178	-	25,229,178	5,822,118
3,133,387	-	3,133,387	-
923,319	-	923,319	-
(813,905)	8,617	(805,288)	103,072
362,222	1,067,472	1,429,694	-
3,358,139	(3,358,139)	-	-
50,805,393	(2,282,050)	48,523,343	5,925,190
9,834,089	8,498,092	18,332,181	3,881,090
21,866,387	25,878,519	47,744,906	23,574,961
(728,788)	-	(728,788)	(168,182)
$ 30,971,688	$ 34,376,611	$ 65,348,299	$ 27,287,869

CITY OF SHERMAN, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	General	General Improvement	Debt Service
ASSETS			
Cash	$ 2,360,913	$ 6,294,382	$ 448,023
Pooled and temporary investments	11,253,248	15,363,089	-
Receivables (net of allowances for uncollectibles):			
Interest	33,204	8,283	-
Intergovernmental	49,802	-	-
Accounts	650,993	-	-
Taxes	5,069,545	-	90,539
Leases	-	-	-
Inventory	-	-	-
Prepayments and deposits	211	-	-
Due from other funds	449,239	-	-
Total assets	$ 19,867,155	$ 21,665,754	$ 538,562
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 596,055	$ 1,753,085	$ -
Accrued wages payable	197,327	-	-
Customer deposits	2,050	-	-
Due to other funds	-	-	-
Total liabilities	795,432	1,753,085	-
Deferred inflows of resources:			
Unavailable revenue	691,819	-	87,883
Total deferred inflows of resources	691,819	-	87,883
Fund balances:			
Nonspendable:			
Prepayments and deposits	211	-	-
Endowment	-	-	-
Restricted for:			
Cafeteria plan	10,612	-	-
Law enforcement support	-	-	-
Airport and tourism	-	-	-
Infrastructure and facilities improvement	-	17,613,783	-
Debt service	-	-	450,679
Cemetery maintenance	-	-	-
Committed to:			
New street development	-	-	-
Assigned for:			
Public charities	70,843	-	-
General improvements	-	2,298,886	-
Unassigned	18,298,238	-	-
Total fund balance	18,379,904	19,912,669	450,679
Total liabilities, deferred inflows of resources and fund balances	$ 19,867,155	$ 21,665,754	$ 538,562

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental	Total Governmental
$ 5,361,450	$ 14,464,768
2,238,279	28,854,616
-	41,487
126,982	176,784
115,934	766,927
139,916	5,300,000
51,491	51,491
18,257	18,257
-	211
-	449,239
$ 8,052,309	$ 50,123,780
$ 115,598	$ 2,464,738
4,822	202,149
177,363	179,413
345,940	345,940
643,723	3,192,240
75,042	854,744
75,042	854,744
-	211
100,000	100,000
-	10,612
900,559	900,559
238,447	238,447
4,228,883	21,842,666
-	450,679
1,592,483	1,592,483
473,300	473,300
-	70,843
-	2,298,886
(200,128)	18,098,110
7,333,544	46,076,796
$ 8,052,309	$ 50,123,780

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF SHERMAN, TEXAS

RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

Total fund balances - governmental funds	$	46,076,796
Amounts reported for governmental activities in the statement of net position are different because:		
Internal Service Funds are used to charge the costs of certain activities such as fleet maintenance, information technology and insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.		8,596,430
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Governmental capital assets		184,652,007
Less: accumulated depreciation	(	89,630,535)
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Included with amounts related to long-term liabilities is the deferred charge on bond refunding. Included with amounts related to the net pension liability are deferred outflows of resources and deferred inflows of resources that are attributable to the multiple-employer pension plan. Balances at year-end are:		
Bonds payable	(	6,501,228)
Certificates of obligation	(	91,562,760)
Tax notes	(	272,767)
Leases	(	101,841)
Sales tax overpayment	(	331,271)
Compensated absences	(	5,487,787)
Net pension liability	(	2,882,231)
OPEB - Retiree health plan	(	5,382,660)
OPEB - TMRS supplemental death benefit	(	1,517,727)
Deferred outflow of resources - pension plan		3,471,318
Deferred outflow of resources - OPEB retiree health plan		685,094
Deferred outflow of resources - TMRS supplemental death benefit		344,977
Deferred inflow of resources - pension plan	(	8,044,318)
Deferred inflow of resources - OPEB retiree health plan	(	1,260,434)
Deferred inflow of resources - TMRS supplemental death benefit	(	189,289)
Various other items necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting, including:		
Accrued interest payable	(	494,686)
Unavailable revenue - property taxes		314,356
Unavailable revenue - court fines		142,050
Unavailable revenue - ambulance fees		348,194
Net position of governmental activities	$	30,971,688

The accompanying notes are an
integral part of these financial statements.

CITY OF SHERMAN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	General	General Improvement	Debt Service
REVENUES			
Taxes:			
General property	$ 11,932,498	$ -	$ 6,125,717
City sales	24,831,661	-	-
Franchise	3,133,387	-	-
Nonproperty	192,790	-	-
Licenses and permits	1,096,610	-	-
Intergovernmental	1,285,721	65,008	-
Charges for services	3,416,611	-	-
Fines and forfeitures	382,181	-	-
Investment income (loss)	(641,433)	19,023	11,799
Donations	27,589	-	-
Miscellaneous	347,687	316,215	-
Total revenues	46,005,302	400,246	6,137,516
EXPENDITURES			
Current:			
General government	7,945,954	-	-
Public safety	26,822,468	-	-
Streets	4,263,598	2,817,207	-
Sanitation	871,075	-	-
Community services	6,209,614	-	-
Community development	-	-	-
Capital outlay	339,470	15,668,504	-
Debt service:			
Principal	35,674	-	3,711,233
Interest	1,993	-	3,475,070
Debt issuance costs and agent fees	-	-	5,450
Total expenditures	46,489,846	18,485,711	7,191,753
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(484,544)	(18,085,465)	(1,054,237)
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	334,000	-
Issuance of leases	12,210	-	-
Transfers in	3,358,139	1,269,000	1,069,000
Transfers out	(1,410,000)	-	-
Total other financing sources (uses)	1,960,349	1,603,000	1,069,000
NET CHANGE IN FUND BALANCES	1,475,805	(16,482,465)	14,763
FUND BALANCES, BEGINNING	16,904,099	36,395,134	435,916
FUND BALANCES, ENDING	$ 18,379,904	$ 19,912,669	$ 450,679

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental	Total Governmental
$ 524,888	$ 18,583,103
-	24,831,661
-	3,133,387
730,529	923,319
-	1,096,610
502,178	1,852,907
3,679,319	7,095,930
91,795	473,976
(254,431)	(865,042)
44,585	72,174
106,136	770,038
5,424,999	57,968,063
-	7,945,954
187,771	27,010,239
-	7,080,805
-	871,075
1,598,951	7,808,565
310,268	310,268
1,964,431	17,972,405
14,954	3,761,861
186	3,477,249
-	5,450
4,076,561	76,243,871
1,348,438	(18,275,808)
-	334,000
30,535	42,745
260,000	5,956,139
(1,188,000)	(2,598,000)
(897,465)	3,734,884
450,973	(14,540,924)
6,882,571	60,617,720
$ 7,333,544	$ 46,076,796

CITY OF SHERMAN, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2022

Total net change in fund balance - governmental funds	$(14,540,924)
Amounts reported for governmental activities in the statement of activities are different because:	
Internal Service Funds are used to charge the costs of certain activities such as fleet maintenance, information technology and insurance to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities.	254,578
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount of capital assets recorded in the current period.	23,223,592
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(7,111,338)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of refunding transactions, premiums, discounts, and similar items when debt is issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of debt	(334,000)
Premium on debt issuance	220,657
Principal paid - bonds payable	830,000
Principal paid - certificates of obligation	2,820,000
Principal paid - tax notes	61,233
Principal paid - leases (as leasee)	50,629
Principal paid - sales tax overpayment	397,517
Certain expenses related to employee compensation and benefits are reported in the statement of activities but do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated balances	437,152
Change in net pension liability	3,024,675
Change in OPEB obligation - Retiree health plan	294,348
Change in OPEB obligation - TMRS supplemental death benefit	(107,421)
Various other items necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting, including:	
Miscellaneous transactions involving capital assets	(1,752)
Change in accrued interest payable	349,154
Change in unavailable revenue - property taxes	29,950
Change in unavailable revenue - court fines	483
Change in unavailable revenue - ambulance fees	88,026
Change in net position of governmental activities	$ 9,834,089

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF SHERMAN, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
ASSETS				
Current assets:				
Cash	$ 850,139	$ 241,795	$ 1,091,934	$ 2,138,771
Pooled and temporary investments	8,657,010	1,056,308	9,713,318	601,147
Receivables (net of allowances for uncollectibles):				
Interest	15,145	769	15,914	-
Leases	562,005	-	562,005	-
Accounts	2,972,617	855,096	3,827,713	257,917
Unbilled accounts	791,459	113,214	904,673	-
Inventories, at cost	629,836	-	629,836	221,086
Prepaid items	10,158	-	10,158	2,321
Total current assets	14,488,369	2,267,182	16,755,551	3,221,242
Capital assets				
Non-depreciable assets	10,358,847	3,000	10,361,847	63,179
Other capital assets, net	19,191,749	699,432	19,891,181	12,174,847
Total noncurrent assets	29,550,596	702,432	30,253,028	12,238,026
Total assets	44,038,965	2,969,614	47,008,579	15,459,268
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan - TMRS	710,496	200,812	911,308	200,348
OPEB - retiree health plan	140,222	39,632	179,854	39,540
OPEB - supplemental death benefit	70,609	19,957	90,566	19,911
Total deferred outflows of resources	921,327	260,401	1,181,728	259,799

The accompanying notes are an integral part of these financial statements.

CITY OF SHERMAN, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
LIABILITIES				
Current liabilities:				
Accounts payable	$ 1,046,056	$ 277,626	$ 1,323,682	$ 233,689
Accrued expenses payable:				
Accrued wages payable	104,104	30,768	134,872	30,298
Landfill closure and postclosure care costs	-	39,468	39,468	-
Claims payable	-	-	-	523,049
Due to other funds	-	-	-	103,299
Unearned revenue	4,052,859	-	4,052,859	8,217
Customers' deposits payable	230,906	40,834	271,740	-
Current portion of long-term liabilities:				
Notes payable	31,930	-	31,930	705,455
Leases	12,010	2,348	14,358	-
Accrued compensated absences	309,178	112,442	421,620	101,935
Tax notes	-	-	-	658,043
Other long-term payables	132,455	-	132,455	-
Total current liabilities	5,919,498	503,486	6,422,984	2,363,985
Long-term liabilities (net of current portion):				
Notes payable	-	-	-	1,278,904
Leases	17,937	3,508	21,445	-
Net pension liability	589,924	166,734	756,658	166,349
Tax notes	-	-	-	2,367,187
Total OPEB liability - retiree health plan	1,101,701	311,382	1,413,083	310,663
Total OPEB liability - supplemental death benefit	310,642	87,799	398,441	87,596
Other long-term payables	1,939,683	-	1,939,683	-
Total long-term liabilities	3,959,887	569,423	4,529,310	4,210,699
Total liabilities	9,879,385	1,072,909	10,952,294	6,574,684
DEFERRED INFLOWS OF RESOURCES				
Leases	368,978	-	368,978	-
Pension plan - TMRS	1,646,479	465,356	2,111,835	464,281
OPEB - retiree health plan	257,980	72,915	330,895	72,747
OPEB - supplemental death benefits	38,744	10,950	49,694	10,925
Total deferred outflows of resources	2,312,181	549,221	2,861,402	547,953
NET POSITION				
Net investment in capital assets	27,416,581	696,576	28,113,157	7,228,437
Unrestricted	5,352,145	911,309	6,263,454	1,367,993
Total net position	$ 32,768,726	$ 1,607,885	$ 34,376,611	$ 8,596,430

The accompanying notes are an integral part of these financial statements.

CITY OF SHERMAN, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
OPERATING REVENUES				
Water sales	$ 16,213,774	$ -	$ 16,213,774	$ -
Sewer sales	8,454,411	-	8,454,411	-
Solid waste service	-	7,589,327	7,589,327	-
Laboratory fees	117,729	-	117,729	-
Service connections and penalties	771,624	-	771,624	-
Utility tap fees	73,281	-	73,281	-
Charges for services	404,186	-	404,186	12,448,601
Property taxes	-	-	-	698,333
Miscellaneous	250,737	816,735	1,067,472	37,318
Total operating revenues	26,285,742	8,406,062	34,691,804	13,184,252
OPERATING EXPENSES				
Personnel services	5,929,488	1,732,194	7,661,682	1,815,321
Contractual services	9,983,379	2,315,431	12,298,810	5,810,322
Supplies	1,472,339	200,910	1,673,249	1,361,625
Maintenance and repair	3,126,822	63,297	3,190,119	1,443,609
Vehicle usage	576,539	1,947,789	2,524,328	-
Depreciation	2,996,061	73,645	3,069,706	2,586,849
Total operating expenses	24,084,628	6,333,266	30,417,894	13,017,726
OPERATING INCOME (LOSS)	2,201,114	2,072,796	4,273,910	166,526
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,220	7,397	8,617	51,137
Interest expense	(68,637)	(142)	(68,779)	(4,841)
Impact fees	1,059,784	-	1,059,784	-
Intergovernmental	3,334,137	57,708	3,391,845	41,756
Total nonoperating revenues (expenses)	4,326,504	64,963	4,391,467	88,052
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	6,527,618	2,137,759	8,665,377	254,578
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	3,190,854	-	3,190,854	-
Transfers in	183,000	-	183,000	-
Transfers out	(2,426,000)	(1,115,139)	(3,541,139)	-
Total contributions and transfers	947,854	(1,115,139)	(167,285)	-
CHANGE IN NET POSITION	7,475,472	1,022,620	8,498,092	254,578
NET POSITION, BEGINNING	25,293,254	585,265	25,878,519	8,341,852
NET POSITION, ENDING	$ 32,768,726	$ 1,607,885	$ 34,376,611	$ 8,596,430

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF SHERMAN, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 25,808,135	$ 8,342,317	$ 34,150,452	$ -
Cash received for interfund services	-	-	-	12,942,969
Cash paid for supplies and materials	(15,269,764)	(4,508,367)	(19,778,131)	(3,638,327)
Cash paid for premiums, claims and administrative	-	-	-	(4,832,933)
Cash paid for personnel services	(6,609,152)	(1,962,853)	(8,572,005)	(1,953,412)
Net cash provided (used) by operating activities	3,929,219	1,871,097	5,800,316	2,518,297
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	-	57,708	57,708	-
Cash received from other governments	3,334,137	-	3,334,137	41,756
Transfers from other funds	183,000	-	183,000	-
Transfers to other funds	(2,426,000)	(1,115,139)	(3,541,139)	-
Net cash provided (used) by noncapital financing activities	1,091,137	(1,057,431)	33,706	41,756
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(6,304,204)	(155,743)	(6,459,947)	(2,309,875)
Proceeds from issuance of long-term debt	(562,005)	5,856	(556,149)	546,247
Principal retirement of long-term debt	(224,955)	-	(224,955)	(685,000)
Impact fees	1,059,784	-	1,059,784	-
Interest paid on long-term debt	(68,637)	(142)	(68,779)	(4,841)
Capital contributions	3,190,854	-	3,190,854	-
Net cash provided (used) by capital and related financing activities	(2,909,163)	(150,029)	(3,059,192)	(2,453,469)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and investment income received	12,154	6,628	18,782	51,137
Purchases of investments	(5,949,118)	(853,835)	(6,802,953)	(600,006)
Proceeds from sale of investments	4,675,910	-	4,675,910	-
Net cash provided (used) by investing activities	(1,261,054)	(847,207)	(2,108,261)	(548,869)
NET INCREASE (DECREASE) IN CASH	850,139	(183,570)	666,569	(442,285)
CASH, BEGINNING	-	425,365	425,365	2,581,056
CASH, ENDING	$ 850,139	$ 241,795	$ 1,091,934	$ 2,138,771

The accompanying notes are an integral part of these financial statements.

CITY OF SHERMAN, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	$ 2,201,114	$ 2,072,796	$ 4,273,910	$ 166,526
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,996,061	73,645	3,069,706	2,586,849
(Increase) decrease in:				
Accounts receivable (net)	(343,200)	(45,150)	(388,350)	(242,189)
Unbilled receivables	(8,988)	(10,390)	(19,378)	-
Inventories	(178,564)	-	(178,564)	(49,580)
Prepaid items	-	-	-	2,309
Deferred outflows of resources	(50,036)	(26,771)	(76,807)	(45,996)
Increase (decrease) in:				
Accounts payable	539,291	19,060	558,351	(58,416)
Accrued wages payable	(169,738)	(44,010)	(213,748)	(32,653)
Estimated liability for claims	-	-	-	149,084
Accrued compensated absences	26,371	12,261	38,632	6,032
Due to other funds	(471,412)	-	(471,412)	103,299
Unearned revenue	(165,362)	-	(165,362)	(1,494)
Customer deposits	39,943	(8,205)	31,738	-
Net pension liability	(1,505,530)	(395,147)	(1,900,677)	(347,850)
Net OPEB	(117,295)	(10,981)	(128,276)	22,905
Deferred inflows of resources	1,136,564	233,989	1,370,553	259,471
Total adjustments	1,728,105	(201,699)	1,526,406	2,351,771
Net cash provided (used) by operating activities	$ 3,929,219	$ 1,871,097	$ 5,800,316	$ 2,518,297

The accompanying notes are an integral part of these financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sherman, Texas (the City) was founded by an act of the First Texas Legislature in 1846 and was incorporated as a general law City on December 7, 1858. In 1915, the City was reorganized as a home rule City with the adoption of a new City Charter. The new charter established a Council-Manager form of government. The general governmental functions include law enforcement, fire and other public safety activities, streets, sanitation, public improvements, public charities, parks and recreation, library services, zoning and general administrative services. Enterprise Funds are used to account for the operations of its water, sewer and solid waste systems.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles (GAAP) generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for the local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled, *Audits of State and Local Governmental Units.*

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GAAP, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Management's Discussion and Analysis provides an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended general fund budgets with actual results. The City does not have any major special revenue funds.

B. Financial Reporting Entity

The City is governed by an elected mayor and a six-member council. As required by GAAP, these financial statements present the City (the primary government) and the entities for which the City is considered to be financially accountable (component units). Discretely presented component units are reported in a separate column in the basic financial statements in order to emphasize that they are legally separate from the City.

The City's financial reporting entity comprises the following:

Primary Government:	City of Sherman
Discrete Component Unit:	Sherman Economic Development Corporation (SEDCO)

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name);
- The City appoints a voting majority of the organization's board;
- The City is able to impose its will on the organization;
- The organization has the potential to impose a financial benefit / burden on the City; and
- There is fiscal dependency by the organization on the City.

These factors make the organization meet the criteria for being presented as a component unit.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City presents no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following component unit is discretely presented into the reporting activity type of the City's report.

Sherman Economic Development Corporation – (SEDCO) is a nonprofit industrial development corporation organized for the purpose of promoting, assisting and enhancing economic development activities for the City as provided by the Development Corporation Act of 1979. SEDCO is managed by a board of directors composed entirely of persons appointed by and serving at the pleasure of the Sherman City Council. The City is also financially accountable for SEDCO because the City Council approves SEDCO's budget, levies sales taxes (SEDCO's primary source of revenue), and approves any debt issuances. Sales taxes are collected under Section 4A of the Development Corporation Act of 1979 for these purposes. SEDCO began its operations on April 1, 1996. A copy of SEDCO's audit report can be obtained by contacting their offices at 307 West Washington, Sherman, Texas 75090.

Related Organizations

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the respective organizations. Related organizations are described as follows:

Housing Authority of the City of Sherman (Authority) – Administers federal programs to provide low-rent housing to qualified City residents. The five-member board of the Authority is appointed by the Mayor. The City Council has no significant influence over the management, budget or policies of the Authority. The Authority reports independently.

Greater Texoma Utility Authority (GTUA) – Assists local governments in the development of water, sewer and solid waste facilities. The City appoints 3 members to GTUA's 9-member Board of Directors. The City financed certain water and sewer facilities through debt issued by GTUA and the City is contractually obligated to make sufficient payments to GTUA for annual debt service requirements of that debt. The City has no significant influence over the operations of GTUA, as its scope benefits other entities beside the City. GTUA reports independently.

Texoma Area Solid Waste Authority (TASWA) – Developed and operates a municipal solid waste landfill for the benefit of the City and other local governments in Grayson and Cooke Counties. The Mayor serves as one of five members of TASWA's Board of Directors. The City has an ongoing financial responsibility to TASWA and has pledged to pay fees established by TASWA in order for TASWA to pay its operating and debt service obligations. However, the City has no significant influence over TASWA's administration or operation. TASWA reports independently.

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (general government, public safety, streets, sanitation, community services and community development) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, and interest income).

Separate funds-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of applicable fund category and for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the applicable fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are franchise fees and administrative charges between the City's Enterprise Funds and the General Fund and charges of the Internal Service Funds to the City's other operating funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include charges to customers for services, and operating and capital grants and contributions. General revenues include all taxes and internally generated resources.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

E. Fund Types and Major Funds

Governmental Funds

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The City reports the following major governmental funds:

General Fund – reports the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

General Improvement Fund – accounts for projects planned as part of the City's five-year capital improvement program.

Debt Service Fund – to account for the payment of principal and interest on long-term debt.

Proprietary Funds

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The City reports the following major Enterprise Funds:

Water and Sewer Fund – accounts for the provision of water and sewer services to the residents of the City.

Solid Waste Fund – accounts for the solid waste collection function of the City.

Other Fund Types

Additionally, the City reports the following fund type:

Special Revenue Funds – account for the proceeds of specific revenue sources that are restricted by law or committed by governing authority for specified purposes, other than debt service or capital projects. They are funded through taxes, grants, or donations.

Capital Projects Funds – account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Fund – used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. The Perpetual Care Fund of the cemetery is the City's only permanent fund.

Internal Service Funds – used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These services include fleet management, information technology, self-funded health and dental insurance, and fleet replacement. These are proprietary funds that are reported with governmental activities in the government-wide financial statements.

F. Assets, Liabilities, and Net Position or Equity

Cash and Investments

Cash of all funds is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month-end. An individual fund's pooled cash and cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of 90 days or less are also considered to be "cash equivalents."

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60-day period after the close of the City's fiscal year.

Taxable property includes real property and certain personal property situated in the City. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions as noted below in arriving at the total assessed valuation of taxable property. The valuations are subject to countywide revaluation every five years. The effective tax rate is based upon the previous year's total assessed valuation.

	2022 Tax Roll	2021 Tax Roll
Total assessed value	$ 5,467,018,875	$ 4,972,377,540
Less exemptions for:		
Individuals over 65/disabled	90,751,051	87,472,969
Community housing	3,717,005	3,300,000
Productivity valuations of open land space	114,813,248	108,704,423
Homestead cap exemption	92,981,198	66,573,618
Veterans exemption	37,932,176	32,794,646
Pollution control exemption	43,005,842	22,590,402
Freeport exemptions	107,184,485	116,126,760
Exempt	596,038,941	418,168,156
Abatement	242,080,397	279,182,548
Wind/solar power	372,794	315,448
Net assessed value	$ 4,138,141,738	$ 3,837,148,570
Tax rate (per $100 valuation)	$ 0.4890	$ 0.4890

Inventories

Inventories consist of supplies and fuels held for consumption and are valued at cost on a first-in, first-out basis. Expenditures/expenses are recorded when consumed rather than when purchased.

Prepayments and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recognized as prepayments and deposits in both the government-wide and fund financial statements. The cost of these items is recorded as expenditures / expenses when consumed / provided rather than when paid.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund level balance sheets / statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Transactions between Funds

Transactions between funds, which would have been treated as revenues, expenditures, or expenses if they involved organizations external to the government unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund reimbursed. All other nonreciprocal transactions between funds which are not reimbursements and where the funds do not receive equivalent goods or services for the transaction are classified as transfers.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at acquisition value at the time received. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

During fiscal year 2007, the City completed its inventory of general infrastructure assets (i.e., streets and storm water drains), beginning with assets put in use in 1980. The City was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each year, including infrastructure assets, they are capitalized and reported at historical cost.

Assets capitalized have an original cost of $5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Right of use assets are amortized over the lesser of the lease term or the useful life of the underlying asset. Estimated useful lives are as follows:

Assets	Years
Buildings	20 - 50
Water and sewer system	30 - 50
Machinery and equipment	5 - 10
Improvements	20
Other assets	10
Right-of-use assets	2-5

Compensated Absences

The City's policy allows employees to accumulate earned but unused vacation leave up to the number of days equal to a one-year accrual. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. Vacation accrual is considered a current liability since it must be used within a year or paid at separation, whichever is earlier.

The City's policy allows employees to accumulate earned but unused sick leave on an unlimited basis. For non-civil service employees, accumulated sick leave lapses when the employees leave the City and no monetary obligation exists. Civil service employees are entitled to be paid up to 135 and 90 days for fire and police civil service employees, respectively. An estimated portion of the sick leave liability is included in the current liability for compensated absences based on past experience.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to / deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for employees, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund

The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Retiree Insurance Plan

The City, through its substantive commitment to provide other post-employment benefits (OPEB) provides retiree medical coverage to eligible employees. To be eligible, a City employee retiring at age 62 or over must have at least 5 years of service with the City. City employees retiring before age 62 must have at least 20 years of service with the City. Retirees are required to pay the premium cost for both single and dependent coverage. The City also subsidizes certain retirees and dependents as a result of prior commitments. The plan qualifies as a single-employer defined benefit plan and is accounted for in the City's Insurance Fund and in the fund where the retiree last worked. A separate financial statement is not issued for the plan.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions related to the pension and OPEB plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions related to the OPEB plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds - A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

Long-term Obligations

In the government-wide, proprietary and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, long-term liabilities are not recorded in the governmental funds, as the payment of the obligations will not be made by current financial resources. The governmental fund financial statements recognize the proceeds of debt as other financing sources.

Leases

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by an ordinance of the City Council – the government's most binding form of commitment. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance - This classification includes amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council authorizes an assignment of fund balance by directing the City Manager to assign the amounts or by delegating the authority to assign the amounts to the City Manager, such as for funds given to the City for a specific charitable purpose. Since no formal City Council action is taken for authorization of an assignment, no additional action is taken for its removal.

Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The City uses restricted amounts first when both restricted and unrestricted fund balance are available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The City's Fund Balance policy is to spend the funds with the most constraints first. Restricted fund balance is spent first, then committed fund balance, then assigned fund balance, and last of all, unassigned fund balance. The policy also sets 60 days of expenditures as the minimum amount of fund balance for the General, Utility and Solid Waste Funds. Furthermore, when fund balance falls below 60 days, the City will implement a replenishment plan. The policy also allows the City Council to use unassigned fund balance for capital needs to offset difficult economic times, to stabilize fluctuations in cash flow requirements, and to provide for emergencies.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates. Actual amounts could differ from those estimates.

G. New Accounting Pronouncements

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will be implemented in fiscal year 2023 and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 will become effective for the City for fiscal year 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, Compensated Absences – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

H. Change in Accounting Principle

GASB Statement No. 87, *Leases*, was adopted for fiscal year 2022. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budget Policy and Practice

The City follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

Annual budgets are legally adopted for all funds of the City. Fifty (50) days prior to the end of the fiscal year, the City Manager is required to submit to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures/expenses and the proposed method to finance them.

Dates for public hearings, the purpose of which are to obtain taxpayers' comments, are set by the City Council at the time the budget is submitted to that body. The City Council may add to, subtract from or change appropriations, but may not change the form of the proposed budget. Any changes must be within the revenue and reserves estimated as available by the City Manager. Prior to September 25 of each year, the budget is legally enacted through the passage of an ordinance.

At any time during the fiscal year, the City Manager may move part or all of any unencumbered appropriation balance among the various departments or programs within each fund.
In the case where additional appropriations are required within a fund, the City Manager must seek approval of the City Council, who may, by resolution, increase that fund's appropriation.

Budget Basis of Accounting

The City prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Schedule of Revenues, Expenditures and Changes in Fund Balances –Budget and Actual – General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP) and unrealized investment gain (loss) is recognized for GAAP basis only.

B. Deficit Fund Equity

The TIRZ#7 Fund has a deficit fund balance of $200,128. The deficit will be addressed as part of the development of the Fiscal Year 2022-2023 budget.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

Cash at September 30, 2022, as reported in the Statement of Net Position, consists of the following items:

	Primary Government	Component Unit
Petty Cash	$ 6,130	$ -
Bank Deposits:		
Demand Accounts	16,187,642	8,817,822
Time Accounts	1,501,701	4,504,656
Total Cash and Deposits	$ 17,695,473	$ 13,322,478

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. At September 30, 2022, the City's deposit balance of $17,695,473 and the Sherman Economic Development Corporation, a discretely presented component unit, balance of $13,322,478 were both collateralized by FDIC insurance and with letters of credit issued by the Federal Home Loan Bank in the name of the respective entity.

Investments

The following schedule summarizes the City's investments as of September 30, 2022:

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity (Days)
Primary government			
U.S. Treasury	$ 944,844	AA+	585
Texas Subdivisions Municipal Obligations	4,191,810	A3 to AA+	1,177
U.S. Agencies	11,257,056	AA+	541
TexStar	111,917	AAAm	16
TexPool	20,999,434	AAAm	24
Common trust funds (corporate)	1,664,020	NR	7
Total primary government	39,169,081		
Component unit			
TexPool	2,975,501	AAAm	24
Total component unit	2,975,501		
Total Investments	$ 42,144,582		

The City has investments with two public funds investment pools as of September 30, 2022: the Texas Local Government Investment Pool (TexPool) and the Texas Short-term Asset Reserve Program (TexStar). These pools have been organized in conformity with the Interlocal Cooperation Act and the Public Funds Investment Act of the Texas Government Code. The Comptroller maintains oversight responsibility and has established an advisory board composed of both participants in the pool and other persons who do not have a business relationship with pool. The Advisory Board members review the investment policy and management fee structure.

Both pools state all investments at amortized cost, which generally approximates the fair value of the securities. Both pools submit their information to Standard & Poor's for ratings review. Deposits in this fund are not subject to custodial credit risk. The City does not have any limitations or restrictions on withdrawals from these pools.

In 1956, the City established a trust fund with the purpose to hold investments to provide income for the perpetual upkeep of the City's cemetery. The investments of the trust fund are administered by the trust company affiliated with a non-depository bank. The City's investments in the trust fund at September 30, 2022, are comprised of money market funds, exchange-traded funds and corporate equity and bond mutual funds. The investments are insured and held by the trustee in the City's name. The City has not imposed any restrictions on the investments selected by the trustee. These investments are carried at fair value as determined by market quotes.

Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with the City's investment policy adopted by the City Council complying with state law and the City charter. City funds may be invested in: 1) fully insured time deposits; 2) obligations of the United States Treasury; 3) obligations of Agencies or Instrumentalities of the United States; 4) obligations of the State of Texas, or its political subdivisions, rated no lower than A; 5) investment pools with a continuous rating no lower than AAA; and 6) repurchase agreements. Under the City policy, the City may not invest in collateralized mortgage obligations, mutual funds, commercial paper and investment pools rated lower than AAA or who invest in prohibited investments under the City policy.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. For direct investments, the City policy provides that investments and investment collateral is held by a third party custodian with whom the City has a current custodial agreement in the City's name.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. However, the City's policy provides that investments to be purchased must have final maturities of five years or less.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. The City's policy does not place a limit on the amount that may be invested in any one issuer. This risk does not apply to U. S. Government Securities or investments in an external investment pool.

Foreign Currency Risk is the risk that an investment denominated in the currency of a foreign country could reduce its U. S. dollar value as a result of changes in foreign currency exchange fees. As of September 30, 2022, the City was not exposed to foreign currency risk.

Investments - Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and Level 3 inputs are significant unobservable inputs.

The following schedule summarizes the City's investments that are measured at fair value on a recurring basis as of September 30, 2022:

		Fair Value Measurements Using		
Investment Type	Fair Value 9/30/2022	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury	$ 944,844	$ 944,844	$ -	$ -
Texas Subdivisions Obligations	4,191,810	-	4,191,810	-
U.S. Agencies	11,257,056		11,257,056	
Common trust funds	1,664,020	1,664,020	-	-
Total	$ 18,057,730	$ 2,608,864	$ 15,448,866	$ -

Each of the City's investments are categorized as Level 2, but the perpetual care cemetery trust is classified as Level 1. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity, and/or where price quotations vary substantially either over time or among market makers (some brokered markets, for example), or in which little information is released publicly. Level 2 inputs other than quoted prices that are observable for the asset(s) may include observable and commonly quoted interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, default rates, inputs that are derived principally from or corroborated by observable market data, and similar information. A Level 2 designation requires that all inputs and/or adjustments are observable and documentable in the marketplace.

B. Receivables

Amounts recorded as receivable as of September 30, 2022, for the City's individual major funds, internal service funds, and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	General Improvement	Debt Service	Water and Sewer	Solid Waste	Internal Service	Nonmajor	Total
Receivables:								
Interest	$ 33,204	$ 8,283	$ -	$ 15,145	$ 769	$ -	$ -	$ 57,401
Intergovernmental	49,802	-	-	-	-	-	126,982	176,784
Leases	-	-	-	562,005	-	-	51,491	613,496
Accounts	2,328,652	-	-	3,848,076	1,003,310	257,917	120,184	7,558,139
Taxes	5,303,149	-	181,083	-	-	-	139,916	5,624,148
Gross receivables	7,714,807	8,283	181,083	4,425,226	1,004,079	257,917	438,573	14,029,968
Less: allowance for uncollectibles	(1,911,263)	-	(90,544)	(84,000)	(35,000)	-	(4,250)	(2,125,057)
Net total receivables	$ 5,803,544	$ 8,283	$ 90,539	$ 4,341,226	$ 969,079	$ 257,917	$ 434,323	$ 11,904,911

The Water and Sewer Fund and the Solid Waste Fund accounts receivable include unbilled charges for services rendered at September 30, 2022.

Leases Receivable

A summary of the City's leases receivable as of September 30, 2022 is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Receivable	Revenue Current Year	Amounts Outstanding 9/30/2022
Governmental activities					
Right to use:					
Airport Ground Lease	2.05%	2022	$ 52,416	$ 925	$ 51,491
Total governmental activities			52,416	925	51,491
Business-type activities					
Right to use:					
Fairview Tower Lease	3.98%	2022	425,988	18,526	407,462
Fairview Tower Lease - 1st Amendment	3.10%	2022	162,200	7,657	154,543
Total business-type activities			588,188	26,183	562,005
Total			$ 640,604	$ 27,108	$ 613,496

Governmental funds report unavailable revenue (a deferred inflow of resources) in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	General	Debt Service	Nonmajor Governmental	Total
Delinquent property taxes receivables	$ 226,472	$ 87,883	$ -	$ 314,355
Court fines	142,051	-	-	142,051
Ambulance fees	323,296	-	-	323,296
Leases	-	-	50,144	50,144
Grants	-	-	24,898	24,898
Total governmental funds	$ 691,819	$ 87,883	$ 75,042	$ 854,744

C. Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Reclassifications, Transfers	Ending Balance
Governmental activities, excluding internal service funds:					
Capital assets, not being depreciated:					
Land	$ 7,500,357	$ 288,878	$ -	$ -	$ 7,789,235
Construction in progress	11,188,110	17,972,405	-	(5,943,499)	23,217,016
Total assets not being depreciated	18,688,467	18,261,283	-	(5,943,499)	31,006,251
Capital assets, being depreciated:					
Buildings	15,308,341	778,718	-	-	16,087,059
Improvements other than buildings	116,532,892	9,583,714	-	-	126,116,606
Machinery and equipment	10,247,730	297,358	(730,449)	2,725	9,817,364
Other assets	1,406,832	-	-	-	1,406,832
Right-of-use asset - equipment	-	246,018	(28,123)	-	217,895
Total capital assets being depreciated	143,495,795	10,905,808	(758,572)	2,725	153,645,756
Less accumulated depreciation:					
Buildings	(5,960,692)	(550,764)	-	-	(6,511,456)
Improvements other than buildings	(67,602,542)	(5,915,340)	-	-	(73,517,882)
Machinery and equipment	(8,375,048)	(485,057)	728,697	(2,725)	(8,134,133)
Other assets	(1,335,010)	(19,739)	-	-	(1,354,749)
Right-of-use asset - equipment	-	(140,438)	28,123	-	(112,315)
Total accumulated depreciation	(83,273,292)	(7,111,338)	756,820	(2,725)	(89,630,535)
Total capital assets being depreciated, net	60,222,503	3,794,470	(1,752)	-	64,015,221
Governmental activities, excluding internal service funds, capital assets, net	$ 78,910,970	$ 22,055,753	$(1,752)	$(5,943,499)	$ 95,021,472

	Beginning Balance	Increases	Decreases	Reclassifications/ Transfers	Ending Balance
Internal service funds:					
Capital assets, not being depreciated:					
Land	$ 55,250	$ -	$ -	$ -	$ 55,250
Construction in progress	-	7,929	-	-	7,929
Total Assets not being depreciated:	55,250	7,929	-	-	63,179
Capital assets, being depreciated:					
Buildings	201,401	-	-	-	201,401
Improvements other than buildings	82,949	-	-	-	82,949
Machinery and equipment	25,591,965	2,945,547	(149,949)	-	28,387,563
Other assets	122,939	41,401	-	-	164,340
Total capital assets being deprecated	25,999,254	2,986,948	(149,949)	-	28,836,253
Less: accumulated depreciation:					
Buildings	(144,492)	(8,125)	-	-	(152,617)
Improvements other than buildings	(5,968)	(5,645)	-	-	(11,613)
Machinery and equipment	(13,962,433)	(2,563,622)	149,949	-	(16,376,106)
Other assets	(111,611)	(9,459)	-	-	(121,070)
Total accumulated depreciation	(14,224,504)	(2,586,851)	149,949	-	(16,661,406)
Total capital assets being depreciated, net	11,774,750	400,097	-	-	12,174,847
Internal service fund capital assets, net	11,830,000	408,026	-	-	12,238,026
Governmental activities capital assets, net	$ 90,740,970	$ 22,463,779	$(1,752)	$(5,943,499)	$ 107,259,498

	Beginning Balance	Increases	Decreases	Reclassifications/ Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 382,242	$ 2,546,079	$ -	$ -	$ 2,928,321
Water rights	6,400,892	-	-	-	6,400,892
Construction in progress	500,301	3,675,092	(3,142,759)	-	1,032,634
Total assets not being depreciated	7,283,435	6,221,171	(3,142,759)	-	10,361,847
Capital assets, being depreciated:					
Buildings	4,159,700	41,321	-	-	4,201,021
Improvements other than buildings	58,760,929	2,940,916	-	-	61,701,845
Machinery and equipment	9,128,050	319,556	(377,380)	(2,725)	9,067,501
Other assets	154,200	9,779	-	-	163,979
Right-of-use asset - equipment	-	69,962	-	-	69,962
Total capital assets being depreciated	72,202,879	3,381,534	(377,380)	(2,725)	75,204,308
Less accumulated depreciation:					
Buildings	(3,063,648)	(159,738)	-	-	(3,223,386)
Improvements other than buildings	(42,319,690)	(2,466,496)	-	-	(44,786,186)
Machinery and equipment	(7,116,826)	(378,897)	377,380	2,725	(7,115,618)
Other assets	(123,363)	(23,617)	-	-	(146,980)
Right-of-use asset - equipment	-	(40,957)	-	-	(40,957)
Total accumulated depreciation	(52,623,527)	(3,069,705)	377,380	2,725	(55,313,127)
Total capital assets being depreciated, net	19,579,352	311,829	-	-	19,891,181
Business-type activities capital assets, net	26,862,787	6,533,000	(3,142,759)	-	30,253,028
Total primary government	$ 117,603,757	$ 28,996,779	$(3,144,511)	$(5,943,499)	$ 137,512,526
Component unit					
Capital assets, not being depreciated:					
Land and improvements	$ 9,101,598	$ 1,017,752	$(25,228)	$ -	$ 10,094,122
Construction in progress	-	95,450	-	-	95,450
Total assets not being depreciated	9,101,598	1,113,202	(25,228)	-	10,189,572
Capital assets, being depreciated:					
Equipment	18,490	-	-	-	18,490
Accumulated depreciation	(11,844)	(3,520)	-	-	(15,364)
Total capital assets being depreciated, net	6,646	(3,520)	-	-	3,126
Total component unit	$ 9,108,244	$ 1,109,682	$(25,228)	$ -	$ 10,192,698

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 261,851
Public safety	664,914
Streets	5,107,529
Sanitation	48,774
Community services	1,028,270
Internal service funds	2,586,851
Total depreciation expense - governmental activities	$ 9,698,189
Business-type activities:	
Water and sewer	$ 2,996,061
Solid waste	73,644
Total depreciation expense - business-type activities	$ 3,069,705

D. Long-term Debt

The following schedule summarizes the changes in long-term debt during the year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation	$ 90,990,000	$ -	$ 2,820,000	$ 88,170,000	$ 3,145,000
Premium	3,558,889	-	166,129	3,392,760	166,129
Total certificates of obligation	94,548,889	-	2,986,129	91,562,760	3,311,129
Bonds payable	6,895,000	-	830,000	6,065,000	860,000
Premium	490,756	-	54,528	436,228	54,528
Total bonds payable	7,385,756	-	884,528	6,501,228	914,528
Tax notes	1,630,000	2,100,000	685,000	3,045,000	625,000
Tax note premium	165,169	145,034	57,206	252,997	57,206
Notes payable	2,668,173	-	683,814	1,984,359	705,455
Leases	-	152,470	50,629	101,841	52,457
Sales tax overpayment	728,788	-	397,517	331,271	331,271
Compensated absences	6,020,842	2,276,567	2,707,687	5,589,722	2,240,218
Governmental activities long-term liabilities	$ 113,147,617	$ 4,674,071	$ 8,452,510	$ 109,369,178	$ 8,237,264
Business-type activities					
Notes payable	$ 158,224	$ -	$ 126,294	$ 31,930	$ 31,930
Other long-term debt	2,200,746	-	128,608	2,072,138	132,455
Leases	-	49,775	13,972	35,803	14,358
Compensated absences	382,988	505,201	466,569	421,620	421,620
Business-type activities long-term liabilities	$ 2,741,958	$ 554,976	$ 735,443	$ 2,561,491	$ 600,363
Component unit					
Sales tax overpayment	$ 168,182	$ -	$ 91,735	$ 76,447	$ 76,447
Component unit	$ 168,182	$ -	$ 91,735	$ 76,447	$ 76,447

Interest expense totaled $3,624,255 and $67,922 for governmental and business-type activities, respectively. No interest was capitalized during the year ended September 30, 2022.

Certificates of Obligation

Certificates of obligation are comprised of the following issues at September 30, 2022:

Governmental activities	
$2,840,000 Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2004, due in annual installments of $75,000 to $240,000 through 2023, interest at 4.44% to pay contractual obligations incurred for public works projects in the Sherman Tax Increment Financing Reinvestment Zone Number One.	$ 240,000
$6,970,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016, due in annual installments of $290,000 to $455,000 through 2036, interest at 2.0% to 3.0%, to pay contractual obligations for public works projects.	5,455,000
$18,110,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2017, due in annual installments of $625,000 to $1,295,000 through 2037, interest at 3.0% to 5.0%, to pay contractual obligations for public works projects.	15,410,000
$3,900,000 Tax and Municipal Drainage Utility System Revenue Certificates of Obligation, Series 2017A, due in annual installments of $130,000 to $260,000, interest at 2% to 4% to pay contractual obligations for public works projects.	3,175,000
$18,980,000 Combination Tax and Revenue Certificates of Obligation, Series 2018 due in annual installments of $470,000 to $1,155,000, interest at 3.25% to 5% for public works projects.	17,495,000
$19,130,000 Combination Tax and Revenue Certificates of Obligation, Series 2019 due in annual installments of $184,000 to $1,165,000, interest at 3.00% to 5% for street improvements.	17,760,000
$29,025,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 due in annual installments of $390,000 to $1,330,000, interest at 2.00% to 5.00% for a new police department headquarters.	28,635,000
Total governmental activities	$ 88,170,000

Debt service requirements for the certificates of obligation through maturity are as follows:

Year Ending	Governmental Activities		
September 30,	Principal	Interest	Totals
2023	$ 3,145,000	$ 2,907,344	$ 6,052,344
2024	3,040,000	2,759,688	5,799,688
2025	3,180,000	2,616,188	5,796,188
2026	3,335,000	2,465,938	5,800,938
2027	3,485,000	2,311,838	5,796,838
2028-2032	19,650,000	9,337,100	28,987,100
2033-2037	22,485,000	6,033,369	28,518,369
2038-2042	15,470,000	3,134,481	18,604,481
2043-2047	9,225,000	1,104,444	10,329,444
2048-2052	5,155,000	293,175	5,448,175
Total	$ 88,170,000	$ 32,963,565	$ 121,133,565

The Tax Increment Revenues Certificates of Obligation, Series 2004 are private placement, related to governmental activities, and are secured with property tax revenue. In the event of default, an acceleration clause goes into effect and the bonds become immediately due.

Bonds Payable

Bonds payable is comprised of the following issue at September 30, 2022:

Governmental Activities	
$9,360,000 General Obligation Refunding Bonds, Series 2017, due in annual installments of $65,000 to $955,000 through 2030; interest at 2% to 4%.	$ 6,065,000

Debt service requirements of bonds payable through maturity are as follows:

Year Ending	Governmental Activities		
September 30,	Principal	Interest	Totals
2023	$ 860,000	$ 224,550	$ 1,084,550
2024	880,000	198,750	1,078,750
2025	905,000	172,350	1,077,350
2026	955,000	136,150	1,091,150
2027	890,000	97,950	987,950
2028-2029	1,575,000	89,650	1,664,650
Total	$ 6,065,000	$ 919,400	$ 6,984,400

Tax Notes

The City issued $1,980,000 of Limited Tax Notes, Series 2021. The note will be used for the purchase of equipment for various City facilities. The interest rates range from 3.125% to 4% and will mature in 2026. In the event of default, an acceleration clause goes into effect and the bonds become immediately due.

The City issued $2,100,000 of Limited Tax Notes, Series 2022. The note will be used for the purchase of equipment for various City facilities. The interest rate of 5% and will mature in 2027. In the event of default, an acceleration clause goes into effect and the bonds become immediately due.

Debt service requirements of bonds payable through maturity are as follows:

Year Ending	Governmental Activities		
September 30,	Principal	Interest	Totals
2023	$ 625,000	$ 138,950	$ 763,950
2024	650,000	110,850	760,850
2025	680,000	81,600	761,600
2026	710,000	51,000	761,000
2027	380,000	19,000	399,000
Total	$ 3,045,000	$ 401,400	$ 3,446,400

Notes Payable

The note payable is comprised of the following issue at September 30, 2022:

Business-type activities

$842,000 Note payable for the purchase of an excavator, wheel loader, forklift, haul truck and trailer, due in quarterly installments of $32,073 through 2023, interest at 1.8%.	$ 31,930

Debt service requirements for notes payable through maturity as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Totals
2023	$ 31,930	$ 143	$ 32,073
Total	$ 31,930	$ 143	$ 32,073

Governmental activities

$2,522,822 Note payable for the purchase of street department equipment (dump truck, mechanical sweeper, milling machine, roller, wheel excavator, wheel loader, concrete paver and trailer) and a tactical rescue truck for the fire department, due in quarterly installments of $102,739 through 2025, interest at 3.78%	$ 975,325
$1,418,810 Note payable for the purchase of street department equipment (motor grader, split drum roller, flip screen attachment, pneumatic roller, paver, & skid steer), due in quarterly installments of $45,391 through 2026, interest at 2.84%	602,875
$794,090 Note payable for the purchase of a pumper and police vehicles, due in quarterly installments of $41,515 through 2025, interest at 1.78%	406,159
Total	$ 1,984,359

Debt service requirements for notes payable through maturity are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Totals
2023	$ 705,457	$ 53,529	$ 758,986
2024	727,789	31,194	758,983
2025	461,289	9,179	470,468
2026	89,824	959	90,783
Total	$ 1,984,359	$ 94,861	$ 2,079,220

Lease Obligations

A summary of leases payable as of September 30, 2022, are as follows:

Governmental activities:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 9/30/2022	Amounts Due Within One Year
Right to use:						
Los Hermanos Tourism office - 2022	0.29%	2020	$ 9,390	$ 10	$ -	$ -
Los Hermanos Tourism office - 2024	2.26%	2022	30,535	158	25,493	15,180
2018 Copiers	3.78%	2018	2,103	54	536	533
2019 Copiers	2.84%	2019	56,082	1,457	32,624	24,093
2020 Copiers	1.78%	2020	22,271	491	16,476	5,893
2021 Copiers	0.34%	2021	19,879	61	15,488	4,407
2022 Copiers	2.26%	2022	12,210	90	11,224	2,351
Total			$ 152,470	$ 2,321	$ 101,841	$ 52,457

Year Ending	Governmental Activities		
September 30,	Principal	Interest	Totals
2023	$ 52,457	$ 1,852	$ 54,309
2024	31,677	688	32,365
2025	11,475	206	11,681
2026	4,738	67	4,805
2027	1,494	11	1,505
Total	$ 101,841	$ 2,824	$ 104,665

Business-type activities:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 9/30/22	Amounts Due Within One Year
Right to use:						
2019 Copiers	2.84%	2019	$ 27,547	$ 508	$ 19,358	$ 8,465
2020 Copiers	1.78%	2020	22,228	206	16,445	5,893
Total			$ 49,775	$ 714	$ 35,803	$ 14,358

Year Ending	Business-type Activities		
September 30,	Principal	Interest	Totals
2023	$ 14,358	$ 635	$ 14,993
2024	16,886	207	17,093
2025	4,559	35	4,594
Total	$ 35,803	$ 877	$ 36,680

The City's direct borrowings (notes payable) related to governmental and business-type activities are secured with equipment as collateral.

Other Long-Term Payable

During the year ended September 30, 2006, the City contracted with the U. S. Army Corp of Engineers for the remaining 11,600 acre-feet of water supply storage allocated to the City of Sherman in Lake Texoma. Annual payments are due with interest rates being adjusted at five-year intervals; the current annual payment is $194,532. The balance outstanding at September 30, 2022, is $2,072,138.

Debt service requirements at September 30, 2022, for the long-term payable through maturity are as follows:

Year Ending	Business-Type Activities Texoma Water Rights Series 2006		
September 30,	Principal	Interest	Totals
2023	$ 132,455	$ 62,076	$ 194,531
2024	136,423	58,108	194,531
2025	140,510	54,021	194,531
2026	144,720	49,812	194,532
2027	149,055	45,476	194,531
2028-2032	814,991	157,666	972,657
2033-2037	553,984	33,637	587,621
Total	$ 2,072,138	$ 460,796	$ 2,532,934

Sales Tax Overpayment

The City was notified that it had been overpaid sales tax in the amount of $896,970, which includes SEDCO's portion of the overpayment. Starting October 2021, the City entered into an agreement with the Texas Comptroller of Public Accounts to pay this overpayment back.

Governmental Activities

$728,788 of sales tax overpayment, due in monthly installments of $33,126 for 21 months and the final deduction of $33,133.	$ 331,271

Component Unit

$168,182 of sales tax overpayment, due in monthly installments of $7,645 for 21 months and the final deduction of $7,646.	$ 76,447

The future minimum sales tax obligations and the net present value of those minimum sales tax payments as of September 30, 2022, were as follows:

Year Ending September 30,	Governmental Activities	Component Unit
2023	$ 331,271	$ 76,447

Accrued Compensated Absences

Accrued compensated absences (vested sick and vacation leave) are payable from the fund responsible for the employee's compensation. Of the liability attributed to governmental activities at September 30, 2022, significantly all is payable from the General Fund.

Net Pension Liability and Total Other Post Employment Benefit (OPEB) Liabilities

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

E. Interfund Transfers and Balances

Transfers between funds during the year were as follows:

	Transfers In						
Transfers Out	General	General Improvement	Debt Service	Nonmajor Governmental	Water and Sewer	Solid Waste	Totals
General fund	$ -	$ 1,150,000	$ -	$ 260,000	$ -	$ -	$ 1,410,000
Nonmajor governmental	-	119,000	1,069,000	-	-	-	1,188,000
Water and sewer	2,426,000	-	-	-	-	-	2,426,000
Solid waste	932,139	-	-	-	183,000	-	1,115,139
Total	$ 3,358,139	$ 1,269,000	$ 1,069,000	$ 260,000	$ 183,000	$ -	$ 6,139,139

Transfers were used to 1) allocate funds from the Water and Sewer Fund and Solid Waste Fund for general, administrative and franchise costs; 2) move funds from Construction funds, Stormwater Fund and the Hotel Tax Fund for debt service payments; 3) restore fund balance in the Water and Sewer Fund; 4) transfer funds to the Hotel Tax Fund for various programs; and 5.) fund capital projects in the General Improvement Fund.

Interfund balances at September 30, 2022 consisted of the following receivables and payables:

	Due from Other Funds	
Due to Other Funds	General Fund	Purpose
Nonmajor governmental	$ 345,940	Pooled cash overdraft
Internal service	103,299	Pooled cash overdraft
Total	$ 449,239	

All of the above balances are expected to be repaid within one year.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. Except for health insurance, the City carries commercial insurance for all risks of loss. The City has not made any significant reductions in insurance coverage from the prior year and there have been no settlements which exceeded insurance coverage during any of the past three fiscal years.

Workers' Compensation, Liability and Property Insurance

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement, and errors/omissions), and property insurance. The TMLIRP is a public entity risk pool currently operating as a common risk management and insurance program. The risk pool is self-sustaining through member contributions and reinsures through commercial companies for claims in excess of pre-determined acceptable risk levels. Each department receives an allocation for the premium amount contributed to the pool. This cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience. Automobile claims are paid up to the actual cash value of the covered automobile. All other insured claims are paid at replacement cost.

B. Health Insurance

The City contracts with an insurance carrier to administer a self-insured health and dental insurance plan. This plan is funded by charges to other funds and charges to employees for extended benefits at their option. For the year ended September 30, 2022, total City and employee contributions to the plan were $4,944,223. Benefit payments, insurance premiums and administrative fees aggregated $4,971,664. The cumulative net position was $503,954 at September 30, 2022.

The transactions of the self-insurance plan are reported in the Insurance Internal Service Fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages approximately $818. The largest portion of this amount is dedicated to the direct payment of claims. The remaining part of the monthly amount is dedicated to the payment of administrative fees and commercial insurance for excess claims. The commercial insurance coverage becomes effective when the claims exceed the maximum amount per employee.

The liability for insurance claims is based on Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accordingly, the insurance claims liability includes an estimate for incurred but not reported claims. All claims are expected to be settled within one year and have not been discounted due to their short-term nature and the immaterial effect of discounting the liability.

The following presentation shows the changes in claims liabilities for the years ended September 30, 2022 and 2021:

	2022	2021
Amount of claims liability - October 1	$ 373,965	$ 233,005
Incurred claims	4,011,818	4,018,305
Payments on claims	(3,862,734)	(3,877,345)
Amount of claims liability - September 30 (due within one year)	$ 523,049	$ 373,965

C. Landfill Closure and Postclosure Care Costs

The Cities of Sherman and Denison contracted with the Greater Texoma Utility Authority (GTUA) for use of the Dripping Springs landfill. The City owns the permitted area but GTUA is responsible for the operation and maintenance. This landfill was considered full at September 30, 1993, for financial reporting purposes and a liability was recognized by GTUA based on the future landfill closure and postclosure care cost estimates. The City is financially obligated for a portion of these costs related to gas and ground water monitoring. To date, the City has paid $1,132,274. These costs are expected to significantly decline in the near future and long-term costs cannot be reasonably estimated.

D. Commitments

Greater Texoma Utility Authority

The City has entered into various contracts with the Greater Texoma Utility Authority (GTUA), whereby GTUA provides water and sewer services to the City. As part of the contractual agreements, GTUA issues debt for the benefit of the City, the proceeds of which are used to finance construction of water and sewer facilities and infrastructure within the City. Although this debt is not that of the City, the City is contractually obligated for the repayment of principal and interest on the debt through a pledging of water and sewer revenues.

During the year ended September 30, 2022, the City paid $6,659,766 to GTUA in accordance with these contracts. Future payments under these contracts average approximately $8,200,000 per year for the next 20 years.

A summary of the remaining debt service as of September 30, 2022, is as follows:

Year Ending September 30,	Principal	Interest	Totals
2023	$ 4,988,000	$ 1,722,250	$ 6,710,250
2024	5,444,480	1,721,671	7,166,151
2025	5,575,960	4,381,986	9,957,946
2026	5,707,440	4,233,156	9,940,596
2027	5,703,920	4,079,664	9,783,584
2028-2032	28,618,240	18,004,719	46,622,959
2033-2037	26,610,000	14,168,875	40,778,875
2038-2042	20,200,000	10,301,210	30,501,210
2043-2047	20,060,000	6,762,525	26,822,525
2048-2052	22,130,000	2,726,200	24,856,200
Total	$ 145,038,040	$ 68,102,256	$ 213,140,296

Following is an excerpt from the audited financial statements of GTUA, reflecting the balances as of and for the year ended September 30, 2022. These assets, deferred outflows of resources, liabilities, and net position are not that of the City but are the City's allocation of resources held by GTUA.

SCHEDULE OF NET POSITION

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,515,799	$ 1,337,930
Interest receivable	277,958	-
Due from other funds	35,939	458,821
Restricted assets:		
Cash and cash equivalents	33,697,507	20,356,931
Total restricted assets	33,697,507	20,356,931
Total Current Assets	35,527,203	22,153,682
Noncurrent assets:		
Cash and cash equivalents	3,758,514	89,001
Temporary investments	55,396,243	16,960,000
Interest receivable	-	51,681
Capital assets (net)	69,170,757	60,763,154
Total Noncurrent Assets	128,325,514	77,863,836
Total assets	163,852,717	100,017,518
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	201,396	218,020
LIABILITIES		
Current liabilities:		
Accounts payable	1,359,579	208,588
Retainage payable	377,036	95,427
Accrued interest payable	-	855,069
Revenue bonds payable	4,980,000	4,975,000
Total current liabilities	6,716,615	6,134,084
Long-term liabilities:		
Revenue bonds payable	148,063,425	83,366,928
Total liabilities	154,780,040	89,501,012
NET POSITION		
Net investment in capital assets	4,642,650	(8,141,877)
Restricted - debt service	3,758,514	17,383,667
Unrestricted	872,909	1,492,736
Total net position	$ 9,274,073	$ 10,734,526

COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES

	2022	2021
OPERATING REVENUES		
Charges for services	$ 6,595,708	$ 6,128,822
Total operating revenues	6,595,708	6,128,822
OPERATING EXPENSES		
General and administrative	565,254	360,081
Depreciation	4,672,075	5,691,638
Total operating expenses	5,237,329	6,051,719
OPERATING INCOME (LOSS)	1,358,379	77,103
NONOPERATING REVENUE (EXPENSES)	(2,818,832)	(1,565,808)
CHANGE IN NET POSITION	$(1,460,453)	$(1,488,705)

Grant Programs

The City participates in several federal and state assisted grant programs. Under the terms of these grants, the City is subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would be made to the grantor agencies. The amounts of expenditures which might be disallowed by the grantor agencies cannot be determined at this time; however, management believes such amounts, if any, would be immaterial.

Encumbrances

The City employs encumbrance accounting under which obligations in the form of purchase orders, contracts and other commitments for the expenditure of funds are reported as committed fund balances since they do not constitute expenditures or liabilities. Appropriations with outstanding commitments or encumbrances are carried into the following year.

The City had the following encumbrances at September 30, 2022:

	General
General government	$ 2,186,958
Public safety	2,285,171
Streets	661,762
Sanitation	8,500
Community services	80,934
General improvements	1,714,725
	$ 6,938,050

Component Unit

SEDCO entered into incentive agreements with various companies in Sherman to promote economic development. Under these agreements, SEDCO has agreed to pay amounts ranging from $55,000 to $5,000,000 to each of the individual companies if the companies meet certain requirements by a specified date. Total payments for the fiscal year 2022 under these agreements were $367,470 Potential payments for these agreements are estimated at $2,648,267 for the fiscal year ending September 30, 2023.

SEDCO has contracted with the City of Sherman to fund the City's debt service on the construction of certain infrastructure projects, including water and sewer lines along the west and east sides of Highway 75, sewer lines along Highway 289, sewer lines to Blalock Industrial Park, northbound entrance/exit ramps near Highway 75 and FM 1417, and the Northgate Drive extension. During the year ended September 30, 2022, SEDCO paid $602,892 to the City of Sherman in accordance with these contracts. Future payments under this contract average $368,055 over the next 15 years. A summary of the remaining debt service as of September 30, 2022, is as follows:

Year Ending September 30,	Principal	Interest	Total
2023	$ 399,587	$ 166,469	$ 566,056
2024	415,532	152,453	567,985
2025	437,640	138,083	575,723
2026	450,708	122,887	573,595
2027	465,880	107,432	573,312
2028-2032	1,555,284	363,538	1,918,822
2033-2037	679,324	66,001	745,325
	$ 4,403,955	$ 1,116,863	$ 5,520,818

Construction Commitments

The City has active construction projects as of September 30, 2022. The projects include new street design and construction in developing areas, construction of a new police headquarters, drainage improvements, wastewater treatment plant and system improvements, water system expansion/extension and bridge repairs. At year end, the City's commitments with contractors are as follows:

	Spent-to-Date	Remaining Commitment
Bridge repairs	$ 158,060	$ 4,140
Construction of new city building facilities	11,503,228	4,928,696
Drainage improvements	1,524,130	369,407
New street design and construction	354,106	280,025
Wastewater treatment plant and system improvements	-	1,469,369
Water system expansion/extension	-	487,520
Grand Total	$ 13,539,524	$ 7,539,157

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

E. Tax Abatements

The City of Sherman is authorized by the Texas Local Government Code to enter into property tax abatement agreements and to offer a range of incentives designed to promote local economic development. For the year ended September 30, 2022, the City abated property taxes of $1,276,018 or 0.27% of the $480,125,084 market valuation of properties under these agreements. In accordance with these laws, the City has passed resolutions that establish guidelines and criteria for the administration of the following programs:

Industrial and Commercial Tax Reinvestment Incentives Texas Local Government Code Chapter 312

The City enters into property tax abatement agreements for industrial and commercial entities as stimulation for economic development in Sherman. The impact is based directly on the number and type of jobs created or retained, wages paid, value and economic life of real and personal property added to the tax rolls, local purchase of products and services, indirect employment gains and the general benefit of furthering the City's economic development. Once the industrial or commercial property is added to the tax rolls, the agreements generally call for five to ten years of property tax abatement ranging from 25% to 100%. Some agreements require commitments to create and maintain certain levels of full-time employment. Recapture provisions vary based on each agreement. Many of these agreements are granted in conjunction with other local taxing entities; however, each is approved separately by their governing boards. All abatements under this program for fiscal year 2022 are presented in the following table.

Economic Development Agreements Texas Local Government Code Chapter 380

The City enters into economic development agreements authorized under Chapter 380 with qualifying companies to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of Sherman. These agreements are tailored to company needs and offer a range of incentives designed to achieve the goals of the program. Grants based on a percentage of City taxes with terms ranging from 36% to 64% for five to ten years have been executed under the program, with no recapture provisions. All abatements under this program for fiscal year 2022 are presented in the following table.

Residential Tax Abatement Program Texas Local Government Code Chapter 312

The City's Residential Tax Abatement Program provides property tax abatements for development or redevelopment of single-family residential structures within new or existing subdivisions in low-to-moderate income locations as a stimulus for economic development in Sherman. The abatements equal 100% of the property taxes on the added value above the base year value (as determined by the Grayson Appraisal District) for six years, 80% in year seven, 60% in year eight, 40% in year nine and 20% in year ten. There are no provisions for recapturing taxes abated in prior years. Tax abatements for this program have been aggregated for presentation purposes in the following table.

Central Business District Tax Abatement Program Texas Local Government Code Chapter 312

The City enters into property tax abatement agreements to promote development or redevelopment through modernization or new construction of commercial structures with improvements valued in excess of $25,000 in the Central Business District of Sherman. Property tax abatement agreements under this program generally call for abatements of 100% for five years with no provision to recapture taxes abated in prior years. No property tax abatements were granted under this program for fiscal year 2022.

Tax Abatement Program	Purpose	Recapture Provisions	Abated Property Tax Revenue for Fiscal Year 2022
Industrial and Commercial Reinvestment Incentives:			
Panda Sherman Power, LLC	Development and construction of electric generation facility	None	$ 617,002
Texas Instruments	Warehousing equipment	None	114,879
Kaiser Aluminum Fabricated Products, LLC	Building and facility improvements, equipment and machinery	None	45,282
JP Hart Lumber Company	Building, facility improvements, land, equipment and machinery	None	8,155
FinisarSherman RE HOLDCO LLC	Building, facility improvements, land, equipment and machinery	None	359,536
West Moore Solar II LLC	Building, facility improvements, land, equipment and machinery	None	17,175
Total Industrial and Commercial Reinvestment Incentives			1,162,029
Economic Development Agreements Chapter 380 Incentives:			
Riverside(East) Homebuilders, Ltd.	Building, facility improvements, land, equipment and machinery	None	16,362
Highland Homes - Dallas, LLC	Building, facility improvements, land, equipment and machinery	None	39,595
Super Shack LLC	Building, facility improvements, land, equipment and machinery	None	5,751
58 Aggie Development LLC	Building, facility improvements, land, equipment and machinery	None	30,537
Total Chapter 380 Incentives			92,245
Residential Tax Abatement Program	Residential development and redevelopment in low to moderate income locations	None	21,744
Total Tax Abatements			$ 1,276,018

F. Joint Venture

The City has entered an agreement with the Cities of Denison and Gainesville and the Counties of Grayson and Cooke to form the Texoma Area Solid Waste Authority (TASWA). TASWA was organized in July 2000 for the purpose of aiding, assisting and acting on behalf of the participating entities in the financing, construction, ownership and operation of a Type I Municipal Solid Waste Landfill Facility.

TASWA began operation of the landfill during fiscal year 2006. Under the terms of the agreement, TASWA established fees for the member Cities (Sherman, Denison and Gainesville), who have pledged to deliver a guaranteed annual tonnage to the landfill facility. The fees may be recalculated to include changes in debt service requirements or estimated operational and postclosure expenses. According to its operational plan, there will be no significant accumulation of equity in TASWA by the participating governments.

A copy of TASWA's audited financial statements may be obtained directly from TASWA:

Texoma Area Solid Waste Authority, Inc. 20590 State Highway 56
Whitesboro, Texas 76273-4993 Phone: 903-564-4749

G. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all fulltime employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are the property of the beneficiary.

H. Net Pension and Total OPEB Liabilities and Expenses

Amounts are aggregated into a single net pension liability and total OPEB liabilities, and expenses for certain columns. Below is the detail of the net pension liability and total OPEB liabilities and expenses for governmental and business-type activities.

	Governmental Activities	Business-type Activities	Totals	Component Unit
Deferred Outflows:				
OPEB - Retiree health plan	$ 724,634	$ 179,854	$ 904,488	$ 10,801
OPEB - TMRS supplemental death benefit	364,888	90,566	455,454	5,438
Total Deferred Outflows	$ 1,089,522	$ 270,420	$ 1,359,942	$ 16,239
Net pension liability	$ 3,048,580	$ 756,658	$ 3,805,238	$ 45,438
Total OPEB liability:				
OPEB - Retiree health plan	$ 5,693,323	$ 1,413,083	$ 7,106,406	$ 84,857
OPEB - TMRS supplemental death benefit	1,605,323	398,441	2,003,764	23,927
Total OPEB liability	$ 7,298,646	$ 1,811,524	$ 9,110,170	$ 108,784
Deferred Inflows:				
OPEB - Retiree health plan	$ 1,333,181	$ 330,895	$ 1,664,076	$ 19,871
OPEB - TMRS supplemental death benefit	200,214	49,694	249,908	2,985
Total Deferred Inflows	$ 1,533,395	$ 380,589	$ 1,913,984	$ 22,856

	Governmental Activities	Business-type Activities	Totals	Component Unit
Pension expense	$ 319,915	$ 79,403	$ 399,318	$ 4,768
OPEB expense:				
OPEB - TMRS supplemental death benefit	$ 145,859	$ 36,202	$ 182,061	$ 2,174
OPEB - Retiree health plan	218,289	(27,307)	190,982	17,972
Total OPEB expense	$ 364,148	$ 8,895	$ 373,043	$ 20,146

I. Defined Benefit Pension Plan

Plan Description

The City participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com.*

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2000, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employ match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2006, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

Plan provisions for the City were as follows:

	Plan Year 2021	Plan Year 2020
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	30% of CPI repeating	30% of CPI repeating

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	371
Inactive employees entitled to but not yet receiving benefits	223
Active employees	455
Total	1,049

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.75% and 14.18% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were $4,539,719, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset alloca- tion portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate:

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	$ 160,480,550	$ 147,593,380	$ 12,887,170
Changes for the year:			
Service cost	4,577,040	-	4,577,040
Interest	10,682,508	-	10,682,508
Difference between expected and actual experience	956,873	-	956,873
Changes of assumptions	-	-	-
Contributions - employer	-	4,124,458	(4,124,458)
Contributions - employee	-	1,992,493	(1,992,493)
Net investment income	-	19,224,382	(19,224,382)
Benefit payments, including refunds of employee contributions	(9,019,378)	(9,019,378)	-
Administrative expense	-	(89,027)	89,027
Other changes	-	609	(609)
Net changes	7,197,043	16,233,537	(9,036,494)
Balance at December 31, 2021	$ 167,677,593	$ 163,826,917	$ 3,850,676

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability (Asset)	$ 26,134,746	$ 3,850,676	$(14,530,749)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows / Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of $399,318 and $4,768 for the component unit.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 1,100,375	$ 861,926
Change in actuarial assumptions	89,682	-
Difference between projected and actual investment earnings	-	9,758,508
Contributions subsequent to the measurement date	3,392,917	-
Total	$ 4,582,974	$ 10,620,434

At September 30, 2022, the Component Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Component Unit

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 13,139	$ 10,292
Change in actuarial assumptions	1,071	-
Difference between projected and actual investment earnings	-	116,526
Contributions subsequent to the measurement date	40,515	-
Total	$ 54,725	$ 126,818

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of $3,392,917 will be recognized as a reduction of the NPL for the year ended September 30, 2023 for the City.

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of $40,515 will be recognized as a reduction of the NPL for the year ended September 30, 2023 for the Component Unit.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

City Year Ended September 30,	Pension Expense
2023	$(1,470,459)
2024	(4,187,154)
2025	(2,060,194)
2026	(1,712,570)
Total	$(9,430,377)

Component Unit Year Ended September 30,	Pension Expense
2023	$(17,559)
2024	(49,998)
2025	(24,602)
2026	(20,449)
Total	$(112,608)

J. Other Postemployment Benefits

Plan Description. The City, through its substantive commitment to provide other post-employment benefits (OPEB) provides retiree medical coverage to eligible employees. To be eligible, a City employee retiring at age 62 or over must have at least 5 years of service with the City. City employees retiring before age 62 must have at least 20 years of service with the City. Retirees are required to pay the premium cost for both single and dependent coverage. The City also subsidizes certain retirees and dependents as a result of prior commitments. The plan qualifies as a single-employer defined benefit plan and is accounted for in the City's Insurance Fund and in the fund where the retiree last worked. A separate financial statement is not issued for the plan and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Contributions. The City's contributions to the OPEB for the year ended September 30, 2022 were $649,336, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	50
Active employees	451
Total	501

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	1.84% as of December 31, 2021
Inflation Rate	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health care trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years.
Participation rates	25% for retirement ages between 50 and 65; 0% for employees who retire before age 50; 0% for employees who retire after the age of 65.
Discount rate	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the period of service used for the allocation of service costs was changed to only reflect service with the City of Sherman.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point.

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 1.84% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

Changes in the Total OPEB Liability

The City's total OPEB liability of $7,191,263 was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2021.

	Total OPEB Liability
Balance at 12/31/2020	$ 7,507,627
Changes for the year:	
Service cost	282,712
Interest on the total liability	146,969
Difference between expected and actual experience	114,216
Changes in assumptions and other inputs	(259,196)
Benefit payments	(601,065)
Net changes	(316,364)
Balance at 12/31/2021	$ 7,191,263

Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021, lowering the participation rates and the dependent coverage assumption for females, and updates to the health care trend assumption to reflect the plan's anticipated experience.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	$ 7,804,227	$ 7,191,263	$ 6,638,149

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	$ 6,456,164	$ 7,191,263	$ 8,061,598

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of $190,982 and $17,972 for the Component Unit.

At September 30, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 100,002	$ 1,223,611
Changes in actuarial assumptions	343,083	440,465
Contributions subsequent to the measurement date	461,403	-
Total	$ 904,488	$ 1,664,076

At September 30, 2022, the Component Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Component Unit

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,194	$ 14,611
Changes in actuarial assumptions	4,097	5,260
Contributions subsequent to the measurement date	5,510	-
Total	$ 10,801	$ 19,871

$461,403 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022.

$5,510 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the Component Unit paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022.

Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

City

For the Year Ended September 30,	
2023	$(218,124)
2024	(218,124)
2025	(218,124)
2026	(224,150)
2027	(139,130)
Thereafter	(203,339)
Total	$(1,220,991)

Component Unit

For the Year Ended September 30,	
2023	$(2,605)
2024	(2,605)
2025	(2,605)
2026	(2,677)
2027	(1,661)
Thereafter	(2,427)
Total	$(14,580)

K. Defined Other Post-Employment Benefit Plans

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	260
Inactive employees entitled to but not yet receiving benefits	46
Active employees	455
Total	761

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% for 2022 and 0.26% for 2021, of which 0.15% and 0.17%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2022 and 2021 were $50,165 and $57,250, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability

The City's total OPEB liability of $2,027,691 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The City's total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.5% per annum
Discount rate	1.84%
Actuarial cost method	Entry Age Normal
Projected salary increases	3.50% to 11.50% including inflation

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 1.84% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	$ 2,457,381	$ 2,027,691	$ 1,693,389

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2020	$ 1,899,741
Changes for the year:	
Service cost	85,393
Interest	38,365
Difference between expected and actual experience	(6,584)
Changes of assumptions and other inputs	59,165
Benefit payments	(48,389)
Net changes	127,950
Balance at 12/31/2021	$ 2,027,691

Changes in assumptions and other inputs reflect a chance in the discount rate from 2.00% to 1.84%.

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the year ended September 30, 2022, the City recognized OPEB expense of $182,061 and $2,174 for the component unit. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 70,282	$ 219,625
Changes in assumptions and other inputs	348,372	30,283
Contributions subsequent to the measurement date	36,800	-
Totals	$ 455,454	$ 249,908

At September 30, 2022, the Component Unit reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

Component Unit

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 839	$ 2,623
Changes in assumptions and other inputs	4,160	362
Contributions subsequent to the measurement date	439	-
Totals	$ 5,438	$ 2,985

$36,800 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2022 for the City.

$439 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2022 for the Component Unit.

Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City For the Year Ended September 30,	
2023	$ 59,419
2024	42,185
2025	22,387
2026	31,325
2027	12,245
Thereafter	1,184
Total	$ 168,745

Component Unit For the Year Ended September 30,	
2023	$ 710
2024	504
2025	267
2026	374
2027	146
Thereafter	13
Total	$ 2,014

L. Related Party Transactions

The City had three council members that had transactions with the City through their personal businesses. The three council members had transactions totaling $2,768, $38,721 and $24,900. The City paid invoices of $50,178 to these vendors and $16,211 was paid to one of the members through withholding of employee transactions. One members spouse received payment of $22,000 in an injury settlement. One employee had a transaction with the City through their personal business, totaling $92,560. All three council members disclosed the financial relationship with the City on their conflict of interest questionnaires.

M. Prior Period Adjustment

During fiscal year 2022, the City and component unit were notified that they had been overpaid by the State in sales tax by $728,788 and $168,162, respectively. These over payments were from a previous fiscal year and therefore had to be an adjustment to beginning net position.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis
	Original	Final	
REVENUES			
Taxes			
General property	$ 11,697,400	$ 11,697,400	$ 11,932,498
City sales	21,495,000	23,855,000	24,831,661
Franchise	2,798,000	2,798,000	3,133,387
Nonproperty	171,625	171,625	192,790
Licenses and permits	811,500	811,500	1,096,610
Intergovernmental	343,207	1,290,207	1,285,721
Charges for services	3,613,341	3,613,341	3,416,611
Fines and forfeitures	433,700	433,700	382,181
Investment income	80,000	80,000	(641,433)
Donations	14,000	14,000	27,589
Miscellaneous	168,700	168,700	347,687
Total revenues	41,626,473	44,933,473	46,005,302
EXPENDITURES			
Current:			
General government	7,152,955	8,246,328	7,945,954
Public safety	25,364,154	27,272,264	26,822,468
Streets	4,558,277	4,770,920	4,263,598
Sanitation	766,123	871,502	871,075
Community services	5,855,822	6,329,825	6,209,614
Capital outlay	380,950	724,634	339,470
Debt service:			
Principal	-	-	35,674
Interest	-	-	1,993
Total expenditures	44,078,281	48,215,473	46,489,846
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,451,808)	(3,282,000)	(484,544)
OTHER FINANCING SOURCES (USES)			
Leases (as leasee)	-	-	12,210
Transfers in	3,358,139	3,358,139	3,358,139
Transfers out	(1,410,000)	(1,410,000)	(1,410,000)
Total other financing sources (uses)	1,948,139	1,948,139	1,960,349
NET CHANGE IN FUND BALANCE	(503,669)	(1,333,861)	1,475,805
FUND BALANCE, BEGINNING	16,904,099	16,904,099	16,904,099
FUND BALANCE, ENDING	$ 16,400,430	$ 15,570,238	$ 18,379,904

The major differences between the budget basis and GAAP basis are that encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis). The City also records sales tax and on the cash basis for budget purposes. The adjustments necessary to convert from the GAAP basis to the budget basis are as follows:

Reverse accrual for sales tax for budget basis	$(956,488)
Encumbrances from prior year not recognized for budget basis	370,984
Encumbrances from this year recognized for budget basis	(5,035,754)
Total adjustments between GAAP and budget basis	$(5,621,258)

Adjustments Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ 11,932,498	$ 235,098
(956,488)	23,875,173	20,173
-	3,133,387	335,387
-	192,790	21,165
-	1,096,610	285,110
-	1,285,721	(4,486)
-	3,416,611	(196,730)
-	382,181	(51,519)
-	(641,433)	(721,433)
-	27,589	13,589
-	347,687	178,987
(956,488)	45,048,814	115,341
2,176,286	10,122,240	(1,875,912)
1,860,139	28,682,607	(1,410,343)
653,668	4,917,266	(146,346)
-	871,075	427
(30,167)	6,179,447	150,378
4,844	344,314	380,320
-	35,674	(35,674)
-	1,993	(1,993)
4,664,770	51,154,616	(2,939,143)
(5,621,258)	(6,105,802)	(2,823,802)
-	12,210	12,210
-	3,358,139	-
-	(1,410,000)	-
-	1,960,349	12,210
(5,621,258)	(4,145,453)	(2,811,592)
-	16,904,099	-
$(5,621,258)	$ 12,758,646	$(2,811,592)

CITY OF SHERMAN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS

Year Ended September 30, 2022

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Total Pension Liability			
Service Cost	$ 4,577,040	$ 4,499,305	$ 4,230,570
Interest (on the Total Pension Liability)	10,682,508	10,371,517	9,912,992
Difference Between Expected and Actual Experience	956,873	(1,535,502)	639,165
Changes of Assumptions	-	-	263,070
Benefit Payments, including Refunds of Employee Contributions	(9,019,378)	(8,514,436)	(8,259,971)
Net Change in Total Pension Liability	7,197,043	4,820,884	6,785,826
Total Pension Liability - Beginning	160,480,550	155,659,666	148,873,840
Total Pension Liability - Ending (a)	$ 167,677,593	$ 160,480,550	$ 155,659,666
Plan Fiduciary Net Position			
Contributions - Employer	$ 4,124,458	$ 4,024,957	$ 3,779,847
Contributions - Employee	1,992,493	1,964,762	1,911,958
Net Investment Income	19,224,382	10,587,504	19,038,402
Benefit Payments, including Refunds of Employee Contributions	(9,019,378)	(8,514,436)	(8,259,971)
Administrative Expense	(89,027)	(68,568)	(107,658)
Other	609	(2,675)	(3,234)
Net Change in Plan Fiduciary Net Positon	16,233,537	7,991,544	16,359,344
Plan Fiduciary Net Position - Beginning	147,593,380	139,601,836	123,242,492
Plan Fiduciary Net Position - Ending (b)	$ 163,826,917	$ 147,593,380	$ 139,601,836
Net Pension Liability (Asset) - ending (a) - (b)	$ 3,850,676	$ 12,887,170	$ 16,057,830
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.70%	91.97%	89.68%
Covered Payroll	$ 28,464,182	$ 28,068,030	$ 26,929,153
Net Pension Liability (Asset) as a Percentage of Covered Payroll	13.53%	45.91%	59.63%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. Additional years will be displayed as they become available.

Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
$ 3,883,639	$ 3,649,444	$ 3,486,523	$ 3,226,817	$ 2,979,275
9,447,203	9,050,846	8,656,254	8,473,364	8,161,413
1,223,491	96,380	350,688	(618,003)	(628,326)
-	-	-	2,493,834	-
(7,394,476)	(6,689,131)	(6,769,128)	(6,257,098)	(6,102,278)
7,159,857	6,107,539	5,724,337	7,318,914	4,410,084
141,713,983	135,606,444	129,882,107	122,563,193	118,153,109
$ 148,873,840	$ 141,713,983	$ 135,606,444	$ 129,882,107	$ 122,563,193
$ 3,500,405	$ 3,285,194	$ 2,940,094	$ 2,904,162	$ 2,921,484
1,731,652	1,624,037	1,548,582	1,477,221	1,420,534
(3,872,794)	15,968,315	7,443,517	165,252	6,158,745
(7,394,476)	(6,689,131)	(6,769,128)	(6,257,098)	(6,102,278)
(74,888)	(82,784)	(84,096)	(100,658)	(64,305)
(3,911)	(4,195)	(4,531)	(4,972)	(5,287)
(6,114,012)	14,101,436	5,074,438	(1,816,093)	4,328,893
129,356,504	115,255,068	110,180,630	111,996,723	107,667,830
$ 123,242,492	$ 129,356,504	$ 115,255,068	$ 110,180,630	$ 111,996,723
$ 25,631,348	$ 12,357,479	$ 20,351,376	$ 19,701,477	$ 10,566,470
82.78%	91.28%	84.99%	84.83%	91.38%
$ 24,736,553	$ 23,200,533	$ 22,122,605	$ 21,118,153	$ 20,293,345
103.62%	53.26%	91.99%	93.29%	52.07%

CITY OF SHERMAN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

Year Ended September 30, 2022

	2022	2021
Actuarially Determined Contribution	$ 4,539,719	$ 4,136,055
Contributions in Relation to the Actuarially Determined Contribution	4,539,719	4,136,055
Contribution Deficiency (Excess)	$ -	$ -
Covered Payroll	$ 32,429,322	$ 28,624,847
Contributions as a Percentage of Covered Employee Payroll	14.00%	14.45%

Notes to Schedule of Contributions

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 and become effective 13 months later (in January).
Methods and Assumptions Used to Determine Contribution Rates	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information	There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. Additional years will be displayed as they become available.

2020	2019	2018	2017	2016	2015
$ 3,905,318	$ 3,701,373	$ 3,432,140	$ 3,198,051	$ 2,911,816	$ 2,883,283
3,905,318	3,701,373	3,432,140	3,198,051	2,911,816	2,883,283
$ -	$ -	$ -	$ -	$ -	$ -
$ 27,443,124	$ 26,523,239	$ 24,250,983	$ 22,954,410	$ 21,711,800	$ 20,725,423
14.23%	13.96%	14.15%	13.93%	13.41%	13.91%

CITY OF SHERMAN, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
RETIREE INSURANCE BENEFITS PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Plan Year ended December 31,	**2021**	**2020**	**2019**
A. Total OPEB liability			
Service Cost	$ 282,712	$ 353,212	$ 267,401
Interest (on the Total OPEB Liability)	146,969	224,515	289,859
Difference between expected and actual experience	114,216	(548,928)	(141,126)
Changes of assumptions	(259,196)	(279,885)	314,951
Benefit payments, including refunds of employee contributions	(601,065)	(457,753)	(387,662)
Net change in Total OPEB liability	(316,364)	(708,839)	343,423
Total OPEB liability - beginning	7,507,627	8,216,466	7,873,043
Total OPEB liability - ending (a)	7,191,263	7,507,627	8,216,466
B. Covered-employee payroll	$ 28,454,484	$ 27,729,829	$ 26,929,139
C. Total OPEB liability as a percentage of covered-employee payroll	25.27%	27.07%	30.51%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Note: Changes of assumptions reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020, lowering the participation rates and the dependent coverage assumption for females, and updates to the health care trend assumption to reflect the plan’s anticipated experience.

2018	2017
$ 322,200	$ 250,905
290,538	321,034
(1,183,991)	(265,075)
14,195	343,497
(372,776)	(296,252)
(929,834)	354,109
8,802,877	8,448,768
7,873,043	8,802,877
$ 24,736,553	$ 23,200,536
31.83%	37.94%

CITY OF SHERMAN, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Plan Year ended December 31,	**2021**	**2020**	**2019**
A. Total OPEB liability			
Service Cost	$ 85,393	$ 64,556	$ 48,472
Interest (on the Total OPEB Liability)	38,365	46,262	60,886
Difference between expected and actual experience	(6,584)	(90,851)	(306,729)
Changes of assumptions	59,165	238,206	246,961
Benefit payments, including refunds of employee contributions	(48,389)	(16,841)	(16,157)
Net change in Total OPEB liability	127,950	241,332	33,433
Total OPEB liability - beginning	1,899,741	1,658,409	1,624,976
Total OPEB liability - ending (a)	2,027,691	1,899,741	1,658,409
B. Covered-employee payroll	$ 28,464,182	$ 28,068,030	$ 26,929,153
C. Total OPEB liability as a percentage of covered-employee payroll	7.12%	6.77%	6.16%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

2018	2017
$ 51,947	$ 41,761
47,552	47,400
214,798	-
(92,549)	103,930
(14,842)	(16,240)
206,906	176,851
1,418,070	1,241,219
1,624,976	1,418,070
$ 24,736,553	$ 23,200,533
6.57%	6.11%

CITY OF SHERMAN, TEXAS

BUDGETARY COMAPRISON SCHEDULE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis
	Original	Final	
REVENUES			
Taxes:			
General property taxes:			
Current and delinquent taxes revenue	$ 11,558,400	$ 11,558,400	$ 11,774,760
Penalty and interest	134,000	134,000	153,263
Abatement	5,000	5,000	4,475
Total general property taxes	11,697,400	11,697,400	11,932,498
City sales tax	21,495,000	23,855,000	24,831,661
Franchise taxes:			
Electric	2,001,000	2,001,000	2,095,969
Telephone	66,000	66,000	70,218
Gas franchise	502,000	502,000	756,432
Cable television	229,000	229,000	210,768
Total franchise taxes	2,798,000	2,798,000	3,133,387
Nonproperty taxes	171,625	171,625	192,790
Total taxes	36,162,025	38,522,025	40,090,336
Licenses and permits:			
Building permit fees	300,000	300,000	309,233
Electrical, heating and air permits	114,500	114,500	116,736
Plumbing permits	50,000	50,000	86,716
Residential and sanitation permits	342,000	342,000	578,495
Garage and other permits	5,000	5,000	5,430
Total licenses and permits	811,500	811,500	1,096,610
Intergovernmental:			
Intergovernmental	343,207	1,290,207	1,285,721
Total intergovernmental	343,207	1,290,207	1,285,721
Charges for services:			
Current services and charges:			
Utility paving cuts	300,000	300,000	310,955
Ambulance service	1,202,200	1,202,200	1,619,592
County fire and ambulance services	235,891	235,891	273,957
Pound fees	80,100	80,100	82,026
Other	1,269,000	1,269,000	554,912
Total current services and charges	3,087,191	3,087,191	2,841,442

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ 11,774,760	$ 216,360
-	153,263	19,263
-	4,475	(525)
-	11,932,498	235,098
(956,488)	23,875,173	20,173
-	2,095,969	94,969
-	70,218	4,218
-	756,432	254,432
-	210,768	(18,232)
-	3,133,387	335,387
-	192,790	21,165
(956,488)	39,133,848	611,823
-	309,233	9,233
-	116,736	2,236
-	86,716	36,716
-	578,495	236,495
-	5,430	430
-	1,096,610	285,110
-	1,285,721	(4,486)
-	1,285,721	(4,486)
-	310,955	10,955
-	1,619,592	417,392
-	273,957	38,066
-	82,026	1,926
-	554,912	(714,088)
-	2,841,442	(245,749)

CITY OF SHERMAN, TEXAS

BUDGETARY COMAPRISON SCHEDULE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis
	Original	Final	
REVENUES			
Charges for services: (Continued)			
Recreation:			
Recreation	$ 35,600	$ 35,600	$ 56,851
Swimming pools	140,000	140,000	172,320
Pool concession sales	25,000	25,000	34,420
Special programs	85,000	85,000	97,094
Total recreation	285,600	285,600	360,685
Property use:			
Vending machine lease	250	250	282
Rentals	19,200	19,200	200
Total property use	19,450	19,450	482
Cemetery sales and services:			
Lot sales	100,100	100,100	107,320
Interments	100,000	100,000	106,725
Other services	21,000	21,000	(43)
Total cemetery sales and services	221,100	221,100	214,002
Total charges for services	3,613,341	3,613,341	3,416,611
Fines and forfeitures:			
Corporation court fines	368,000	368,000	288,274
Library fees	3,100	3,100	1,152
Fees for collection of state fines	14,000	14,000	11,371
Abandoned vehicles	5,000	5,000	2,610
Other	43,600	43,600	78,774
Total fines and forfeitures	433,700	433,700	382,181
Interest and miscellaneous:			
Investment income	80,000	80,000	(641,433)
Donations	14,000	14,000	27,589
Miscellaneous	168,700	168,700	347,687
Total interest and miscellaneous	262,700	262,700	(266,157)
Other financing sources:			
Issuance of leases	-	-	12,210
Transfers in	3,358,139	3,358,139	3,358,139
Total other financing sources	3,358,139	3,358,139	3,370,349
Total revenues and other financing sources	$ 44,984,612	$ 48,291,612	$ 49,375,651

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ 56,851	$ 21,251
-	172,320	32,320
-	34,420	9,420
-	97,094	12,094
-	360,685	75,085
-	282	32
-	200	(19,000)
-	482	(18,968)
-	107,320	7,220
-	106,725	6,725
-	(43)	(21,043)
-	214,002	(7,098)
-	3,416,611	(196,730)
-	288,274	(79,726)
-	1,152	(1,948)
-	11,371	(2,629)
-	2,610	(2,390)
-	78,774	35,174
-	382,181	(51,519)
-	(641,433)	(721,433)
-	27,589	13,589
-	347,687	178,987
-	(266,157)	(528,857)
-	12,210	12,210
-	3,358,139	-
-	3,370,349	12,210
$(956,488)	$ 48,419,163	$ 127,551

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP
	Original	Final	Basis
EXPENDITURES			
General government:			
Mayor and City Council:			
Personnel services	$ 13,130	$ 13,130	$ 12,562
Supplies	12,750	12,750	13,604
Other services and charges	147,320	151,320	114,458
Total Mayor and City Council	173,200	177,200	140,624
Management services:			
Personnel services	923,120	1,147,378	1,190,235
Supplies	23,900	30,506	35,790
Other services and charges	97,529	103,061	144,834
Debt Service:			
Principal	-	-	522
Interest	-	-	18
Total management services	1,044,549	1,280,945	1,371,399
Public records:			
Personnel services	201,100	217,885	225,769
Supplies	15,030	15,030	8,484
Other services and charges	60,705	61,705	63,422
Debt Service:			
Principal	-	-	1,958
Interest	-	-	118
Total public records	276,835	294,620	299,751
Legal services:			
Personnel services	57,450	63,392	71,091
Supplies	5,105	5,105	1,845
Other services and charges	194,137	314,137	285,702
Debt Service:			
Principal	-	-	522
Interest	-	-	18
Total legal services	256,692	382,634	359,178
Financial services:			
Personnel services	743,710	839,999	833,221
Supplies	14,530	14,530	15,650
Other services and charges	91,901	95,901	75,914
Total financial services	850,141	950,430	924,785
Human resources:			
Personnel services	399,110	462,756	472,950
Supplies	27,035	28,462	19,274
Other services and charges	263,051	265,051	337,040
Debt Service:			
Principal	-	-	2,983
Interest	-	-	41
Total human resources	689,196	756,269	832,288

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ 12,562	$ 568
-	13,604	(854)
-	114,458	36,862
-	140,624	36,576
-	1,190,235	(42,857)
(6,606)	29,184	1,322
-	144,834	(41,773)
-	522	(522)
-	18	(18)
(6,606)	1,364,793	(83,848)
-	225,769	(7,884)
-	8,484	6,546
-	63,422	(1,717)
-	1,958	(1,958)
-	118	(118)
-	299,751	(5,131)
-	71,091	(7,699)
-	1,845	3,260
-	285,702	28,435
-	522	(522)
-	18	(18)
-	359,178	23,456
-	833,221	6,778
-	15,650	(1,120)
-	75,914	19,987
-	924,785	25,645
-	472,950	(10,194)
(1,427)	17,847	10,615
-	337,040	(71,989)
-	2,983	(2,983)
-	41	(41)
(1,427)	830,861	(74,592)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP
	Original	Final	Basis
EXPENDITURES (Continued)			
General government: (Continued)			
Support services:			
Personnel services	$ -	$ -	$ -
Supplies	72,848	72,848	48,474
Other services and charges	-	-	-
Total support services	72,848	72,848	48,474
Engineering services:			
Personnel services	953,660	1,005,921	994,180
Supplies	23,550	26,190	22,908
Other services and charges	190,393	220,874	250,680
Debt Service:			
Principal	-	-	2,286
Interest	-	-	138
Total engineering services	1,167,603	1,252,985	1,270,192
Public buildings maintenance:			
Personnel services	673,860	704,288	698,451
Supplies	31,337	31,337	32,501
Other services and charges	160,948	170,026	182,235
Total public buildings maintenance	866,145	905,651	913,187
Nondepartmental:			
Personnel services	311,630	311,630	178,911
Supplies	29,300	29,300	12,174
Other services and charges	1,414,816	1,831,816	1,603,595
Total nondepartmental	1,755,746	2,172,746	1,794,680
Total general government	7,152,955	8,173,480	7,954,558
Public safety:			
Law enforcement services:			
Personnel services	8,175,430	8,326,839	8,264,960
Supplies	212,525	264,731	242,727
Other services and charges	947,036	1,109,931	1,041,861
Capital outlay	-	10,895	10,640
Total law enforcement services	9,334,991	9,712,396	9,560,188
Fire and ambulance services:			
Personnel services	9,806,940	10,535,614	10,611,546
Supplies	681,885	810,525	670,728
Other services and charges	1,511,829	1,709,716	1,580,965
Capital outlay	222,310	202,127	19,760
Debt Service:			
Principal	-	-	3,841
Interest	-	-	239
Total fire and ambulance services	12,222,964	13,257,982	12,887,079

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ -	$ -
(2,640)	45,834	27,014
-	-	-
(2,640)	45,834	27,014
-	994,180	11,741
(2,640)	20,268	5,922
2,149,457	2,400,137	(2,179,263)
-	2,286	(2,286)
-	138	(138)
2,146,817	3,417,009	(2,164,024)
-	698,451	5,837
-	32,501	(1,164)
-	182,235	(12,209)
-	913,187	(7,536)
-	178,911	132,719
-	12,174	17,126
-	1,603,595	228,221
-	1,794,680	378,066
2,136,144	10,090,702	(1,844,374)
-	8,264,960	61,879
(50,725)	192,002	72,729
1,483,107	2,524,968	(1,415,037)
254	10,894	1
1,432,636	10,992,824	(1,280,428)
-	10,611,546	(75,932)
25,510	696,238	114,287
536,226	2,117,191	(407,475)
(88,670)	(68,910)	271,037
-	3,841	(3,841)
-	239	(239)
473,066	13,360,145	(102,163)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP
	Original	Final	Basis
EXPENDITURES (Continued)			
Fire administrative support:			
Personnel services	$ 125,830	$ 131,710	$ 139,223
Total fire administrative support	125,830	131,710	139,223
Public safety support:			
Personnel services	1,661,500	1,680,350	1,712,208
Supplies	103,949	141,506	111,634
Other services and charges	455,720	486,181	427,979
Capital outlay	15,000	291,645	96,562
Debt Service:			
Principal	-	-	9,006
Interest	-	-	559
Total public safety support	2,236,169	2,599,682	2,357,948
Building and zoning:			
Personnel services	$ 914,670	$ 919,730	$ 937,764
Supplies	36,712	37,041	36,138
Other services and charges	223,190	582,224	554,477
Debt Service:			
Principal	-	-	3,762
Interest	-	-	234
Total building and zoning	1,174,572	1,538,995	1,532,375
Judicial services:			
Personnel services	185,070	185,070	182,400
Supplies	9,100	9,100	10,823
Other services and charges	85,193	87,193	80,593
Debt Service:			
Principal	-	-	1,408
Interest	-	-	20
Total judicial services	279,363	281,363	275,244
Emergency management:			
Personnel services	96,080	112,658	114,729
Supplies	37,145	28,795	26,265
Other services and charges	94,350	113,350	75,448
Total emergency management	227,575	254,803	216,442
Total public safety	25,601,464	27,776,931	26,968,499
Streets:			
Streets maintenance:			
Personnel services	1,645,400	1,645,400	1,606,672
Supplies	72,418	72,418	64,401
Other services and charges	2,376,486	2,558,781	2,149,494
Capital outlay	16,200	16,200	16,264
Total streets maintenance	4,110,504	4,292,799	3,836,831

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ 139,223	$(7,513)
-	139,223	(7,513)
-	1,712,208	(31,858)
(25,222)	86,412	55,094
(23,441)	404,538	81,643
-	96,562	195,083
-	9,006	(9,006)
-	559	(559)
(48,663)	2,309,285	290,397
$ -	$ 937,764	$(18,034)
(329)	35,809	1,232
-	554,477	27,747
-	3,762	(3,762)
-	234	(234)
(329)	1,532,046	6,949
-	182,400	2,670
-	10,823	(1,723)
-	80,593	6,600
-	1,408	(1,408)
-	20	(20)
-	275,244	6,119
-	114,729	(2,071)
(4,489)	21,776	7,019
7,920	83,368	29,982
3,431	219,873	34,930
1,860,141	28,828,640	(1,051,709)
-	1,606,672	38,728
-	64,401	8,017
655,301	2,804,795	(246,014)
-	16,264	(64)
655,301	4,492,132	(199,333)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis
	Original	Final	
EXPENDITURES (Continued)			
Stormwater services:			
Other services and charges	$ 6,004	$ 6,004	$ 5,261
Total stormwater services	6,004	6,004	5,261
Environmental code services:			
Personnel services	297,030	297,030	287,839
Supplies	11,650	13,283	10,842
Other services and charges	149,289	178,004	139,089
Debt Service:			
Principal	-	-	493
Interest	-	-	45
Total environmental code services	457,969	488,317	438,308
Total streets	4,574,477	4,787,120	4,280,400
Sanitation:			
Animal control:			
Personnel services	436,580	538,971	540,297
Supplies	153,205	153,205	164,483
Other services and charges	176,338	179,326	166,295
Capital outlay	47,000	85,667	75,629
Debt Service:			
Principal	-	-	1,551
Interest	-	-	93
Total animal control	813,123	957,169	948,348
Total sanitation	813,123	957,169	948,348
Community services:			
Cemetery services:			
Personnel services	465,050	477,860	469,721
Supplies	39,633	37,776	41,264
Other services and charges	213,888	238,928	241,718
Debt Service:			
Principal	-	-	1,277
Interest	-	-	79
Total cemetery services	718,571	754,564	754,059
Parks and recreation:			
Personnel services	525,840	556,470	536,774
Supplies	65,757	69,412	68,347
Other services and charges	197,732	209,754	211,221
Capital outlay	-	-	107,866
Total parks and recreation	789,329	835,636	924,208

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ 5,261	$ 743
-	5,261	743
-	287,839	9,191
(1,633)	9,209	4,074
-	139,089	38,915
-	493	(493)
-	45	(45)
(1,633)	436,675	51,642
653,668	4,934,068	(146,948)
-	540,297	(1,326)
-	164,483	(11,278)
-	166,295	13,031
(30,167)	45,462	40,205
-	1,551	(1,551)
-	93	(93)
(30,167)	918,181	38,988
(30,167)	918,181	38,988
-	469,721	8,139
-	41,264	(3,488)
(15,445)	226,273	12,655
-	1,277	(1,277)
-	79	(79)
(15,445)	738,614	15,950
-	536,774	19,696
(3,655)	64,692	4,720
(6,500)	204,721	5,033
-	107,866	(107,866)
(10,155)	914,053	(78,417)

CITY OF SHERMAN, TEXAS

BUDGETARY COMPARISION SCHEDULE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis
	Original	Final	
EXPENDITURES (Continued)			
Community services: (Continued)			
Parks maintenance:			
Personnel services	$ 1,455,300	$ 1,577,077	$ 1,543,590
Supplies	115,569	178,569	168,931
Other services and charges	732,515	799,173	806,567
Capital outlay	70,440	108,100	-
Total parks maintenance	2,373,824	2,662,919	2,519,088
Swimming pools:			
Personnel services	209,880	209,880	207,285
Supplies	80,032	81,900	81,942
Other services and charges	83,031	122,286	109,094
Total swimming pools	372,943	414,066	398,321
Library services:			
Personnel services	607,300	629,570	643,424
Supplies	75,800	84,337	76,799
Other services and charges	195,933	199,933	187,049
Capital outlay	10,000	10,000	6,644
Debt Service:			
Principal	-	-	4,295
Interest	-	-	267
Total library services	889,033	923,840	918,478
Neighborhood services:			
Personnel services	$ 295,550	$ 314,050	$ 291,907
Supplies	8,350	8,350	7,547
Other services and charges	181,685	214,670	215,112
Capital outlay	-	-	6,105
Debt Service:			
Principal	-	-	493
Interest	-	-	45
Total neighborhood services	485,585	537,070	521,209
Senior citizens center:			
Personnel services	136,290	146,312	147,989
Supplies	27,202	28,033	22,504
Other services and charges	92,625	94,625	75,152
Debt Service:			
Principal	-	-	1,277
Interest	-	-	79
Total Senior Citizens Center	256,117	268,970	247,001
Main street program:			
Personnel services	24,360	24,360	25,981
Supplies	-	-	1,611
Other services and charges	26,500	26,500	28,085
Total Main Street Program	50,860	50,860	55,677
Total community services	5,936,262	6,447,925	6,338,041
Total expenditures	44,078,281	48,142,625	46,489,846
OTHER FINANCING USES			
Transfers out	$ 1,410,000	$ 1,410,000	$ 1,410,000
Total other financing uses	1,410,000	1,410,000	1,410,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 45,488,281	$ 49,552,625	$ 47,899,846

Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
$ -	$ 1,543,590	$ 33,487
-	168,931	9,638
-	806,567	(7,394)
-	-	108,100
-	2,519,088	143,831
-	207,285	2,595
(1,869)	80,073	1,827
(28,215)	80,879	41,407
(30,084)	368,237	45,829
-	643,424	(13,854)
(8,537)	68,262	16,075
-	187,049	12,884
-	6,644	3,356
-	4,295	(4,295)
-	267	(267)
(8,537)	909,941	13,899
$ -	$ 291,907	$ 22,143
-	7,547	803
-	215,112	(442)
-	6,105	(6,105)
-	493	(493)
-	45	(45)
-	521,209	15,861
-	147,989	(1,677)
8,869	31,373	(3,340)
-	75,152	19,473
-	1,277	(1,277)
-	79	(79)
8,869	255,870	13,100
-	25,981	(1,621)
-	1,611	(1,611)
-	28,085	(1,585)
-	55,677	(4,817)
(55,352)	6,282,689	165,236
4,564,434	51,054,280	(2,838,807)
$ -	$ 1,410,000	$ -
-	1,410,000	-
$ 4,564,434	$ 52,464,280	$(2,838,807)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL IMPROVEMENT FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Investment income	$ 150,000	$ 150,000	$ 19,023	$ -	$ 19,023	$(130,977)
Intergovernmental	-	-	65,008	-	65,008	65,008
Miscellaneous	-	-	316,215	-	316,215	316,215
Total revenues	150,000	150,000	400,246	-	400,246	250,246
EXPENDITURES						
Current:						
Streets	2,817,207	2,817,207	2,817,207	-	2,817,207	-
Capital outlay:						
Infrastructure and facility improvements	27,800,083	27,809,551	15,668,504	1,705,257	17,373,761	10,435,790
Total expenditures	30,617,290	30,626,758	18,485,711	1,705,257	20,190,968	10,435,790
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,467,290)	(30,476,758)	(18,085,465)	(1,705,257)	(19,790,722)	10,686,036
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	334,000	334,000	334,000	-	334,000	-
Transfers in	1,569,000	1,569,000	1,269,000	-	1,269,000	(300,000)
Total other financing sources (uses)	1,903,000	1,903,000	1,603,000	-	1,603,000	300,000
NET CHANGE IN FUND BALANCE	(28,564,290)	(28,573,758)	(16,482,465)	(1,705,257)	(18,187,722)	10,386,036
FUND BALANCE, BEGINNING	36,395,134	36,395,134	36,395,134	-	36,395,134	-
FUND BALANCE, ENDING	$ 7,830,844	$ 7,821,376	$ 19,912,669	$(1,705,257)	$ 18,207,412	$ 10,386,036

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
General property taxes	$ 6,776,717	$ 6,125,717	$ 6,125,717	$ -	$ 6,125,717	$ -
Investment income	1,000	1,000	11,799	-	11,799	10,799
Total revenues	6,777,717	6,126,717	6,137,516	-	6,137,516	10,799
EXPENDITURES						
Debt service:						
Principal	4,250,000	3,711,000	3,711,233	-	3,711,233	(233)
Interest	3,587,711	3,475,711	3,475,070	-	3,475,070	641
Agent fees	7,200	7,200	5,450	-	5,450	1,750
Total expenditures	7,844,911	7,193,911	7,191,753	-	7,191,753	2,158
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,067,194)	(1,067,194)	(1,054,237)	-	(1,054,237)	12,957
OTHER FINANCING SOURCES (USES)						
Transfers in	1,069,000	1,069,000	1,069,000	-	1,069,000	-
Total other financing sources (uses)	1,069,000	1,069,000	1,069,000	-	1,069,000	-
NET CHANGE IN FUND BALANCE	1,806	1,806	14,763	-	14,763	12,957
FUND BALANCE, BEGINNING	435,916	435,916	435,916	-	435,916	-
FUND BALANCE, ENDING	$ 437,722	$ 437,722	$ 450,679	$ -	$ 450,679	$ 12,957

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINING STATEMENTS

CITY OF SHERMAN, TEXAS

COMBINING BALANCE SHEETS
NONMAJOR GOVERMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue			
	Hotel - Motel	Community Development	PRIDE Program	Drug Enforcement Program
ASSETS				
Cash	$ 28,057	$ -	$ 22,726	$ 263,015
Pooled and temporary investments	3,147	-	-	-
Receivables (net of allowances for uncollectibles):				
Intergovernmental	-	102,084	-	-
Accounts	-	-	3,286	-
Taxes	139,916	-	-	-
Leases	-	-	-	-
Inventory	-	-	-	-
Total assets	$ 171,120	$ 102,084	$ 26,012	$ 263,015
LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 29,728	$ 37,377	$ 537	$ -
Accrued wages payable	3,668	-	-	-
Customer deposits	6,525	-	-	-
Due to other funds	-	64,707	-	-
Total liabilities	39,921	102,084	537	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Restricted for:				
Law enforcement support	-	-	22,978	263,015
Airport and tourism	131,199	-	2,497	-
Infrastructure and facilities improvement	-	-	-	-
Cemetery maintenance	-	-	-	-
Committed to:				
New street development	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	131,199	-	25,475	263,015
Total liabilities, deferred inflows of resources and fund balances	$ 171,120	$ 102,084	$ 26,012	$ 263,015

Special Revenue			Capital Projects			
Municipal Airport	Emergency 9-1-1	Court Security and Technology	Street Revolving	TIF #2 Construction	TIF #3 Construction	TIRZ #5 Construction
$ 93,935	$ 206,767	$ 93,526	$ 566,621	$ 644,372	$ 5,999	$ 62,236
-	316,879	-	69,487	-	-	-
24,898	-	-	-	-	-	-
40,016	504	-	-	-	-	-
-	-	-	-	-	-	-
51,491	-	-	-	-	-	-
18,257	-	-	-	-	-	-
$ 228,597	$ 524,150	$ 93,526	$ 636,108	$ 644,372	$ 5,999	$ 62,236
$ 40,774	$ 2,510	$ 600	$ -	$ 4,000	$ -	$ -
-	-	-	-	-	-	-
8,030	-	-	162,808	-	-	-
-	-	-	-	-	-	-
48,804	2,510	600	162,808	4,000	-	-
75,042	-	-	-	-	-	-
75,042	-	-	-	-	-	-
-	-	-	-	-	-	-
-	521,640	92,926	-	-	-	-
104,751	-	-	-	-	-	-
-	-	-	-	640,372	5,999	62,236
-	-	-	-	-	-	-
-	-	-	473,300	-	-	-
-	-	-	-	-	-	-
104,751	521,640	92,926	473,300	640,372	5,999	62,236
$ 228,597	$ 524,150	$ 93,526	$ 636,108	$ 644,372	$ 5,999	$ 62,236

CITY OF SHERMAN, TEXAS

COMBINING BALANCE SHEETS
NONMAJOR GOVERMENTAL FUNDS

SEPTEMBER 30, 2022

	Capital Projects			
	TIRZ #6 Construction	TIRZ #7 Construction	Roadway Impact Fee Zone #1	Roadway Impact Fee Zone #2
ASSETS				
Cash	$ 871,795	$ -	$ 5,726	$ 90,743
Pooled and temporary investments	-	-	-	-
Receivables (net of allowances for uncollectibles):				
Intergovernmental	-	-	-	-
Accounts	-	-	-	-
Taxes	-	-	-	-
Leases	-	-	-	-
Inventory	-	-	-	-
Total assets	$ 871,795	$ -	$ 5,726	$ 90,743
LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued wages payable	-	-	-	-
Customer deposits	-	-	-	-
Due to other funds	-	200,128	-	-
Total liabilities	-	200,128	-	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Restricted for:				
Law enforcement support	-	-	-	-
Airport and tourism	-	-	-	-
Infrastructure and facilities improvement	871,795	-	5,726	90,743
Cemetery maintenance	-	-	-	-
Committed to:				
New street development	-	-	-	-
Unassigned	-	(200,128)	-	-
Total fund balances	871,795	(200,128)	5,726	90,743
Total liabilities, deferred inflows of resources and fund balances	$ 871,795	$ -	$ 5,726	$ 90,743

Capital Projects				Permanent	
Roadway Impact Fee Zone #3	Roadway Impact Fee Zone #4	Regional Detention	Stormwater Fund	Perpetual Care Cemetery and Mausoleum	Total Nonmajor Governmental Funds
$ 26,516	$ 2,106,540	$ 269,788	$ -	$ 3,088	$ 5,361,450
-	-	-	184,746	1,664,020	2,238,279
-	-	-	-	-	126,982
-	-	-	46,753	25,375	115,934
-	-	-	-	-	139,916
-	-	-	-	-	51,491
-	-	-	-	-	18,257
$ 26,516	$ 2,106,540	$ 269,788	$ 231,499	$ 1,692,483	$ 8,052,309
$ -	$ -	$ -	$ 72	$ -	$ 115,598
-	-	-	1,154	-	4,822
-	-	-	-	-	177,363
-	-	-	81,105	-	345,940
-	-	-	82,331	-	643,723
-	-	-	-	-	75,042
-	-	-	-	-	75,042
-	-	-	-	100,000	100,000
-	-	-	-	-	900,559
-	-	-	-	-	238,447
26,516	2,106,540	269,788	149,168	-	4,228,883
-	-	-	-	1,592,483	1,592,483
-	-	-	-	-	473,300
-	-	-	-	-	(200,128)
26,516	2,106,540	269,788	149,168	1,692,483	7,333,544
$ 26,516	$ 2,106,540	$ 269,788	$ 231,499	$ 1,692,483	$ 8,052,309

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue			
	Hotel - Motel	Community Development	PRIDE Program	Drug Enforcement Program
REVENUES				
General property taxes	$ -	$ -	$ -	$ -
Nonproperty taxes	730,529	-	-	-
Intergovernmental	5,886	310,268	-	-
Charges for services	26,050	-	-	-
Fines and forfeitures	-	-	-	55,772
Investment income (loss)	469	-	897	1,272
Donations	-	-	44,585	-
Perpetual care contracts	-	-	-	-
Miscellaneous	64,375	-	-	5,776
Total revenues	827,309	310,268	45,482	62,820
EXPENDITURES				
Current:				
Public safety	-	-	4,495	4,856
Community services	842,723	-	2,785	-
Community development	-	310,268	-	-
Capital outlay	30,535	-	55,158	10,769
Debt service:	-			
Principal	14,954	-	-	-
Interest	186	-	-	-
Total expenditures	888,398	310,268	62,438	15,625
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(61,089)	-	(16,956)	47,195
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	30,535	-	-	-
Transfers in	260,000	-	-	-
Transfers out	(107,000)	-	-	-
Total other financing sources (uses)	183,535	-	-	-
NET CHANGE IN FUND BALANCES	122,446	-	(16,956)	47,195
FUND BALANCES, BEGINNING	8,753	-	42,431	215,820
FUND BALANCES, ENDING	$ 131,199	$ -	$ 25,475	$ 263,015

Special Revenue			Capital Projects			
Municipal Airport	Emergency 9-1-1	Court Security and Technology	Street Revolving	TIF #2 Construction	TIF #3 Construction	TIRZ #5 Construction
$ -	$ -	$ -	$ -	$ 194,189	$ 190,397	$ 70,665
-	-	-	-	-	-	-
50,000	-	-	-	-	-	67,645
665,452	308,553	-	-	-	-	-
-	-	36,023	-	-	-	-
2,746	9,226	1,636	11,530	13,585	124	4,725
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,061	-	-	-	-	-	-
738,259	317,779	37,659	11,530	207,774	190,521	143,035
-	171,574	6,846	-	-	-	-
623,564	-	-	-	-	-	-
-	-	-	-	-	-	-
68,691	62,500	-	-	96,090	200,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
692,255	234,074	6,846	-	96,090	200,000	-
46,004	83,705	30,813	11,530	111,684	(9,479)	143,035
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(289,000)
-	-	-	-	-	-	(289,000)
46,004	83,705	30,813	11,530	111,684	(9,479)	(145,965)
58,747	437,935	62,113	461,770	528,688	15,478	208,201
$ 104,751	$ 521,640	$ 92,926	$ 473,300	$ 640,372	$ 5,999	$ 62,236

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Capital Projects			
	TIRZ #6 Construction	TIRZ #7 Construction	Roadway Impact Fee Zone #1	Roadway Impact Fee Zone #2
REVENUES				
General property taxes	$ 28,319	$ 41,318	$ -	$ -
Nonproperty taxes	-	-	-	-
Intergovernmental	27,109	39,552	-	-
Charges for services	-	-	5,726	90,743
Fines and forfeitures	-	-	-	-
Investment income (loss)	9,415	242	-	-
Donations	-	-	-	-
Perpetual care contracts	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	64,843	81,112	5,726	90,743
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	64,843	81,112	5,726	90,743
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(226,000)	(178,000)	-	-
Total other financing sources (uses)	(226,000)	(178,000)	-	-
NET CHANGE IN FUND BALANCES	(161,157)	(96,888)	5,726	90,743
FUND BALANCES, BEGINNING	1,032,952	(103,240)	-	-
FUND BALANCES, ENDING	$ 871,795	$(200,128)	$ 5,726	$ 90,743

Capital Projects				Permanent	
Roadway Impact Fee Zone #3	Roadway Impact Fee Zone #4	Regional Detention	Stormwater Fund	Perpetual Care Cemetery and Mausoleum	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 524,888
-	-	-	-	-	730,529
-	-	-	1,718	-	502,178
25,460	2,106,540	-	450,795	-	3,679,319
-	-	-	-	-	91,795
-	-	5,947	11,525	(327,770)	(254,431)
-	-	-	-	-	44,585
-	-	-	-	15,924	15,924
-	-	-	-	-	90,212
25,460	2,106,540	5,947	464,038	(311,846)	5,424,999
-	-	-	-	-	187,771
-	-	-	129,879	-	1,598,951
-	-	-	-	-	310,268
-	-	-	1,440,688	-	1,964,431
-	-	-	-	-	14,954
-	-	-	-	-	186
-	-	-	1,570,567	-	4,076,561
25,460	2,106,540	5,947	(1,106,529)	(311,846)	1,348,438
-	-	-	-	-	30,535
-	-	-	-	-	260,000
-	-	(119,000)	(269,000)	-	(1,188,000)
-	-	(119,000)	(269,000)	-	(897,465)
25,460	2,106,540	(113,053)	(1,375,529)	(311,846)	450,973
1,056	-	382,841	1,524,697	2,004,329	6,882,571
$ 26,516	$ 2,106,540	$ 269,788	$ 149,168	$ 1,692,483	$ 7,333,544

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HOTEL - MOTEL FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Nonproperty taxes	$ 569,000	$ 689,000	$ 730,529	$ -	$ 730,529	$ 41,529
Intergovernmental	-	6,000	5,886	-	5,886	(114)
Charges for services	20,000	20,000	26,050	-	26,050	6,050
Investment income	-	-	469	-	469	469
Miscellaneous	40,000	40,000	64,375	-	64,375	24,375
Total revenues	629,000	755,000	827,309	-	827,309	72,309
EXPENDITURES						
Current:						
Community services						
Tourism	661,000	807,000	811,057	-	811,057	(4,057)
Auditorium	19,510	19,510	10,578	-	10,578	8,932
Ballroom	44,370	44,370	21,088	-	21,088	23,282
Capital outlay	5,000	5,000	30,535	-	30,535	(25,535)
Debt service:						
Principal	-	-	14,954	-	14,954	(14,954)
Interest	-	-	186	-	186	(186)
Total expenditures	729,880	875,880	888,398	-	888,398	(12,518)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,880)	(120,880)	(61,089)	-	(61,089)	59,791
OTHER FINANCING SOURCES (USES)						
Sale of general capital assets	-	-	30,535	-	30,535	30,535
Transfers in	260,000	260,000	260,000	-	260,000	-
Transfers out	(107,000)	(107,000)	(107,000)	-	(107,000)	-
Total other financing sources (uses)	153,000	153,000	183,535	-	183,535	30,535
NET CHANGE IN FUND BALANCE	52,120	32,120	122,446	-	122,446	90,326
FUND BALANCE, BEGINNING	8,753	8,753	8,753	-	8,753	-
FUND BALANCE, ENDING	$ 60,873	$ 40,873	$ 131,199	$ -	$ 131,199	$ 90,326

CITY OF SHERMAN, TEXAS

SCHEUDLE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP	Adjustment Budget	Actual Budget	Final Budget
	Original	Final	Basis	Basis	Basis	Variance
REVENUES						
Intergovernmental	$ 310,268	$ 310,268	$ 310,268	$ -	$ 310,268	$ -
Total revenues	310,268	310,268	310,268	-	310,268	-
EXPENDITURES						
Current:						
Community development						
Administration	44,364	44,364	44,364	-	44,364	-
Demolition and clearing	96,074	96,074	96,074		96,074	-
Public service	169,830	169,830	169,830	-	169,830	-
Total expenditures	310,268	310,268	310,268	-	310,268	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
FUND BALANCE, BEGINNING	-	-	-	-	-	-
FUND BALANCE, ENDING	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PRIDE PROGRAM

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Investment income	$ 200	$ 200	$ 897	$ -	$ 897	$ 697
Donations	33,000	33,000	44,585	-	44,585	11,585
Total revenues	33,200	33,200	45,482	-	45,482	12,282
EXPENDITURES						
Current:						
Public safety						
Drug enforcement	23,000	23,000	4,495	-	4,495	18,505
Community services						
Park maintenance	40,000	40,000	991	-	991	39,009
Library materials	15,000	15,000	1,794	-	1,794	13,206
Capital Outlay	-	25,705	55,158	(25,705)	29,453	(3,748)
Total expenditures	78,000	103,705	62,438	(25,705)	62,438	41,267
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,800)	(70,505)	(16,956)	25,705	(16,956)	53,549
FUND BALANCE, BEGINNING	42,431	42,431	42,431	-	42,431	-
FUND BALANCE, ENDING	$(2,369)	$(28,074)	$ 25,475	$ 25,705	$ 51,180	$ 79,254

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG ENFORCEMENT FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Fines and forfeitures	$ 200,000	$ 200,000	$ 55,772	$ -	$ 55,772	$(144,228)
Investment income	1,000	1,000	1,272	-	1,272	272
Miscellaneous	-	-	5,776	-	5,776	5,776
Total revenues	201,000	201,000	62,820	-	62,820	(138,180)
EXPENDITURES						
Current:						
Public safety						
Drug enforcement	118,200	107,431	4,856	-	4,856	102,575
Capital outlay	180,000	190,769	10,769	-	10,769	180,000
Total expenditures	298,200	298,200	15,625	-	15,625	282,575
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(97,200)	(97,200)	47,195	-	47,195	144,395
FUND BALANCE, BEGINNING	215,820	215,820	215,820	-	215,820	-
FUND BALANCE, ENDING	$ 118,620	$ 118,620	$ 263,015	$ -	$ 263,015	$ 144,395

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MUNICIPAL AIRPORT FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Intergovernmental	$ 50,000	$ 50,000	$ 50,000	$ -	$ 50,000	$ -
Investment income	200	200	2,746	-	2,746	2,546
Airport rentals	87,000	106,000	99,933	-	99,933	(6,067)
Fuel sales	380,000	538,000	565,519	-	565,519	27,519
Miscellaneous	-	-	20,061	-	20,061	20,061
Total revenues	517,200	694,200	738,259	-	738,259	44,059
EXPENDITURES						
Current:						
Community services						
Airport operation	481,045	652,045	623,564	-	623,564	28,481
Capital outlay	100,000	100,000	68,691	-	68,691	31,309
Total expenditures	581,045	752,045	692,255	-	692,255	59,790
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(63,845)	(57,845)	46,004	-	46,004	103,849
FUND BALANCE, BEGINNING	58,747	58,747	58,747	-	58,747	-
FUND BALANCE, ENDING	$(5,098)	$ 902	$ 104,751	$ -	$ 104,751	$ 103,849

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY 9-1-1 FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Charges for services	$ 294,000	$ 294,000	$ 308,553	$ -	$ 308,553	$ 14,553
Investment income	1,000	1,000	9,226	-	9,226	8,226
Total revenues	295,000	295,000	317,779	-	317,779	22,779
EXPENDITURES						
Current:						
Public safety						
Emergency 9-1-1 services	288,973	288,973	171,574	-	171,574	117,399
Capital outlay	-	316,016	62,500	71,555	134,055	181,961
Total expenditures	288,973	604,989	234,074	71,555	305,629	299,360
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,027	(309,989)	83,705	(71,555)	12,150	322,139
FUND BALANCE, BEGINNING	437,935	437,935	437,935	-	437,935	-
FUND BALANCE, ENDING	$ 443,962	$ 127,946	$ 521,640	$(71,555)	$ 450,085	$ 322,139

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COURT SECURITY AND TECHNOLOGY FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Fines and forfeitures	$ 32,250	$ 32,250	$ 36,023	$ -	$ 36,023	$ 3,773
Investment income	100	100	1,636	-	1,636	1,536
Total revenues	32,350	32,350	37,659	-	37,659	5,309
EXPENDITURES						
Current:						
Public safety						
Security	1,116	1,116	1,552	-	1,552	(436)
Technology	13,700	13,700	5,294	-	5,294	8,406
Total expenditures	14,816	14,816	6,846	-	6,846	7,970
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,534	17,534	30,813	-	30,813	13,279
FUND BALANCE, BEGINNING	62,113	62,113	62,113	-	62,113	-
FUND BALANCE, ENDING	$ 79,647	$ 79,647	$ 92,926	$ -	$ 92,926	$ 13,279

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET REVOLVING FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Charges for services	$ -	$ -	$ -	$ -	$ -	$ -
Investment income	2,200	2,200	11,530	-	11,530	9,330
Total revenues	2,200	2,200	11,530	-	11,530	9,330
EXPENDITURES						
Streets	200,000	200,000	-	-	-	200,000
Total expenditures	200,000	200,000	-	-	-	200,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(197,800)	(197,800)	11,530	-	11,530	209,330
FUND BALANCE, BEGINNING	461,770	461,770	461,770	-	461,770	-
FUND BALANCE, ENDING	$ 263,970	$ 263,970	$ 473,300	$ -	$ 473,300	$ 209,330

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIF #2 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Property taxes	$ 194,189	$ 194,189	$ 194,189	$ -	$ 194,189	$ -
Investment income	1,000	1,000	13,585	-	13,585	12,585
Total revenues	195,189	195,189	207,774	-	207,774	12,585
EXPENDITURES						
Capital outlay	600,000	600,000	96,090	-	96,090	503,910
Total expenditures	600,000	600,000	96,090	-	96,090	503,910
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(404,811)	(404,811)	111,684	-	111,684	516,495
FUND BALANCE, BEGINNING	528,688	528,688	528,688	-	528,688	-
FUND BALANCE, ENDING	$ 123,877	$ 123,877	$ 640,372	$ -	$ 640,372	$ 516,495

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIF #3 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Property taxes	$ 190,397	$ 190,397	$ 190,397	$ -	$ 190,397	$ -
Investment income	200	200	124	-	124	(76)
Total revenues	190,597	190,597	190,521	-	190,521	(76)
EXPENDITURES						
Capital outlay	200,000	200,000	200,000	-	200,000	-
Total expenditures	200,000	200,000	200,000	-	200,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,403)	(9,403)	(9,479)	-	(9,479)	(76)
FUND BALANCE, BEGINNING	15,478	15,478	15,478	-	15,478	-
FUND BALANCE, ENDING	$ 6,075	$ 6,075	$ 5,999	$ -	$ 5,999	$(76)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #5 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Property taxes	$ 78,063	$ 78,063	$ 70,665	$ -	$ 70,665	$(7,398)
Intergovernmental	75,295	75,295	67,645	-	67,645	(7,650)
Investment income	4,200	4,200	4,725	-	4,725	525
Total revenues	157,558	157,558	143,035	-	143,035	(14,523)
EXPENDITURES						
Capital outlay	325,000	325,000	-	-	-	325,000
Total expenditures	325,000	325,000	-	-	-	325,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(167,442)	(167,442)	143,035	-	143,035	310,477
OTHER FINANCING SOURCES (USES)						
Transfers out	(289,000)	(289,000)	(289,000)	-	(289,000)	-
Total other financing sources (uses)	(289,000)	(289,000)	(289,000)	-	(289,000)	-
NET CHANGE IN FUND BALANCE	(456,442)	(456,442)	(145,965)	-	(145,965)	310,477
FUND BALANCE, BEGINNING	208,201	208,201	208,201	-	208,201	-
FUND BALANCE, ENDING	$(248,241)	$(248,241)	$ 62,236	$ -	$ 62,236	$ 310,477

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #6 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Property taxes	$ 31,284	$ 31,284	$ 28,319	$ -	$ 28,319	$(2,965)
Intergovernmental	30,175	30,175	27,109	-	27,109	(3,066)
Investment income	3,600	3,600	9,415	-	9,415	5,815
Total revenues	65,059	65,059	64,843	-	64,843	(216)
EXPENDITURES						
Capital outlay	800,000	800,000	-	-	-	800,000
Total expenditures	800,000	800,000	-	-	-	800,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(734,941)	(734,941)	64,843	-	64,843	799,784
OTHER FINANCING SOURCES (USES)						
Transfers out	(226,000)	(226,000)	(226,000)	-	(226,000)	-
Total other financing sources (uses)	(226,000)	(226,000)	(226,000)	-	(226,000)	-
NET CHANGE IN FUND BALANCE	(960,941)	(960,941)	(161,157)	-	(161,157)	799,784
FUND BALANCE, BEGINNING	1,032,952	1,032,952	1,032,952	-	1,032,952	-
FUND BALANCE, ENDING	$ 72,011	$ 72,011	$ 871,795	$ -	$ 871,795	$ 799,784

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TIRZ #7 CONSTRUCTION FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Property taxes	$ 45,931	$ 45,931	$ 41,318	$ -	$ 41,318	$(4,613)
Intergovernmental	44,296	44,296	39,552	-	39,552	(4,744)
Investment income	150	150	242	-	242	92
Total revenues	90,377	90,377	81,112	-	81,112	(9,265)
EXPENDITURES						
Total expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	90,377	90,377	81,112	-	81,112	(9,265)
OTHER FINANCING SOURCES (USES)						
Transfers out	(178,000)	(178,000)	(178,000)	-	(178,000)	-
Total other financing sources (uses)	(178,000)	(178,000)	(178,000)	-	(178,000)	-
NET CHANGE IN FUND BALANCE	(87,623)	(87,623)	(96,888)	-	(96,888)	(9,265)
FUND BALANCE, BEGINNING	(103,240)	(103,240)	(103,240)	-	(103,240)	-
FUND BALANCE, ENDING	$(190,863)	$(190,863)	$(200,128)	$ -	$(200,128)	$(9,265)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROADWAY IMPACT FEE #1 FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Charges for services	$ 200,000	$ 200,000	$ 5,726	$ -	$ 5,726	$(194,274)
Total revenues	200,000	200,000	5,726	-	5,726	(194,274)
EXPENDITURES						
Total expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	200,000	200,000	5,726	-	5,726	(194,274)
FUND BALANCE, BEGINNING	-	-	-	-	-	-
FUND BALANCE, ENDING	$ 200,000	$ 200,000	$ 5,726	$ -	$ 5,726	$(194,274)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROADWAY IMPACT FEE #2 FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Charges for services	$ 190,000	$ 190,000	$ 90,743	$ -	$ 90,743	$(99,257)
Total revenues	190,000	190,000	90,743	-	90,743	(99,257)
EXPENDITURES						
Total expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	190,000	190,000	90,743	-	90,743	(99,257)
FUND BALANCE, BEGINNING	-	-	-	-	-	-
FUND BALANCE, ENDING	$ 190,000	$ 190,000	$ 90,743	$ -	$ 90,743	$(99,257)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROADWAY IMPACT FEE #3 FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Charges for services	$ -	$ -	$ 25,460	$ -	$ 25,460	$ 25,460
Total revenues	-	-	25,460	-	25,460	25,460
EXPENDITURES						
Total expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	25,460	-	25,460	25,460
FUND BALANCE, BEGINNING	1,056	1,056	1,056	-	1,056	-
FUND BALANCE, ENDING	$ 1,056	$ 1,056	$ 26,516	$ -	$ 26,516	$ 25,460

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROADWAY IMPACT FEE #4 FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Charges for services	$ 350,000	$ 350,000	$ 2,106,540	$ -	$ 2,106,540	$ 1,756,540
Total revenues	350,000	350,000	2,106,540	-	2,106,540	1,756,540
EXPENDITURES						
Total expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	350,000	350,000	2,106,540	-	2,106,540	1,756,540
OTHER FINANCING SOURCES (USES)						
Transfers out	(300,000)	(300,000)	-	-	-	(300,000)
Total other financing sources (uses)	(300,000)	(300,000)	-	-	-	300,000
NET CHANGE IN FUND BALANCE	50,000	50,000	2,106,540		2,106,540	2,056,540
FUND BALANCE, BEGINNING	-	-	-	-	-	-
FUND BALANCE, ENDING	$ 50,000	$ 50,000	$ 2,106,540	$ -	$ 2,106,540	$ 2,056,540

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
REGIONAL DETENTION FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Charges for services	$ 20,000	$ 20,000	$ -	$ -	$ -	$(20,000)
Investment income	1,200	1,200	5,947	-	5,947	4,747
Total revenues	21,200	21,200	5,947	-	5,947	(15,253)
EXPENDITURES						
Capital outlay	200,000	200,000	-	-	-	200,000
Total expenditures	200,000	200,000	-	-	-	200,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(178,800)	(178,800)	5,947	-	5,947	184,747
OTHER FINANCING SOURCES (USES)						
Transfers out	(119,000)	(119,000)	(119,000)	-	(119,000)	-
Total other financing sources (uses)	(119,000)	(119,000)	(119,000)	-	(119,000)	-
NET CHANGE IN FUND BALANCE	(297,800)	(297,800)	(113,053)	-	(113,053)	184,747
FUND BALANCE, BEGINNING	382,841	382,841	382,841	-	382,841	-
FUND BALANCE, ENDING	$ 85,041	$ 85,041	$ 269,788	$ -	$ 269,788	$ 184,747

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Intergovernmental	$ 250,000	$ 250,000	$ 1,718	$ -	$ 1,718	$(248,282)
Charges for services	452,000	452,000	450,795	-	450,795	(1,205)
Investment income	1,500	1,500	11,525	-	11,525	10,025
Total revenues	703,500	703,500	464,038	-	464,038	(239,462)
EXPENDITURES						
Current:						
Community services	166,729	167,561	129,879	-	129,879	37,682
Capital outlay	250,000	1,450,000	1,440,688	-	1,440,688	9,312
Total expenditures	416,729	1,617,561	1,570,567	-	1,570,567	46,994
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	286,771	(914,061)	(1,106,529)	-	(1,106,529)	(192,468)
OTHER FINANCING SOURCES (USES)						
Transfers out	(269,000)	(269,000)	(269,000)	-	(269,000)	-
Total other financing sources (uses)	(269,000)	(269,000)	(269,000)	-	(269,000)	-
NET CHANGE IN FUND BALANCE	17,771	(1,183,061)	(1,375,529)	-	(1,375,529)	(192,468)
FUND BALANCE, BEGINNING	1,524,697	1,524,697	1,524,697	-	1,524,697	-
FUND BALANCE, ENDING	$ 1,542,468	$ 341,636	$ 149,168	$ -	$ 149,168	$(192,468)

CITY OF SHERMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERPETUAL CARE CEMETERY AND MAUSOLEUM FUND

YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Final Budget Variance
	Original	Final				
REVENUES						
Investment income (loss)	$ 100,000	$ 100,000	$(327,770)	$ -	$(327,770)	$(427,770)
Perpetual care contracts	18,000	18,000	15,924	-	15,924	(2,076)
Total revenues	118,000	118,000	(311,846)	-	(311,846)	(429,846)
EXPENDITURES	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	118,000	118,000	(311,846)	-	(311,846)	(429,846)
FUND BALANCE, BEGINNING	2,004,329	2,004,329	2,004,329	-	2,004,329	-
FUND BALANCE, ENDING	$ 2,122,329	$ 2,122,329	$ 1,692,483	$ -	$ 1,692,483	$(429,846)

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2022

	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
ASSETS					
Current:					
Cash	$ -	$ 162,147	$ 179,703	$ 1,796,921	$ 2,138,771
Pooled and temporary investments	-	1,147	600,000	-	601,147
Receivables (net of allowances for uncollectibles):					
Accounts	-	2,400	255,517	-	257,917
Inventories	221,086	-	-	-	221,086
Prepaid items	-	2,321	-	-	2,321
Total current assets	221,086	168,015	1,035,220	1,796,921	3,221,242
Capital assets:					
Land	55,250	-	-	-	55,250
Construction in progress	-	7,929	-	-	7,929
Buildings	171,916	29,485	-	-	201,401
Improvements other than buildings	21,903	61,046	-	-	82,949
Machinery and equipment	652,169	808,420	-	26,926,974	28,387,563
Other assets	-	164,340	-	-	164,340
Total capital assets	901,238	1,071,220	-	26,926,974	28,899,432
Accumulated depreciation	(521,278)	(836,989)	-	(15,303,139)	(16,661,406)
Capital assets, net	379,960	234,231	-	11,623,835	12,238,026
Total assets	601,046	402,246	1,035,220	13,420,756	15,459,268
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan - TMRS	112,232	88,116	-	-	200,348
OPEB - retiree health plan	22,150	17,390	-	-	39,540
OPEB - supplemental death benefit	11,154	8,757	-	-	19,911
Total deferred outflows of resources	145,536	114,263	-	-	259,799
LIABILITIES					
Current liabilities:					
Accounts payable	118,797	51,449	-	63,443	233,689
Accrued wages	19,523	10,775	-	-	30,298
Claims payable	-	-	523,049	-	523,049
Unearned revenue	-	-	8,217	-	8,217
Current portion of long-term liabilities:					
Notes payable	-	-	-	705,455	705,455
Accrued compensated absences	44,720	57,215	-	-	101,935
Tax notes	-	-	-	658,043	658,043
Due to other funds	103,299	-	-	-	103,299
Long-term liabilities (net of current portion):					
Notes payable	-	-	-	1,278,904	1,278,904
Tax notes	-	-	-	2,367,187	2,367,187
Net pension liability	93,186	73,163	-	-	166,349
Total OPEB liability - retiree health plan	174,029	136,634	-	-	310,663
Total OPEB liability - supplemental death benefit	49,070	38,526	-	-	87,596
Total liabilities	602,624	367,762	531,266	5,073,032	6,574,684
DEFERRED INFLOWS OF RESOURCES					
Pension plan - TMRS	260,083	204,198	-	-	464,281
OPEB - retiree health plan	40,752	31,995	-	-	72,747
OPEB - supplemental death benefits	6,120	4,805	-	-	10,925
Total deferred inflows of resources	306,955	240,998	-	-	547,953
NET POSITION					
Net investment in capital assets	379,960	234,231	-	6,614,246	7,228,437
Unrestricted	(542,957)	(326,482)	503,954	1,733,478	1,367,993
Total net position	$(162,997)	$(92,251)	$ 503,954	$ 8,347,724	$ 8,596,430

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
OPERATING REVENUES					
Charges for services	$ 3,996,337	$ 1,492,142	$ 4,944,223	$ 2,015,899	$ 12,448,601
Property taxes	-	-	-	698,333	698,333
Miscellaneous revenue	19,001	1,297	-	17,020	37,318
Total operating revenues	4,015,338	1,493,439	4,944,223	2,731,252	13,184,252
OPERATING EXPENSES					
Personnel services	957,242	858,079	-	-	1,815,321
Contractual services	382,547	320,060	4,971,664	136,051	5,810,322
Supplies	1,299,680	53,293	-	8,652	1,361,625
Maintenance and repair	1,265,172	178,437	-	-	1,443,609
Depreciation and amortization	51,610	80,871	-	2,454,368	2,586,849
Total operating expenses	3,956,251	1,490,740	4,971,664	2,599,071	13,017,726
OPERATING INCOME (LOSS)	59,087	2,699	(27,441)	132,181	166,526
NONOPERATING REVENUES (EXPENSES)					
Investment income	-	1,243	19,739	30,155	51,137
Interest expense	-	-	-	(4,841)	(4,841)
Intergovernmental	26,719	15,037	-	-	41,756
Total nonoperating revenues (expenses)	26,719	16,280	19,739	25,314	88,052
CHANGE IN NET POSITION	85,806	18,979	(7,702)	157,495	254,578
NET POSITION, BEGINNING	(248,803)	(111,230)	511,656	8,190,229	8,341,852
NET POSITION, ENDING	$(162,997)	$(92,251)	$ 503,954	$ 8,347,724	$ 8,596,430

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund services	$ 4,015,338	$ 1,493,439	$ 4,702,940	$ 2,731,252	$ 12,942,969
Cash paid for supplies and materials	(2,936,629)	(517,122)	-	(184,576)	(3,638,327)
Cash paid for premiums, claims and administrative costs	-	-	(4,832,933)	-	(4,832,933)
Cash paid for personnel services	(1,102,579)	(850,833)	-	-	(1,953,412)
Net cash provided (used) by operating activities	(23,870)	125,484	(129,993)	2,546,676	2,518,297
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants	26,719	15,037	-	-	41,756
Net cash provided (used) by noncapital financing activities	26,719	15,037	-	-	41,756
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(14,828)	(133,736)	-	(2,161,311)	(2,309,875)
Proceeds from issuance of long-term debt	-	-	-	546,247	546,247
Principal retirement of long-term debt	-	-	-	(685,000)	(685,000)
Interest paid on long-term debt	-	-	-	(4,841)	(4,841)
Net cash provided (used) by capital and related financing activities	(14,828)	(133,736)	-	(2,304,905)	(2,453,469)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	-	1,243	19,739	30,155	51,137
Purchase of investments	-	(6)	(600,000)	-	(600,006)
Net cash provided by investing activities	-	1,237	(580,261)	30,155	(548,869)
NET INCREASE (DECREASE) IN CASH	(11,979)	8,022	(710,254)	271,926	(442,285)
CASH, BEGINNING	11,979	154,125	889,957	1,524,995	2,581,056
CASH, ENDING	$ -	$ 162,147	$ 179,703	$ 1,796,921	$ 2,138,771

CITY OF SHERMAN, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Equipment Services	Information Technology	Insurance	Fleet Replacement	Total Governmental
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ 59,087	$ 2,699	$(27,441)	$ 132,181	$ 166,526
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	51,610	80,871	-	2,454,368	2,586,849
(Increase) decrease in:					
Accounts receivable (net)	-	(2,400)	(239,789)	-	(242,189)
Inventories	(49,580)	-	-	-	(49,580)
Prepaid items	-	2,309	-	-	2,309
Deferred outflows of resources	(12,110)	(33,886)	-	-	(45,996)
Increase (decrease) in :					
Accounts payable	(42,949)	34,759	(10,353)	(39,873)	(58,416)
Accrued wages payable	(18,349)	(14,304)	-	-	(32,653)
Unearned revenue	-	-	(1,494)	-	(1,494)
Due to other funds	103,299	-	-	-	103,299
Estimated liability for claims	-	-	149,084	-	149,084
Accrued compensated absences	(2,953)	8,985	-	-	6,032
Net pension liability	(227,705)	(120,145)	-	-	(347,850)
Net OPEB obligation	(11,145)	34,050	-	-	22,905
Deferred inflows of resources	126,925	132,546	-	-	259,471
Total adjustments	(82,957)	122,785	(102,552)	2,414,495	2,351,771
Net cash provided (used) by operating activities	$(23,870)	$ 125,484	$(129,993)	$ 2,546,676	$ 2,518,297

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

	Table	
Net Position by Component Unit	1	126 – 127
Changes in Net Position	2	128 – 131
Fund Balance Governmental Funds	3	132 – 133
Changes in Fund Balances Governmental Funds	4	134 – 135
Assessed Value and Estimated Actual Value of Taxable Property	5	136 – 137
Classification of Assessed Valuation	6	138 – 141
Direct and Overlapping Property Tax Rates	7	142 – 143
Principal Property Taxpayers	8	144
Property Tax Levies and Collections	9	145
Sales Tax Collections	10	146
Sales Tax Collection by Industry	11	147 – 148
Water and Sewer Rates	12	149
Water Sold by Type of Customers	13	150 – 151
Top Ten Water Customers	14	152
Ratios of Outstanding Debt by Type	15	153 – 154
Ratios of General Bonded Debt Outstanding	16	155
Direct and Overlapping Governmental Activities Debt	17	156
Legal Debt Margin Information	18	157 – 158
Pledged Revenue Coverage	19	159
Demographic and Economic Statistics	20	160
Principal Employers	21	161
Full-Time Equivalent City Government Employees by Function/Program	22	162 – 163
Operating Indicators by Function/Program	23	164 – 165
Capital Assets Statistics by Function/Program	24	166 - 167

CITY OF SHERMAN, TEXAS

NET POSITION BY COMPONENT
(Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	$ 46,356	$ 43,828	$ 42,771	$ 42,119
Restricted	3,076	3,409	3,366	2,676
Unrestricted	6,543	8,763	4,513	646
Total governmental activities net position	$ 55,975	$ 56,000	$ 50,650	$ 45,441
Business-type activities:				
Net investment in capital assets	$ 32,807	$ 31,588	$ 30,296	$ 29,071
Restricted	-	-	-	-
Unrestricted	9,887	8,750	7,052	6,257
Total business-type activities net position	$ 42,694	$ 40,338	$ 37,348	$ 35,328
Primary government:				
Net investment in capital assets	$ 79,163	$ 75,416	$ 73,067	$ 71,190
Restricted	3,076	3,409	3,366	2,676
Unrestricted	16,430	17,513	11,565	6,903
Total primary government net position	$ 98,669	$ 96,338	$ 87,998	$ 80,769

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 42,277	$ 35,591	$ 26,556	$ 23,785	$ 20,738	$ 22,359
2,703	7,914	6,008	6,942	6,525	2,886
(3,683)	(8,443)	(12,343)	(12,280)	(5,397)	5,727
$ 41,297	$ 35,062	$ 20,221	$ 18,447	$ 21,866	$ 30,972
$ 28,114	$ 27,192	$ 25,987	$ 26,167	$ 24,504	$ 28,113
-	-	-	-	-	-
4,959	3,175	1,890	1,270	1,375	6,264
$ 33,073	$ 30,367	$ 27,877	$ 27,437	$ 25,879	$ 34,377
$ 70,391	$ 62,783	$ 52,543	$ 49,952	$ 45,242	$ 50,472
2,703	7,914	6,008	6,942	6,525	2,886
1,276	(5,268)	(10,453)	(11,010)	(4,022)	11,991
$ 74,370	$ 65,429	$ 48,098	$ 45,884	$ 47,745	$ 65,349

CITY OF SHERMAN, TEXAS

CHANGES IN NET POSITION
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
EXPENSES				
Governmental activities:				
General government	$ 6,548	$ 6,662	$ 6,303	$ 9,178
Public safety	17,972	17,871	18,221	19,655
Streets	7,081	6,011	7,024	6,481
Sanitation	715	703	716	748
Community services	5,488	5,268	5,398	5,760
Community development	279	290	277	339
Interest on long-term debt	629	594	560	665
Total governmental activities expenses	38,712	37,399	38,499	42,826
Business-type activities:				
Water and sewer services	18,388	18,853	18,760	20,569
Solid waste services	4,354	4,540	4,423	4,692
Total business-type activities expenses	22,742	23,393	23,183	25,261
Total primary government program expenses	$ 61,454	$ 60,792	$ 61,682	$ 68,087
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	$ 114	$ 99	$ 97	$ 88
Public safety	3,133	2,707	2,635	2,512
Streets	101	118	102	99
Sanitation	150	171	139	125
Community services	1,323	1,194	1,194	868
Community development	-	-	-	-
Operating grants and contributions	565	156	1,504	183
Capital grants and contributions	541	250	247	546
Total governmental activities program revenues	5,927	4,695	5,918	4,421
Business-type activities:				
Charges for services:				
Water and sewer service	19,720	19,870	20,548	20,674
Solid waste service	5,474	5,815	5,763	6,218
Capital grants and contributions	-	1,191	546	289
Total business-type activities program revenues	25,194	26,876	26,857	27,181
Total primary government program revenues	$ 31,121	$ 31,571	$ 32,775	$ 31,602

TABLE 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 7,061	$ 6,411	$ 6,592	$ 7,070	$ 7,089	$ 7,798
21,582	21,056	24,076	25,886	24,623	25,060
7,053	9,156	19,873	10,492	11,044	9,879
778	734	858	959	732	750
5,874	6,054	6,595	7,281	7,808	7,997
321	231	351	441	441	305
1,491	1,672	2,461	2,678	3,319	2,918
44,160	45,314	60,806	54,807	55,056	54,707
21,591	23,098	24,346	24,961	24,360	24,153
4,876	6,321	6,584	6,600	5,730	6,334
26,467	29,419	30,930	31,561	30,090	30,487
$ 70,627	$ 74,733	$ 91,736	$ 86,368	$ 85,146	$ 85,194
$ 78	$ 446	$ 842	$ 780	$ 1,323	$ 1,182
3,383	3,784	3,518	3,165	3,137	3,900
137	153	213	359	279	2,540
106	109	94	77	75	82
965	903	1,083	811	1,084	1,356
-	-	-	1,716	-	-
402	331	1,030	1,254	2,252	1,039
407	685	156	2,984	347	3,637
5,478	6,411	6,936	11,146	8,497	13,736
20,760	22,481	22,229	23,213	23,877	30,487
6,264	6,690	6,943	7,122	7,466	7,589
389	1,322	1,391	2,129	600	3,191
27,413	30,493	30,563	32,464	31,943	41,267
$ 32,891	$ 36,904	$ 37,499	$ 43,610	$ 40,440	$ 55,003

CITY OF SHERMAN, TEXAS

CHANGES IN NET POSITION
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
NET (EXPENSE) REVENUES				
Governmental activities	$(32,785)	$(32,704)	$(32,581)	$(38,405)
Business-type activities	2,452	3,484	3,674	1,920
Total primary government net expense	(30,333)	(29,220)	(28,907)	(36,485)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	7,291	7,793	8,811	9,341
Sales	13,872	14,806	15,058	15,636
Franchise and nonproperty	3,462	3,841	3,618	3,425
Investment earnings	78	120	20	154
Grants, donations, and special items	280	279	136	222
Gain/(loss) on sale of fixed assets	-	-	-	9
Transfers	5,231	5,973	5,202	4,409
Total governmental activities	30,214	32,812	32,845	33,196
Business-type activities:				
Investment earnings	35	13	57	66
Grants, donations, and special items	58	121	65	402
Transfers	(5,231)	(5,973)	(5,202)	(4,408)
Total business-type activities	(5,138)	(5,839)	(5,080)	(3,940)
Total primary government	25,076	26,973	27,765	29,256
CHANGE IN NET POSITION				
Governmental activities	(2,571)	108	264	(5,209)
Business-type activities	(2,686)	(2,355)	(1,406)	(2,020)
Total primary government	$(5,257)	$(2,247)	$(1,142)	$(7,229)

Fiscal Year					
2017	2018	2019	2020	2021	2022
$(38,682)	$(38,903)	$(53,870)	$(43,661)	$(46,559)	$(40,971)
946	1,074	(367)	903	1,853	10,780
(37,736)	(37,829)	(54,237)	(42,758)	(44,706)	(30,191)
10,808	12,127	13,057	16,271	17,627	18,613
15,563	17,839	18,024	18,696	21,564	25,229
3,490	3,655	3,568	3,447	3,651	4,057
353	489	1,054	483	325	(814)
303	226	496	359	240	362
(35)	2,035	(47)	31	3,046	-
4,056	2,515	2,878	2,599	3,526	3,358
34,538	38,886	39,030	41,886	49,979	50,805
45	40	173	94	14	9
810	516	581	1,161	101	1,067
(4,056)	(2,515)	(2,878)	(2,599)	(3,526)	(3,358)
(3,201)	(1,959)	(2,124)	(1,344)	(3,411)	(2,282)
31,337	36,927	36,906	40,542	46,568	48,523
(4,144)	(17)	(14,840)	(1,775)	3,420	9,834
(2,255)	(885)	(2,491)	(441)	(1,558)	8,498
$(6,399)	$(902)	$(17,331)	$(2,216)	$ 1,862	$ 18,332

CITY OF SHERMAN, TEXAS

FUND BALANCE
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable	$ -	$ -	$ -	$ 87
Restricted	6	30	6	8
Assigned	119	139	141	69
Unassigned	9,760	11,358	10,949	10,056
Total general fund	$ 9,885	$ 11,527	$ 11,096	$ 10,220
All other governmental funds				
Nonspendable	$ 1,300	$ 1,300	$ -	$ -
Committed	451	418	419	422
Restricted	3,145	3,446	3,420	2,761
Assigned	-	-	1,758	9,832
Unassigned	(1,077)	(658)	-	-
Total all other governmental funds	$ 3,819	$ 4,506	$ 5,597	$ 13,015

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ -	$ -	$ -	$ -	$ -	$ -
11	1	3	3	11	11
38	52	58	216	554	70
9,344	11,504	11,297	12,527	16,339	18,299
$ 9,393	$ 11,557	$ 11,358	$ 12,746	$ 16,904	$ 18,380
$ -	$ -	$ -	$ -	$ 100	$ 100
426	437	450	460	462	473
24,536	29,835	28,019	16,918	43,246	25,025
460	528	-	-	9	2,299
-	(20)	(1,029)	(44)	(103)	(200)
$ 25,422	$ 30,780	$ 27,440	$ 17,334	$ 43,714	$ 27,697

CITY OF SHERMAN, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Taxes	$ 24,421	$ 26,300	$ 27,269	$ 28,327
Licenses and permits	254	401	371	404
Intergovernmental	1,330	577	572	714
Charges for services	3,316	3,079	2,977	2,927
Fines	1,106	731	571	527
Investment earnings	78	120	20	154
Donations	48	42	39	43
Miscellaneous	276	208	1,579	220
Total revenues	30,829	31,458	33,398	33,316
EXPENDITURES				
General government	4,618	4,839	5,209	5,337
Public safety	17,510	17,509	17,669	18,400
Highways and streets	2,395	2,565	2,557	2,997
Sanitation	690	682	701	704
Community services	4,509	4,377	4,496	4,727
Community development	279	290	278	335
Capital outlay	1,853	751	2,678	2,955
Debt service:				
Principal	816	770	795	830
Interest and debt service fees	602	574	547	619
Total expenditures	33,272	32,357	34,930	36,904
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,443)	(899)	(1,532)	(3,588)
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term debt	$ -	$ -	$ -	$ 8,800
Premium on bond issuance	-	-	-	304
Proceeds from refunding debt	-	-	-	-
Proceeds from sale of assets	25	56	39	438
Insurance recoveries	-	-	-	-
Paid to refunding bond agent	-	-	-	-
Transfers in	3,986	5,098	5,500	3,985
Transfers out	(1,276)	(1,926)	(3,348)	(3,398)
Total other financing sources (uses)	2,735	3,228	2,191	10,129
NET CHANGE IN FUND BALANCES	$ 292	$ 2,329	$ 659	$ 6,541
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	4.3%	4.3%	4.0%	4.3%

Note: Capital Outlay does not include contributed capital assets.

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 29,934	$ 33,585	$ 34,562	$ 38,390	$ 42,838	$ 47,471
503	824	691	609	811	1,097
762	957	1,392	3,568	2,528	1,853
3,502	3,929	3,759	3,744	4,303	7,096
726	562	693	391	383	474
350	461	1,013	463	321	(865)
53	86	60	157	52	72
330	276	705	327	315	770
36,160	40,680	42,875	47,649	51,551	57,968
5,408	6,396	6,157	6,634	7,166	7,946
19,409	21,346	22,235	23,151	24,750	27,010
3,374	6,190	15,389	6,123	6,690	7,081
714	730	793	913	710	871
4,954	5,367	5,719	6,328	7,076	7,809
316	244	348	447	446	310
9,332	17,218	13,921	10,682	5,604	17,972
1,300	1,810	2,490	3,475	3,125	3,762
1,180	1,826	2,370	2,753	2,785	3,483
45,987	61,127	69,422	60,506	58,352	76,244
(9,827)	(20,447)	(26,547)	(12,857)	(6,801)	(18,276)
$ 18,110	$ 22,880	$ 19,130	$ -	$ 29,025	$ 334
1,701	501	1,001	-	1,130	-
9,360	-	-	-	-	-
51	2,030	-	-	3,648	43
-	42	-	-	-	-
(9,887)	-	-	-	-	-
3,926	5,220	4,784	5,547	5,459	5,956
(1,854)	(2,705)	1,906	(1,398)	(1,933)	(2,598)
21,407	27,968	23,009	4,149	37,329	3,735
$ 11,580	$ 7,521	$(3,538)	$(8,708)	$ 30,528	$(14,541)
6.8%	9.7%	9.9%	13.6%	10.1%	9.5%

CITY OF SHERMAN, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Real Property		Nonreal Property		Less Exemptions and Deductions	Total Taxable Assessed Value
	Residential	Commercial	Personal	Other		
2013	852,464	1,264,118	632,063	32,626	531,385	2,249,886
2014	855,330	1,313,960	612,320	31,885	575,443	2,238,052
2015	872,907	1,724,365	643,252	27,226	893,233	2,374,517
2016	1,024,035	1,856,599	584,425	18,012	962,223	2,520,848
2017	1,091,578	1,865,518	643,397	12,743	831,983	2,781,253
2018	1,193,741	1,945,413	664,170	15,020	931,450	2,886,894
2019	1,352,065	1,956,251	678,475	13,927	886,541	3,114,177
2020	1,479,006	2,124,113	824,371	14,758	1,022,390	3,419,858
2021	1,637,409	2,393,564	930,870	10,535	1,135,229	3,837,149
2022	1,885,385	2,691,186	882,487	7,961	1,328,877	4,138,142

Source: Grayson Central Appraisal District

Certified values are subject to change throughout the year as contested values are resolved.

Note: Assessed values are determined as of January 1, and relate to taxes levied on the first day of the following fiscal year. Assessed value is equal to 100% of estimated value. All property is assessed the same regardless of real or personal property, commercial, residential, or industrial.

Total Direct Tax Rate	Assessd Value of Taxable Property	Per Capita Assessed Value
0.3200	2,249,886	58,440
0.3480	2,238,052	57,674
0.3720	2,374,517	60,700
0.3720	2,520,848	63,708
0.3943	2,781,253	69,337
0.4273	2,886,894	71,206
0.4273	3,114,177	75,681
0.4890	3,419,858	78,356
0.4890	3,837,149	87,917
0.4890	4,138,142	95,704

CITY OF SHERMAN, TEXAS

CLASSIFICATION OF ASSESSED VALUATION

LAST TEN YEARS

Category	Tax Year 2012	% of Total	Tax Year 2013	% of Total	Tax Year 2014	% of Total
			Value of			
Real, Residential, Single-Family	$ 932,233,384	33.52%	$ 933,817,827	33.19%	$ 950,035,956	29.07%
Real, Residential, Multi-Family	127,665,860	4.59%	130,211,958	4.63%	133,771,157	4.09%
Real, Vacant Lots/Tracts	45,963,438	1.65%	36,329,354	1.29%	36,858,532	1.13%
Real, Acreage	105,196,706	3.78%	79,919,006	2.84%	76,112,901	2.32%
Real, Farm & Ranch Improvements	6,176,571	0.22%	22,561,954	0.80%	25,326,663	0.78%
Real, Commercial	569,833,509	20.49%	584,441,092	20.77%	611,588,356	18.71%
Real, Industrial	121,858,243	4.38%	148,052,374	5.26%	443,154,265	13.56%
Oil & Gas	29,519,662	1.06%	26,524,198	0.94%	23,122,330	0.71%
Utilities	48,473,773	1.74%	50,457,550	1.79%	54,838,785	1.68%
Tangible Personal, Commercial	263,403,980	9.47%	236,760,135	8.42%	228,665,101	7.00%
Tangible Personal, Industrial	307,696,682	11.06%	311,710,732	11.08%	343,301,158	10.51%
Mobile Homes	2,706,729	0.10%	2,686,298	0.10%	2,529,051	0.08%
Intangible Property Exempt	201,721,730	7.26%	229,503,519	8.16%	316,851,742	9.70%
Real Property, Inventory	18,820,936	0.68%	20,519,083	0.73%	21,594,872	0.66%
Total Appraised Value	2,781,271,203	100.00%	2,813,495,080	100.00%	3,267,750,869	100.00%
Less:						
Local Over-65/Disabled	77,995,191		78,722,850		79,182,065	
Community Housing	2,325,000		2,521,084		2,721,914	
Freeport Exemption Loss	75,445,160		75,961,885		97,512,827	
Productivity	84,348,657		78,407,381		74,612,662	
Abatement	74,495,029		95,869,742		287,767,443	
Homestead Cap Loss	3,361,263		2,622,922		1,993,490	
Pollution Control Exemption Loss	1,747,547		2,117,525		21,818,194	
Veterans Exemption Loss	11,180,906		12,237,464		13,422,653	
Exempt	200,486,685		226,982,434		314,202,143	
Total Exemptions/Deductions	531,385,438		575,443,287		893,233,391	
Net Taxable Assessed Valuation	$ 2,249,885,765		$ 2,238,051,793		$ 2,374,517,478	

Tax Year 2015	% of Total	Tax Year 2016	% of Total
$ 996,337,134	28.61%	$ 1,172,256,310	32.44%
137,353,565	3.94%	145,169,098	4.02%
37,093,687	1.06%	36,562,019	1.01%
75,791,961	2.18%	79,268,497	2.19%
25,543,317	0.73%	27,381,695	0.76%
656,344,646	18.84%	727,043,765	20.12%
534,042,357	15.33%	452,398,809	12.53%
14,370,088	0.41%	7,583,006	0.21%
60,125,951	1.73%	62,764,999	1.74%
227,394,003	6.53%	225,091,030	6.23%
377,369,508	10.83%	336,018,163	9.30%
2,373,920	0.07%	2,288,864	0.06%
315,067,825	9.05%	313,988,437	8.69%
23,863,035	0.69%	25,420,914	0.70%
3,483,070,997	100.00%	3,613,235,606	100.00%
79,273,899		80,301,080	
2,669,627		2,724,952	
118,381,149		84,319,146	
74,265,056		77,756,203	
326,424,014		184,485,769	
5,756,978		51,609,559	
28,342,360		22,957,482	
14,711,729		16,565,434	
312,398,198		311,263,484	
962,223,010		831,983,109	
$ 2,520,847,987		$ 2,781,252,497	

CITY OF SHERMAN, TEXAS

CLASSIFICATION OF ASSESSED VALUATION

LAST TEN YEARS

Category	Tax Year 2017	% of Total	Tax Year 2018	% of Total	Tax Year 2019	% of Total
Real, Residential, Single-Family	$ 1,271,730,740	33.31%	$ 1,440,633,426	36.01%	$ 1,571,990,435	35.39%
Real, Residential, Multi-Family	171,592,703	4.49%	186,727,671	4.67%	209,348,951	4.71%
Real, Vacant Lots/Tracts	37,089,674	0.97%	43,976,830	1.10%	56,163,717	1.26%
Real, Acreage	85,560,844	2.24%	87,769,981	2.19%	90,225,890	2.03%
Real, Farm & Ranch Improvements	26,368,480	0.69%	29,536,003	0.74%	35,064,698	0.79%
Real, Commercial	741,982,423	19.43%	755,143,573	18.88%	788,778,665	17.76%
Real, Industrial	419,523,237	10.99%	399,775,501	9.99%	472,104,302	10.63%
Oil & Gas	10,325,892	0.27%	9,970,358	0.25%	11,682,888	0.26%
Utilities	62,022,277	1.62%	65,490,107	1.64%	75,543,469	1.70%
Tangible Personal, Commercial	232,822,211	6.10%	242,497,504	6.06%	283,328,263	6.38%
Tangible Personal, Industrial	351,338,418	9.20%	351,613,421	8.79%	439,320,769	9.89%
Mobile Homes	2,311,951	0.06%	2,414,806	0.06%	2,836,953	0.06%
Intangible Property Exempt	374,133,097	9.80%	351,968,446	8.80%	364,255,932	8.20%
Real Property, Inventory	31,541,579	0.83%	33,200,075	0.83%	41,602,675	0.94%
Total Appraised Value	3,818,343,526	100.00%	4,000,717,702	100.00%	4,442,247,607	100.00%
Less:						
Local Over-65/Disabled	83,649,627		83,095,775		88,147,460	
Community Housing	2,754,411		2,972,484		3,322,189	
Freeport Exemption Loss	81,811,147		82,495,763		94,958,354	
Productivity	83,945,484		86,188,622		88,654,461	
Abatement	221,084,611		189,930,489		294,237,452	
Homestead Cap Loss	45,332,278		51,629,355		47,090,303	
Pollution Control Exemption Loss	20,737,245		17,856,105		16,344,385	
Veterans Exemption Loss	20,586,320		23,058,013		28,353,055	
Exempt	371,548,465		349,314,140		361,282,732	
Total Exemptions/Deductions	931,449,588		886,540,746		1,022,390,391	
Net Taxable Assessed Valuation	$ 2,886,893,938		$ 3,114,176,956		$ 3,419,857,216	

Source: Grayson Central Appraisal District

Certified values are subject to change throughout the year as contested values are resolved.

Tax Year 2020	% of Total	Tax Year 2021	% of Total
$ 1,758,924,147	35.37%	$ 2,009,895,618	36.76%
235,389,545	4.73%	283,139,771	5.18%
63,210,347	1.27%	72,022,560	1.32%
110,137,273	2.21%	116,038,699	2.12%
41,976,783	0.84%	44,004,655	0.80%
865,871,126	17.41%	895,223,349	16.37%
512,166,415	10.30%	540,653,003	9.89%
8,263,130	0.17%	6,444,986	0.12%
81,865,542	1.65%	90,476,011	1.65%
294,808,501	5.93%	309,388,018	5.66%
526,294,089	10.58%	444,998,018	8.14%
3,132,688	0.06%	3,243,521	0.06%
		6,468	0.00%
421,318,648	8.47%	599,718,098	10.97%
49,019,306	0.99%	51,766,100	0.95%
4,972,377,540	100.00%	5,467,018,875	100.00%
87,472,969		90,751,051	
3,300,000		3,717,005	
116,126,760		107,184,485	
108,704,423		114,813,248	
279,182,548		242,080,397	
66,573,618		92,981,198	
22,590,402		43,005,842	
32,794,646		37,932,176	
418,483,604		596,411,735	
1,135,228,970		1,328,877,137	
$ 3,837,148,570		$ 4,138,141,738	

CITY OF SHERMAN, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES *

LAST TEN FISCAL YEARS

				Overlapping Rates					
	City of Sherman Rates			Grayson County			Sherman Independent School District		
Fiscal Year	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
2013	0.28000	0.04000	0.32000	0.49090	-	0.49090	1.04000	0.40000	1.44000
2014	0.30030	0.04770	0.34800	0.49090	-	0.49090	1.04000	0.40000	1.44000
2015	0.33000	0.04220	0.37220	0.49090	-	0.49090	1.04000	0.40000	1.44000
2016	0.33244	0.03956	0.37200	0.49090	-	0.49090	1.17000	0.27000	1.44000
2017	0.34789	0.04641	0.39430	0.47372	-	0.47372	1.17000	0.27000	1.44000
2018	0.34759	0.07971	0.42730	0.46037	-	0.46037	1.17000	0.27000	1.44000
2019	0.31956	0.10774	0.42730	0.42791	0.01390	0.44181	1.17000	0.47900	1.64900
2020	0.33844	0.15056	0.48900	0.40397	0.01246	0.41643	1.06830	0.47900	1.54730
2021	0.33757	0.15143	0.48900	0.36446	0.01225	0.37670	0.99070	0.47900	1.46970
2022	0.30558	0.18342	0.48900	0.32820	0.01080	0.33900	0.96030	0.47900	1.43930

Source: Grayson Central Appraisal District

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of Sherman. Not all overlapping rates apply to all City of Sherman property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

*Property tax rates for the three entities with the largerst amount of overlapping properties in the City of Sherman are shown above. Other entities with a smaller percentage of overlapping properties include S&S Consolidated ISD, Denison ISD and Howe ISD. See Table 17 for all overlapping debt.

Overlapping Rates			Total
Grayson College			Direct and
	Debt		Overlapping
Operating	Service	Total	Rates*
0.13060	0.05120	0.18180	2.43270
0.12925	0.05236	0.18161	2.46051
0.13059	0.05091	0.18150	2.48460
0.13384	0.04756	0.18140	2.48430
0.13612	0.04518	0.18130	2.48932
0.14034	0.04086	0.18120	2.50887
0.14239	0.03494	0.17733	2.69544
0.14068	0.03107	0.17175	2.62448
0.14150	0.02957	0.17107	2.50647
0.14150	0.02655	0.16805	2.43535

CITY OF SHERMAN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(amounts expressed in thousands)

	Tax Year 2021			Tax Year 2012		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Panda Sherman Power LLC	$ 127,986	1	3.09%	$ -		-
Tyson Fresh Meats Inc	69,829	2	1.69%	-		-
JMCR Sherman LLC	64,844	3	1.57%	-		-
Finisar Sherman RE Holdco LLC	48,153	4	1.16%	-		-
Oncor Electric Delivery Co LLC	44,697	5	1.08%	20,442	4	1.31%
Globitech Incorporated	44,398	6	1.07%	-		-
Sherman Commons LP	30,781	7	0.74%	17,492	7	0.84%
First United Bank & Trust	23,147	8	0.56%	-		-
Coherent Corporation	22,522	9	0.54%	-		-
Texas Instruments Inc	19,221	10	0.46%	27,332	3	0.98%
Town North Center	-		-	44,295	1	2.13%
Sherman Grayson Hospital	-		-	56,290	2 & 8	2.85%
MEMC Southwest Inc	-		-	20,108	5	0.97%
First Union Trust Co.	-		-	17,893	6	0.86%
Inland American Sherman Town Center	-		-	14,896	9	0.72%
Progress Rail Service	-		-	14,551	10	0.70%
Total	$ 495,578		11.98%	$ 233,299		11.36%

Source: Grayson Central Appraisal District

TABLE 9

CITY OF SHERMAN, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	7,290	7,132	97.83%	41	7,173	98.40%
2014	7,803	7,669	98.28%	64	7,733	99.10%
2015	8,796	8,665	98.51%	77	8,742	99.39%
2016	9,324	9,125	97.87%	176	9,301	99.75%
2017	10,779	10,592	98.27%	105	10,697	99.24%
2018	12,056	11,918	98.86%	86	12,004	99.57%
2019	12,905	12,699	98.40%	99	12,798	99.17%
2020	16,225	15,961	98.38%	123	16,084	99.13%
2021	17,891	17,653	98.67%	83	17,736	99.13%
2022	19,197	18,974	98.84%	-	18,974	98.84%

Source: Grayson County Tax Assessor Collector. Certified values are subject to change throughout the year as contested values are resolved.

THIS PAGE LEFT BLANK INTENTIONALLY

TABLE 10

CITY OF SHERMAN, TEXAS

SALES TAX COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Sales Tax Collections	Property Tax Levy	Local Sales Tax Rate	State Sales Tax Rate	Percent of Property Tax Levy	Equivalent Property Tax Rate
2013	13,337,682	7,290,000	2.000%	6.250%	182.96%	0.5928
2014	14,675,996	7,803,000	2.000%	6.250%	188.08%	0.6557
2015	14,699,706	8,796,000	2.000%	6.250%	167.12%	0.6191
2016	15,487,150	9,324,000	2.000%	6.250%	166.10%	0.6144
2017	15,572,318	10,779,000	2.000%	6.250%	144.47%	0.5599
2018	17,454,767	12,056,000	2.000%	6.250%	144.78%	0.6046
2019	17,969,235	12,904,653	2.000%	6.250%	139.25%	0.5770
2020	18,494,327	16,224,684	2.000%	6.250%	113.99%	0.5408
2021	21,037,726	17,890,744	2.000%	6.250%	117.59%	0.5483
2022	23,875,173	19,196,760	2.000%	6.250%	124.37%	0.5770

CITY OF SHERMAN, TEXAS

SALES TAX COLLECTION BY INDUSTRY

LAST TEN FISCAL YEARS*

Industry	2013	Percent of Total Collection	2014	Percent of Total Collection
Retail Trade	$ 7,682,844	57.6%	$ 7,928,871	54.0%
Accommodation and Food Service	1,492,014	11.2%	1,597,945	10.9%
Manufacturing	751,862	5.6%	1,088,028	7.4%
Wholesale Trade	548,919	4.1%	687,130	4.7%
Information	614,604	4.6%	735,636	5.0%
Utilities	489,801	3.7%	634,736	4.3%
Construction	499,088	3.7%	779,630	5.3%
Admin Support	334,040	2.5%	336,868	2.3%
Real Estate/Rental/Leasing	314,572	2.4%	315,644	2.2%
Other	609,938	4.6%	571,509	3.9%
	$ 13,337,682	100.0%	$ 14,675,997	100.0%

Industry	2018	Percent of Total Collection	2019	Percent of Total Collection
Retail Trade	$ 9,120,215	52.3%	$ 9,407,653	52.4%
Accommodation and Food Service	1,986,397	11.4%	2,126,404	11.8%
Manufacturing	934,049	5.4%	935,340	5.2%
Wholesale Trade	1,029,163	5.9%	1,261,981	7.0%
Information	991,374	5.7%	1,088,823	6.1%
Utilities	960,450	5.5%	977,013	5.4%
Construction	1,188,939	6.8%	665,426	3.7%
Admin Support	184,320	1.1%	255,778	1.4%
Real Estate/Rental/Leasing	432,428	2.5%	434,542	2.4%
Other	627,431	3.6%	816,275	4.5%
	$ 17,454,766	100.0%	$ 17,969,235	100.0%

No other entity's sales tax overlaps the City of Sherman's sales tax.

TABLE 11

2015	Percent of Total Collection	2016	Percent of Total Collection	2017	Percent of Total Collection
$ 8,030,977	54.6%	$ 8,619,109	55.7%	$ 8,929,151	57.3%
1,631,949	11.1%	1,761,217	11.4%	1,874,712	12.0%
1,008,652	6.9%	1,175,919	7.6%	856,743	5.5%
861,791	5.9%	897,047	5.8%	986,180	6.3%
789,066	5.4%	863,364	5.6%	883,113	5.7%
579,040	3.9%	790,238	5.1%	765,113	4.9%
382,718	2.6%	447,532	2.9%	103,946	0.7%
313,191	2.1%	103,427	0.7%	151,075	1.0%
319,813	2.2%	331,629	2.1%	391,789	2.5%
782,509	5.3%	497,667	3.1%	630,297	4.0%
$ 14,699,706	100.0%	$ 15,487,149	100.0%	$ 15,572,119	100.0%

2020	Percent of Total Collection	2021	Percent of Total Collection	2022	Percent of Total Collection
$ 9,510,633	51.4%	$ 11,959,706	56.8%	$ 13,020,171	54.5%
1,992,860	10.8%	2,242,472	10.7%	2,505,611	10.5%
1,093,158	5.9%	1,098,243	5.2%	1,639,651	6.9%
1,233,768	6.7%	1,739,812	8.3%	2,596,756	10.9%
1,001,891	5.4%	791,597	3.8%	861,519	3.6%
1,037,478	5.6%	975,229	4.6%	1,006,366	4.2%
577,987	3.1%	544,988	2.6%	731,521	3.1%
328,378	1.8%	324,274	1.5%	309,180	1.3%
486,146	2.6%	549,176	2.6%	601,247	2.5%
1,232,029	6.7%	812,229	3.9%	603,151	2.5%
$ 18,494,327	100.0%	$ 21,037,726	100.0%	$ 23,875,173	100.0%

THIS PAGE LEFT BLANK INTENTIONALLY

TABLE 12

CITY OF SHERMAN, TEXAS

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2013	21.18	3.03	7.60	3.24
2014	21.39	3.06	7.68	3.27
2015	21.39	3.06	7.68	3.27
2016	21.39	3.06	7.68	3.27
2017	22.14	3.17	7.95	3.38
2018	22.80	3.27	8.19	3.48
2019	22.80	3.27	8.19	3.48
2020	22.80	3.27	8.19	3.48
2021	23.48	3.37	8.68	3.69
2022	24.18	3.47	9.29	3.95

CITY OF SHERMAN, TEXAS

WATER SOLD BY TYPE OF CUSTOMER

LAST TEN FISCAL YEARS
(revenue amounts expressed in thousands)

	2013		2014		2015	
Type of Customer	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
Residential	1,128,631.8	$ 6,739	1,058,513.3	$ 6,649	1,064,108.6	$ 6,725
Commercial	1,051,694.3	4,470	1,059,245.9	4,499	1,145,259.4	4,801
Other Water Providers	69,150.0	166	421,709.0	705	730,105.0	1,012
Outside City Limits	23,339.6	172	13,582.9	75	6,116.5	79
Government	45,345.0	*	47,443.6	*	41,052.6	*
Fire Hydrants	10,961.3	51	8,861.3	47	4,450.9	45
Totals	2,329,121.9	$ 11,598	2,609,355.9	$ 11,975	2,991,093.0	$ 12,662

	2018		2019		2020	
Type of Customer	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
Residential	1,197,155.7	$ 7,737	1,045,238.3	$ 7,354	1,181,406.4	$ 7,909
Commercial	1,165,800.1	5,182	1,122,412.6	5,077	1,146,574.8	5,181
Other Water Providers	826,897.6	980	613,248.5	992	623,761.9	968
Outside City Limits	7,811.1	105	7,389.3	107	11,325.3	157
Government	54,277.7	*	42,280.2	*	38,108.6	*
Fire Hydrants	10,810.5	86	8,690.0	108	13,475.6	136
Total	3,262,752.7	$ 14,090	2,839,258.9	$ 13,638	3,014,652.6	$ 14,351

* Revenues breakdown not available.

TABLE 13

2016		2017	
Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
9.50%			
7,168.0	$ 6,885	1,081,291.8	$ 6,967
1,189,118.6	4,916	1,131,942.7	4,900
817,598.7	1,062	752,723.7	943
6,204.7	83	6,852.5	92
45,735.6	*	54,197.6	*
7,951.1	57	4,443.5	48
2,073,776.7	$ 13,003	3,031,451.9	$ 12,950

2021		2022	
Thousands of Gallons	Revenues	Thousands of Gallons	Revenues
1,158,597.1	$ 7,925	1,337,947.8	$ 8,854
1,083,822.1	4,995	1,207,097.3	5,566
686,330.9	1,071	744,191.9	1,149
12,741.4	187	14,502.4	208
51,972.8	*	55,367.3	*
24,027.1	171	48,308.1	261
3,017,491.4	$ 14,349	3,407,414.7	$ 16,038

THIS PAGE LEFT BLANK INTENTIONALLY

TABLE 14

CITY OF SHERMAN, TEXAS

TOP TEN WATER CUSTOMERS

AS OF SEPTEMBER 30, 2022

Customer	Consumption *(In Millions of Gallons)*	Revenues *(In Thousands)*	Rank	% of Total Water Revenues
Panda Sherman Power LLC	623.2	$ 576.4	1	3.59%
Texas Instruments	223.3	853.6	2	5.32%
Globitech, Inc	203.8	729.8	3	4.55%
IBP, Inc. - Tyson	148.0	526.0	4	3.28%
Mustand SUD	81.0	282.3	5	1.76%
Sunny Delight Beverages	53.4	197.4	6	1.23%
Austin College	51.6	289.7	7	1.81%
Sherman ISD	51.2	259.5	8	1.62%
Coherent Corporation - Finisar	34.8	166.1	9	1.04%
PF Hilltop Village, LLC	33.1	166.0	10	1.04%
Total	1,503.4	$ 4,046.8		25.23%

Note: Total billed water from October 1, 2021 through September 30, 2022, was $16,037,955.

CITY OF SHERMAN, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Governmental Activities					Business-Type Activities			
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Note Payable	Leases	Water and Sewer Bonds	Note Payable	Leases	Other
2013	$ 1,385	$ 13,445	$ -	$ 772	$ -	$ -	$ 161	$ -	$ 3,019
2014	1,330	12,730	-	575	-	-	-	-	2,932
2015	1,270	11,995	-	373	-	-	-	-	2,842
2016	1,210	18,499	1,830	162	-	-	757	-	2,746
2017	10,669	28,291	1,395	-	-	-	641	-	2,647
2018	9,914	50,399	935	2,366	-	-	524	-	2,544
2019	8,495	69,180	470	3,103	-	-	434	-	2,437
2020	8,250	66,837	-	3,331	-	-	282	-	2,326
2021	7,386	94,549	1,795	2,668	-	-	158	-	2,201
2022	6,501	91,563	3,298	1,984	102	-	32	36	2,072

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Personal income and population data can be found in the Schedule of Demographic and Economic Statistics (Table 20).

Total Primary Government	Percentage of Personal Income	Per Capita
$ 18,782	2.25%	$ 490
17,568	2.13%	458
16,480	1.97%	430
25,204	3.01%	658
43,643	4.87%	1,073
66,682	7.42%	1,645
84,119	8.81%	2,044
81,026	8.03%	1,909
108,757	10.47%	2,492
105,588	9.85%	2,442

TABLE 16

CITY OF SHERMAN, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2013	$ 1,385	$ 13,445	$ 14,830	0.66%	$ 387
2014	1,330	12,730	14,060	0.63%	367
2015	1,270	11,995	13,265	0.56%	346
2016	1,210	18,499	19,709	0.81%	514
2017	10,069	28,291	38,360	1.38%	956
2018	9,914	50,399	60,313	2.09%	1,488
2019	8,495	69,180	77,675	2.49%	1,888
2020	8,250	66,837	75,087	1.96%	1,770
2021	7,386	94,549	101,935	2.66%	2,336
2022	6,501	91,563	98,064	2.37%	2,268

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data (Table 5). Population data can be found in the Schedule of Demographic and Economic Statistics (Table 20).

CITY OF SHERMAN, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2022
(amounts expressed in thousands)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Sherman direct debt	$ 103,448	100.000%	103,448
Debt repaid with property taxes:			
Sherman ISD	189,140	91.14%	172,382
Grayson County	26,005	30.94%	8,046
Grayson College	18,945	30.94%	5,862
S & S Consolidated ISD	25,060	23.52%	5,894
Denison ISD	84,660	4.38%	3,708
Howe ISD	20,695	2.51%	519
Subtotal, overlapping debt			196,411
Total direct and overlapping debt			$ 299,859
Ratio of direct and overlapping debt to assessed valuation			7.2%
Per capita direct and overlapping debt			$ 6,935

Sources: Estimated applicable percentages and debt outstanding for overlapping entities were obtained from the Texas Municipal Advisory Council.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Sherman. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF SHERMAN, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Legal Debt Margin Calculation for Fiscal Year 2022

	2013	2014	2015	2016	2017
Debt limit	$ 27,857	$ 28,284	$ 32,680	$ 34,797	$ 36,132
Total net debt applicable to limit	-	-	-	9,100	19,102
Legal debt margin	$ 27,857	$ 28,284	$ 32,680	$ 25,697	$ 17,030
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	26.15%	52.87%

Note: The City of Sherman's outstanding general obligation debt is not limited in relation to total assessed property value, but other debt is not to exceed 1% of valuation. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Assessed Value	$ 4,138,142
Add back: exemptions & deductions	1,328,877
Total Assessed Value	5,467,019
Debt limit (1% of total assessed value)	54,670
Debt applicable to limit:	
Non-voting debt issued (certificates of obligation, tax notes)	2,124
Legal Debt Margin	$ 52,546

2018	2019	2020	2021	2022
$ 38,183	$ 40,007	$ 44,422	$ 49,724	$ 54,670
23,381	20,131	-	30,155	2,124
$ 14,802	$ 19,876	$ 44,422	$ 19,569	$ 52,546
61.23%	50.32%	0.00%	60.64%	3.89%

TABLE 19

CITY OF SHERMAN, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Water Revenue Bonds					
Fiscal Year	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2013	$ 19,038	$ 15,848	$ 3,190	$ -	$ -	$ -
2014	19,924	16,233	3,691	-	-	-
2015	20,612	15,834	4,778	-	-	-
2016	20,987	18,255	2,732	-	-	-
2017	21,493	19,254	2,239	-	-	-
2018	22,819	20,731	2,088	-	-	-
2019	23,182	21,917	1,265	-	-	-
2020	23,832	21,842	1,991	-	-	-
2021	23,154	21,305	1,849	-	-	-
2022	26,214	21,089	5,125			

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Water, sewer and other charges includes investment earnings, but not tap fees. Operating expenses do not include interest or depreciation.

CITY OF SHERMAN, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Calendar Year	Population	Personal Income**	Per Capita Personal Income	Median Age	Percent High School Graduate or Higher	School Enrollment	Average Unemployment Rate *
2013	38,315	838,431	21,778	33.4	84.2%	6,478	6.2%
2014	38,315	823,364	21,218	33.5	84.6%	6,795	5.1%
2015	38,315	854,868	21,853	32.7	83.7%	7,280	4.0%
2016	38,315	865,691	21,878	33.5	84.7%	7,262	3.9%
2017	40,112	883,627	22,029	33.5	85.1%	7,738	3.8%
2018	40,543	898,190	22,154	33.4	85.6%	7,755	3.3%
2019	41,149	954,616	23,199	34.0	84.8%	7,784	3.1%
2020	42,432	1,009,669	23,795	34.8	85.6%	7,938	7.0%
2021	43,645	1,038,533	23,795	34.8	85.6%	8,010	5.3%
2022	43,239	1,072,500	24,804	34.6	87.4%	7,853	3.8%

Sources: US Census; Bureau of Labor Statistics; Sherman Independent School District.

* Not seasonally adjusted

**Amounts expressed in thousands.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF SHERMAN, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

	2022			2013		
Taxpayer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Tyson Fresh Meats	1,700	1	7.94%	1,450	1	7.94%
Sherman ISD	1,137	2	5.31%	1,100	2	6.03%
Texas Instruments	600	3	2.80%	900	4	4.93%
Coherent Corporation	577	4	2.69%	-		-
Grayson County	575	5	2.69%	530	5	2.90%
Wilson N. Jones Regional Medical Center	489	6	2.28%	1,000	3	5.48%
City of Sherman	486	7	2.27%	400	7	2.19%
Alorica	452	8	2.11%	-		-
Wal-Mart/Sam's	375	9	1.75%	450	6	2.47%
Royal Case	371	10	1.73%	-		-
Fisher Controls	-		-	400	8	2.19%
West Asset Management	-		-	350	9	1.92%
Austin College	-		-	320	10	1.75%
Total	6,762		31.58%	6,900		37.81%

Source: Sherman Economic Development Corporation and U.S. Census Bureau

CITY OF SHERMAN, TEXAS

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017
General government					
Management services	3	3	3	5	5
Public records	2	2	2	2	2
Legal services	2	2	2	2	1
Financial services	5	6	6	7	7
Human resources	3	3	3	3	4
Engineering	7	7	8	8	9
Law enforcement	68	68	68	68	72
Fire and ambulance	78	78	78	78	81
Municipal court	-	-	-	-	2
Emergency management	-	-	-	-	-
Animal services	7	7	7	7	7
Public safety support	25	25	25	25	23
Building and zoning	6	6	6	6	6
Street maintenance	24	24	23	23	23
Environmental code	2	2	2	2	2
Building maintenance	9	9	9	8	9
Cemetery services	7	6	6	7	7
Parks and recreation	6	6	5	6	6
Grounds maintenance	15	16	16	16	16
Glennie O. Ham Center	-	-	-	-	-
Library services	11	11	11	11	11
Neighborhood services	1	1	1	1	2
Senior citizens center	2	2	2	2	2
Fire safety support	2	2	2	-	-
Utility Fund					
Utility administration	1	1	1	1	1
Utility billing/customer service	11	11	12	12	12
Production services	18	18	18	18	22
Pump maintenance	4	4	4	4	4
Collection and distribution	16	16	16	16	20
Infiltration and inflow	1	1	1	1	1
Treatment services	12	12	12	12	14
Laboratory	6	6	6	7	6
Industrial pretreatment	4	4	4	4	4
Water quality	-	-	1	1	1
Solid waste fund					
Residential	15	15	15	15	14
Commercial	12	12	12	12	12
Recycling	3	3	3	3	2
Solid waste administration	-	-	-	-	2
Other					
Information technology	5	5	5	6	6
Equipment services	14	13	13	12	11
Tourism	1	1	2	2	2
Stormwater services	-	-	-	-	-
Total	408	408	410	413	431

Source: City of Sherman Annual Operating Budget Report

2018	2019	2020	2021	2022
5	5	5	5	5
3	3	3	3	3
1	1	1	1	1
7	7	8	8	8
4	4	4	4	4
8	8	9	9	11
72	73	74	74	75
81	86	86	86	86
2	3	3	3	3
-	1	1	1	1
7	8	8	8	8
23	23	24	24	24
6	7	7	7	11
25	25	25	25	25
3	4	4	4	4
9	10	10	10	10
7	7	7	7	8
6	6	6	6	6
16	18	21	21	21
-	-	-	-	-
11	12	10	10	10
2	1	4	4	4
2	2	2	2	2
-	1	2	2	2
1	1	1	1	1
12	12	12	12	12
22	22	22	23	24
4	4	4	4	4
20	20	20	20	20
1	1	1	1	2
14	14	14	14	14
6	6	6	6	6
4	4	4	4	4
1	2	2	4	3
13	14	19	19	20
12	13	8	8	8
2	2	1	1	-
2	2	4	4	4
6	7	7	7	9
13	12	13	13	14
2	3	3	3	3
-	2	2	2	2
435	456	467	470	482

CITY OF SHERMAN, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016
Police				
Physical arrests	2,525	1,677	1,767	1,586
Calls for service	18,766	18,437	20,555	38,123
Traffic violations	6,880	3,759	4,451	4,314
Fire				
Number of calls answered	6,219	6,013	6,469	6,769
Inspections	1,959	2,074	3,233	797
Planning and Zoning				
Number of residentail units	444	596	426	456
Value of residential units	$ 27,687,480	$ 22,730,051	$ 22,440,786	$ 21,059,304
Number of commercial units	125	134	85	81
Value of commercial units	$ 132,543,698	$ 24,715,785	$ 15,076,638	$ 17,757,185
Highways and streets				
Street resurfacing (miles)	17	18	13	15
Potholes repaired	1,983	299	1,183	433
Sanitation				
Refuse collected (tons/day)	146	161	160	177
Recyclables collected (tons/day)	11	16	12	12
Culture and recreation				
Athletic field permits issued	2,538	3,851	2,962	2,788
Community center admissions	4,988	8,644	5,168	4,890
Water				
New connections	2,683	2,693	2,846	2,948
Water mains breaks	192	190*	187	120
Average daily consumption (thousands of gallons)	8	8	5	8
Wastewater				
Average daily sewage treatment (thousands of gallons)	6,610	6,440	9,630	8,280

Source: Various City departments
Estimates used if actual number not available

* Data unavailable in accordance with Texas House Bill 852

2017	2018	2019	2020	2021	2022
1,501	1,654	1,550	1,283	1,565	1,850
37,131	37,673	39,405	32,282	32,102	33,388
5,184	5,893	9,741	5,872	7,327	7,845
7,614	7,246	7,392	7,750	7,262	8,856
920	587	1,225	1,272	1,376	1,122
537	530	594	867	857	1,294
$ 30,613,815	$ 50,276,674	$ 38,735,406	*	*	*
94	126	111	80	89	112
$ 34,571,628	$ 46,020,156	$ 170,534,915	$ 18,986,845	$ 45,456,608	$ 67,307,332
15	15	5	10	11	10
285	609	463	567	770	1,281
179	213	254	310	266	178
10	9	7	1	-	-
3,047	2,946	3,004	1,079	2,026	2,480
4,123	3,989	3,997	761	966	1,247
2,963	3,035	3,140	3,350	3,182	3,593
219	213	231	174	349	272
8	8	8	8	8	9
6,860	7,780	8,730	8,590	8,250	7,705

CITY OF SHERMAN, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017
Public safety					
Police:					
Stations	1	1	1	1	1
Patrol units	17	17	17	21	17
Fire stations	5	5	5	5	5
Sanitation					
Collection trucks	37	38	40	43	38
Highways and streets					
Streets(miles)	212	212	242	231	260
Streetlights	3,049	3,049	3,049	3,049	3,049
Traffic signals	84	84	84	84	84
Culture and recreation					
Parks and acreage	414	414	414	440	440
Swimming pools	1	1	1	1	1
Tennis courts	4	4	4	4	4
Community centers	1	2	2	2	2
Water					
Water mains (miles)	282	280*	239	294	300
Fire hydrants	1,782	1782*	1,806	1,844	1,889
Maximum daily capacity (thousands of gallons)	22,809	23,319	23,419	24,151	21,864
Sewer					
Sanitary sewers (miles)	240	240	240	246	250
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A
Maximum daily capacity (thousands of gallons)	16,000	16,000	16,000	16,000	16,000

Source: Various City departments
*Estimates used if actual number not available

2018	2019	2020	2021	2022
1	1	1	1	1
20	18	21	19	26
5	5	5	5	5
43	46	47	49	46
265	265	265	265	280
3,049	3,049	3,049	3,067	3,067
85	85	85	85	85
452	452	452	452	452
1	1	1	1	1
4	4	4	4	4
2	2	2	2	2
302	308	311	314	320
1,908	1,962	1,977	2,000	2,069
23,032	23,000	33,419	33,250	28,000
250	253	255	256	261
N/A	N/A	N/A	N/A	N/A
16,000	16,000	16,000	16,000	16,000

THIS PAGE LEFT BLANK INTENTIONALLY

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **B. 1.**

Meeting Date: 04/03/2023

Approved By: Robby Hefton, City Manager

Caption:

PROCLAMATION

"Achievement of Excellence in Libraries Award" – 2022

Issue:

The Sherman Public Library was recently awarded the "Achievement of Excellence in Libraries Award" for 2022, from the Texas Municipal Library Directors Association.

Background:

Each year the Texas Municipal Library Directors Association confers the Achievement of Library Excellence Award for outstanding contributions to public libraries in Texas. Out of approximately 542 public libraries in Texas, only 73 received this award in 2022. The Sherman Public LIbrary has met the requirements of excellence and been awarded the designation for 2022.

Origination:

The City Council would like to recognize the Sherman Public Library staff for this achievement.

Financial Consideration:

There is no financial consideration to the City.

Staff Recommendation:

The staff recommendation is to present a proclamation recognizing the Sherman Public Library for their hard work and dedication to the citizens of Sherman.

Alternatives:

The Council could choose not to present the proclamation.

Attachments

Achievement of Library Excellence Award 2022

Sherman
CLASSIC TOWN. BROAD HORIZON

Proclamation

WHEREAS, public libraries play vital roles in the education, recreation, and empowerment of local communities, and

WHEREAS, libraries continue to level the playing field for all who seek information and access to technologies, and

WHEREAS, each year the Texas Municipal Library Directors Association confers the Achievement of Library Excellence Award for outstanding contributions to public libraries in Texas, and

WHEREAS, the Texas Municipal Library Directors Association Achievement of Library Excellence Award is open to Texas Public Library Directors and the member libraries they represent, and

WHEREAS, applicants must exhibit excellence by providing services to underserved and special populations; marketing in innovative ways; pursuing collaborative efforts; continually enhancing its services; supporting literacy, digital inclusion, and workforce development; providing cultural, topical, and educational programming; and comprehensively training its staff, and

WHEREAS, of the approximately 542 public libraries that exist in Texas, only 73 received this award in 2022, and

WHEREAS, the Sherman Public Library has met the requirements of excellence and been awarded the 2022 Texas Municipal Library Directors Association Achievement of Library Excellence Award.

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

THE SHERMAN PUBLIC LIBRARY
ON THEIR RECEIPT OF THE
ACHIEVEMENT OF LIBRARY EXCELLENCE AWARD
FOR 2022

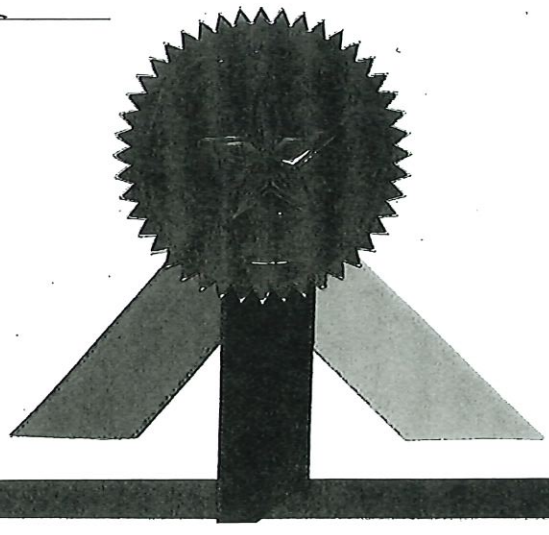
and encourage all citizens to visit the library and enjoy the many programs and services offered.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Sherman to be affixed, this the 3rd day of April, 2023.

_____
Mayor

ATTEST:

Linda Ashby
City Clerk



SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **D. 1.**

Meeting Date: 04/03/2023

Approved By: Robby Hefton, City Manager

Caption:

CONSENT AGENDA

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

Issue:

F. 5. **** RESOLUTION NO. 7055***

Awarding a Bid to and Authorizing Execution of a Contract with Tyler Technologies, Inc., a Delaware corporation, for Municipal Permit Software Services

G. 2. **** REQUEST TO ADVERTISE***

Purchase of Playground Equipment and Park Equipment to be located in a park located in Northcreek Subdivision.

H. 1. **** OTHER BUSINESS***

Consider Request of the 2023 Earth Day Planning Committee to Temporarily Close Certain Streets for the 14th Annual "Texoma Earth Day Festival" on Saturday, April 22, 2023

H. 2. **** OTHER BUSINESS***

Consider Request of Downtown Sherman NOW to Temporarily Close Certain Streets for "Craft the Night Away" on Saturday, May 13, 2023

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **E. 1.**

Meeting Date: 04/03/2023

Prepared By: Mary Lawrence, Director of Finance

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6580

Relating to Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project); and Approving the Issuance Thereof and the Facilities to be Constructed or Acquired by such Authority

Issue:

To consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project)", including the adoption of an ordinance approving the issuance thereof, and the facilities to be constructed or acquired by Such Authority

Background:

City staff approached GTUA staff requesting funding assistance for several upcoming capital improvement projects. The projects are listed below.

Project Name	Amount
15 MGD WTP South (UF/RO) Design	7,038,469
36" West Sherman Water Main CMAR	11,033,300
36" West Sherman Water Main Construction	37,116,171
36" West Sherman Water Main Contingency Construction	9,470,000
36" West Sherman Water Main Land Acquisition	11,112,500
36" West Sherman Water Main Preconstruc Svc	588,698
Bel Air Phase II	2,220,000
Brine Line Design	890,300
Heritage Ranch gravity sewer	500,000
Hickory Hill Utility Improvements Construction	2,016,649
Hickory Hill Utility Improvements Engineering	102,344
Lead & Copper Rule Revision (LCRR)-Eng	671,000

LTPS Expansion 2023 Design	977,500
Post Oak 4 MGD WWTP Improvements Design	11,369,931
Post Oak Creek Sewer Phase I Eng	404,800
Post Oak WWTP Electrical Improvements Contingency	1,468,500
Post Oak WWTP Electrical Improvements Prepurchase	4,895,100
Rehab Rex Cruse EST Construction	500,000
Replace southside industrial sewer construction Phase I	5,700,000
Sherman WTP Concentrate Discharge System Construction	7,000,000
Sherman WTP Concentrate Discharge System Contingency	2,000,000
Sherman WTP Concentrate Discharge System Design	890,300
Grand Total	**117,965,562**

Projects not budgeted in the FY2023 Utility Fund CIP such as the Post Oak Wastewater Treatment Plant (WWTP) improvements, Hickory Hill Improvements and the 15 MGD Expansion Design at the Water Treatment Plant (WTP), are related to the large amount of current and anticipated growth the city is experiencing.

The GTUA Board approved delegation of sale authority to the GTUA General Manager, Paul Sigle at their February 20, 2023 meeting. Funds are expected to be received by GTUA on April 27, 2023.

Origination:

Paul Sigle, GTUA General Manager
Kristen Savant, Partner in Norton Rose Fulbright US LLP (GTUA's Bond Counsel)

Financial Consideration:

The cost of issuance of about $400,000 is included in the bonds. Debt service on these bonds will be paid by the City to GTUA in accordance with the Contract for Water Supply and Sewer Service between the two entities. Funds for this contractual debt repayment are generated through the City's water and sewer revenues.

Staff Recommendation:

It is recommended that the resolution be approved as presented, confirming GTUA's issuance of these bonds.

Alternatives:

No viable alternatives can be suggested at this time.

Attachments

Ordinance No. 6580
GTUA Resolution 2023 OM
GTUA Minutes 2023-02-20
Financing Summary

ORDINANCE NO. 6580

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, RELATING TO GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2023 (CITY OF SHERMAN PROJECT); AND APPROVING THE ISSUANCE THEREOF AND THE FACILITIES TO BE CONSTRUCTED OR ACQUIRED BY SUCH AUTHORITY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THEPUBLIC AS REQUIRED BY LAW

WHEREAS, the Greater Texoma Utility Authority (the "Authority") and the City of Sherman, Texas (the "City"), have previously executed and delivered a Contract for Water Supply and Sewer Service, dated as of March 1, 1985 (the "Contract"), whereby the Authority is to provide water and sewer facilities to the City; and

WHEREAS, under Section 4.15 of the Contract, it is provided that the City shall approve (i) the issuance by the Authority of any bonds that are to be payable (in whole or in part) from certain moneys that the City has contracted to pay under the provisions of the Contract, (ii) the "Notice of Sale" prepared in connection with the public sale of the bonds and (iii) the facilities to be constructed, acquired and improved; and

WHEREAS, in connection with the proposed "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project)" (the "Bonds"), the City acknowledges that no Notice of Sale relating to the Bonds will be prepared, and the City hereby waives any requirement that a Notice of Sale relating to the Bonds be prepared; and

WHEREAS, it is now appropriate for this Council to approve the issuance and delivery of the Bonds, the Resolution of the Authority authorizing the Bonds (the "Bond Resolution"), together with the Pricing Certificate, dated March 30, 2023, executed pursuant to the Bond Resolution (the "Pricing Certificate"), and the project described in the Bond Resolution (the "Series 2023 Project"); now, therefore,

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

SECTION 1: The facilities to be constructed, acquired, and improved by the Authority with the proceeds of the Bonds as described in the Bond Resolution are hereby approved. The issuance of the Bonds by the Authority and the use of the proceeds thereof, as described in the Bond Resolution, is hereby approved. The Bond Resolution and the Pricing Certificate are approved as to form and content, and the City acknowledges that the payment of principal of and interest on the Bonds is payable, in whole or in part, from payments to be made by the City under and pursuant to the Contract. The City Manager is authorized to execute any documents or certifications necessary to accomplish the delivery of the Bonds.

SECTION 2: It is the purpose and intent of the City Council of the City to approve the Official Statement (with respect to the information contained therein with respect to the City).

SECTION 3: It is the purpose and intent of the City Council of the City to approve the Bond Resolution, and the facilities to be constructed, acquired, and improved in full accordance with the provisions of the Contract mentioned in the preamble hereof. To the extent required by the purchaser of the Bonds or the Office of the Attorney General of Texas, the Authority is authorized by this City Council to make changes and revisions to the Bond Resolution from the form approved by this Ordinance in order to expedite the delivery of the Bonds. It is the intent of the City to authorize the Authority to proceed with the construction, acquisition, and improvement of the facilities at the earliest possible date, but nothing herein shall be construed as a limitation upon the right and power of the City to approve a change in the facilities for which the Bonds are to be issued (but not the purpose for which the Bonds are to be issued as set forth in the Bond Resolution), the City specifically reserving the right to modify the facilities for which the Bonds are being issued if the Authority and the City agree such modification should be made.

SECTION 4: In order to assist the Authority in complying with Rule 15c2-12 of the Securities Exchange of Act of 1934, as amended (the "Rule"), the City covenants and agrees as follows:

(a) Annual Information. The City will provide to the Authority, no later than March 1 of each year (or such other date as may be agreed to by the City and the Authority, but no later than six months after its fiscal year end), while the City is an "obligated person" under the Rule, the information with respect to the City described in Tables 1 through 11 appearing in the Official Statement and Appendix C to the Official Statement relating to the Bonds. Any financial statements to provided pursuant to this Section shall be (i) prepared in accordance with the accounting principles described in Appendix C to the Official Statement, (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not completed within such period, then the City shall provide notice to the Authority that the audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to the Authority by the required time. Thereafter, when and if audited financial statements are available, the City shall provide such audited financial statements as required to the Authority.

If the City's fiscal year end differs from the Authority's fiscal year end, the City shall provide the most recent year end annual information as well as cumulative current year to date information. The City shall notify the Authority if the City changes its fiscal year.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

The City will notify the Authority as soon as possible if the information required by this Section cannot be provided in the above-specified time frame.

(b) Notice of Certain Events. To the extent applicable to the City as an "obligated person" under the Rule and in connection with the Bonds, the City agrees to notify the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;

(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a

Financial Obligation of the City, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(c) Accuracy and Completeness. The City warrants that all information provided by it to the Authority pursuant to this Section will be accurate in all material respects to the best of its knowledge and belief. The City will provide the Authority with such information as the Authority may reasonably request to confirm the accuracy and completeness of any information provided by the City pursuant to this Section. If the Authority thereafter has reasonable grounds to question the completeness or accuracy of such information, the City will afford the Authority and its attorneys and agents, at the expense of the Authority, reasonable access to any and all records, documents, contracts, and other information which is in the custody or control of the City to confirm such accuracy and completeness. The Authority and its attorneys and agents shall maintain the confidentiality of all such information; unless required to be provided by the Authority to the MSRB, and except as otherwise provided by law. The City shall not be required to provide information or to allow access to its records which exceeds the standards applicable to a due diligence inquiry in the preparation of an official statement in connection with the sale of Bonds or any Additional Bonds by the Authority.

(d) Limitations, Disclaimers and Amendments.

(1) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority and the City each remain an Obligated Person, provided that the Authority and the City in any event will give notice of any payment or deposit of funds by either of such parties that causes the Bonds to be retired and defeased.

(2) The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority and the City undertake to provide only the financial information, operating data, financial statements and notices which it has expressly agreed to provide pursuant to this Section and do not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority's or the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. Neither the Authority nor the City make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

(4) The provisions of this Section may be amended by the City (with the written approval of the Authority) from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by provisions of the Bond Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. If the provisions of this Section are so amended, the Authority shall include with any amended financial information or operating data next provided in accordance with the Bond Resolution an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

(e) Remedies. In the event the City fails or refuses to provide the information required by paragraphs (a) and (b) hereof, the Authority may enforce its right hereunder by an action for mandamus or specific performance; provided, however, before enforcing such remedies, the Authority shall give the City notice as provided herein and a reasonable opportunity to provide the requested information.

SECTION 5: Reporting of Significant Events. (1) Upon the occurrence of any of the events described below, the City will promptly notify the Authority and provide information requested by the Authority pertaining to (i) an action, suit or other formal proceeding at law or in equity, against the City that would materially and adversely affect the City's financial condition or its ability to make payments under the Contract and (ii) any change in the City's financial condition or financing arrangements that would materially and adversely affect the City's financial condition or its ability to make payments under the Contract.

SECTION 6: Exhibit D to the Contract is amended to include the Series 2023 Project described in the Bond Resolution. In all other respects the Contract is reapproved and shall be and remain in full force as the agreement of the parties.

SECTION 7: The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 8: It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place, and purpose of said meeting was given as required.

SECTION 9: This Ordinance shall be effective from and after its adoption, and it is so resolved.

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

INTRODUCED on this the 3rd day of April 2023.

ADOPTED on this the 3rd day of April 2023.

EFFECTIVE DATE on this the 3rd day of April 2023.

CITY OF SHERMAN:

BY:_____
DAVID PLYLER, MAYOR

ATTEST:

BY:_____
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM:
ABERNATHY, ROEDER,
BOYD & HULLETT, P.C.

BY:_____
RYAN D. PITTMAN, CITY ATTORNEY

Resolution No. 1456

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project)"; pledging the Pledged Revenue to the payment of the principal of and interest on said Bonds; delegating matters relating to the issuance, sale, and delivery of said Bonds to authorized Authority officials; and resolving other matters incident and related thereto

WHEREAS, the Board of Directors of the Greater Texoma Utility Authority (the "Authority") has determined that Bonds should be authorized at this time to provide funding for the Series 2023 Project more fully described in Section 1 hereof; and

WHEREAS, the Authority shall by this Resolution, in accordance with the provisions of Chapter 1371, Texas Government Code, as amended, delegate to a Pricing Officer (hereafter designated) the authority to determine the principal amount of Bonds to be issued and negotiate the terms of sale thereof; and

WHEREAS, the Board of Directors of the Authority has determined that the Bonds herein authorized may and shall be issued as Additional Bonds (herein defined) on a parity with the Outstanding Previously Issued Bonds (herein defined) in that:

(a) The Authority is not now in default as to any covenant, condition or obligation contained in the Contract (as hereinafter defined) and the resolutions authorizing the issuance of Outstanding Previously Issued Bonds;

(b) The City of Sherman, Texas, will approve the resolution authorizing the issuance of the Bonds as to form and content and will acknowledge that payment of principal and interest on the Bonds will be made, in whole or in part, by the City of Sherman, Texas, under and pursuant to the Contract;

(c) A consulting engineer has certified to the Authority the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the Project (herein defined);

(d) The Bonds herein authorized shall mature on April 1 and/or October 1 in each of the years in which they are scheduled to mature as provided in the Pricing Certificate;

(e) As provided herein, deposits to the Bond Fund will be sufficient to pay principal of and interest on the Bonds herein authorized as the same become due;

(f) As provided herein, the amount to be accumulated and maintained in the Reserve Fund will be in an amount equal to not less than the average annual requirement (calculated on a Fiscal Year basis) of all Outstanding Bonds Similarly Secured as of the date of the last series of Bonds Similarly Secured after giving effect to the issuance of the Bonds for the payment of principal of and interest on all obligations to be secured by a first lien on and pledge of the Pledged Revenues, and any additional amount to be maintained in the Reserve Fund shall be accumulated within not more than 60 months from the date of the passage of this Resolution; and;

(g) The Authority demonstrated to the Texas Water Development Board's Executive Administrator that the Pledged Revenues will be sufficient to pay the Previously Issued Bonds and the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GREATER TEXOMA UTILITY AUTHORITY:

SECTION 1: Authorization - Designation - Principal Amount – Purpose – Bond Date. Revenue bonds of the Authority shall be and are hereby authorized to be issued in the maximum aggregate principal amount hereinafter set forth to be designated and bear the title "GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2023 (CITY OF SHERMAN PROJECT)" (herein referred to as the "Bonds"), for the construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and for the purpose of funding the portion of the Required Reserve Fund Amount attributable to the Bonds and the payment of all costs incident and related to the acquisition and financing thereof, and the purpose of funding the portion of the Required Reserve Fund Amount attributable to the Bonds, pursuant to authority conferred by and in conformity with the Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 and Chapter 1371, Texas Government Code, as amended. The Bonds shall be dated (the "Bond Date") as provided in the Pricing Certificate.

SECTION 2: Fully Registered Obligations - Terms. The Bonds shall be issued as fully registered obligations, without coupons, and the Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) shall be in denominations of $5,000 or any integral multiple (within a Stated Maturity) thereof, shall be lettered "R" and numbered consecutively from One (1) upward and principal shall become due and payable on a date certain in each of the years and in amounts (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the details of the Bonds as set forth in the Pricing Certificate.

The Bonds shall bear interest on the unpaid principal amounts from the date specified in the Pricing Certificate at the rate(s) per annum shown in the Pricing Certificate (calculated on the basis of a 360-day year consisting of twelve 30-day months). Interest on the Bonds shall be payable in each year, on the dates, and commencing on the date, set forth in the Pricing Certificate.

SECTION 3: Delegation of Authority to Pricing Officer.

(a) As authorized by Texas Government Code, Chapter 1371, as amended, the General Manager or President of the Board of Directors (either the "Pricing Officer") is hereby authorized to act on behalf of the Authority in selling and delivering the Bonds and carrying out the other procedures specified in this Resolution, including, determining the aggregate original principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the manner of sale (negotiated, privately placed or competitively bid), the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment dates, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Authority, as well as any mandatory sinking fund redemption provisions, the designation of a Paying Agent/Registrar, and all other matters relating to the issuance, sale, and delivery of the Bonds, including any modification of the

Rule 15c2-12 continuing disclosure undertaking contained in Section 39 hereof, all of which shall be specified in the Pricing Certificate; provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed $180,000,000;

(ii) the true interest cost rate for the Bonds shall not exceed the highest rate permitted by law; and

(iii) the maximum maturity date of the Bonds shall be October 1, 2053.

The execution of the Pricing Certificate shall evidence the sale date of the Bonds by the Authority to the Purchasers (hereinafter defined).

(b) The delegation made hereby shall expire if not exercised by the Pricing Officer on or prior to 365 days from the date hereof.

SECTION 4: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

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

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or the redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated office specified in the Pricing Certificate or such other office as shall be designated from time to time by the Paying Agent/Registrar, or its successors (the "Designated Payment/Transfer Office"). Interest on each Bond shall be paid to the Holder whose name appears in the Security Register at the close of business on the Record Date (the fifteenth (15th) day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the

address of the Holder recorded in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

SECTION 5: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the Authority at the Designated Payment/Transfer Office of the Paying Agent/Registrar, and also at a location within the State of Texas, as provided herein and in accordance with rules and regulations as the Paying Agent/Registrar and the Authority may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of this Resolution, or if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the Initial Bond(s) authorized in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and being of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in Section 8 hereof) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and being of a like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States mail, first class postage prepaid, to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the Authority, evidencing the same obligation to pay,

and entitled to the same benefits under this Resolution, as the Bonds surrendered in such transfer or exchange.

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

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 30 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

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

SECTION 6: Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in this Resolution relating to the payment and transfer/exchange of the Bonds, the Authority hereby approves and authorizes the use of the "Book-Entry Only" securities clearance, settlement, and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in a Blanket Issuer Letter of Representations by and between the Authority and DTC (the "Depository Agreement").

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

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general, the Authority covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 4 and 5 hereof.

SECTION 7: Execution - Registration. The Bonds shall be executed on behalf of the Authority by the President or Vice President of the Board of Directors under its seal reproduced or impressed thereon and attested by the Secretary or Assistant Secretary of the Board of

Directors. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Authority on the date of the adoption of this Resolution shall be deemed to be duly executed on behalf of the Authority, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial Holders and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in the Public Security Procedures Act, Texas Chapter 1201, Government Code, as amended.

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

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

SECTION 9: Forms.

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

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF GRAYSON, COLLIN, FANNIN AND COOKE
GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2023
(CITY OF SHERMAN PROJECT)

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP NO.
_____	_____%	_____1, 20__	_____

Registered Owner:

Principal Amount: DOLLARS

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is the delivery date of this Bond (or its Predecessor Bond) to the initial Holder, in which case it shall bear interest from the _____) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____, and each April 1 and October 1 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or date of redemption to the Holder hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of _____, the Paying Agent/Registrar, or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth (15th) day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

If the date for payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of the series specified in its title issued in the aggregate principal amount of $_____ (herein referred to as the "Bonds") for the purpose of providing funds for the construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas, and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and for the purpose of funding the portion of the Required Reserve Fund Amount attributable to the Bonds and the payment of all costs incident and related to the acquisition and financing thereof, pursuant to authority conferred by and in conformity with the Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 and Chapter 1371, Texas Government Code, as amended, and pursuant to a Resolution adopted by the Board of Directors of the Authority (herein referred to as the "Resolution").

The Bonds maturing on and after _____, may be redeemed prior to their Stated Maturities, at the option of the Authority, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar) on _____, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

Not fewer than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the Authority and at the Authority's expense, to each Registered Owner of a Bond to be redeemed and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed.

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

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Resolution have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the Authority shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds constitute special obligations of the Authority, and, together with the outstanding Previously Issued Bonds and any Additional Bonds, if issued, are payable as to principal and interest solely from and equally secured by a first lien on the Pledged Revenue of the Authority (identified and defined in the Resolution, and including revenues to be received under and pursuant to a Contract For Water Supply and Sewer Service between the Authority and the City of Sherman, Texas, dated as of March 1, 1985, together with all amendments thereto). Reference is hereby made to the Resolution, copies of which are on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the revenues pledged for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the same meanings assigned in the Resolution.

The Authority expressly reserves the right to issue further and additional revenue bond obligations in all things on a parity with the Bonds and the Previously Issued Bonds, payable solely from and equally secured by a first lien on the Pledged Revenue described above; provided, however, that any and all such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Resolution, to which reference is hereby made for more complete and full particulars.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

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

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

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid and binding obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the issuance of the Bonds does not exceed any constitutional or statutory limitation. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of Directors of the Authority has caused this Bond to be duly executed under the official seal of the Authority.

GREATER TEXOMA UTILITY AUTHORITY

_____

President, Board of Directors

ATTEST:

_____

Secretary, Board of Directors

(SEAL)

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS my signature and seal of office this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to appear on the definitive Bonds.

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The principal office of the Paying Agent/Register in _____ is the "Designated Payment/Transfer Office" for this Bond.

_____,
as Paying Agent/Registrar

Registration Date:

_____

By: _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

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

DATED: _____

Signature guaranteed:

_____

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

(f) The Initial Bond(s) shall be in the form set forth in paragraph (b) of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

REGISTERED
NO. T-1

REGISTERED
$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF COOKE, FANNIN, GRAYSON AND COLLIN
GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2023
(CITY OF SHERMAN PROJECT)

Bond Date: _____

Registered Owner:

Principal Amount:

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on _____ in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

YEAR	PRINCIPAL INSTALLMENTS	INTEREST RATE

(Information to be inserted from schedule in the Pricing Certificate)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is the delivery date of this Bond (or its Predecessor Bond) to the initial Holder, in which case it shall bear interest from the _____) at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____, and each April 1 and October 1 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Holder hereof by _____ (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in _____ (the "Designated Payment/Transfer Office"), or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth (15th) day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

SECTION 10: Certain Definitions. In addition to terms defined elsewhere in this Resolution, for all purposes of this Resolution and in particular for clarity with respect to the issuance of the Bonds and the pledge and appropriation of the Pledged Revenue therefor, the following definitions are provided:

(a) The term "Additional Bonds" shall mean parity revenue bonds issued in accordance with the terms and conditions prescribed in Section 19 hereof.

(b) The term "Authorized Investments" shall mean the obligations identified in the "Public Funds Investment Act" (Texas Government Code, Chapter 2256), as amended.

(c) The term "Bonds" shall mean the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project)" authorized by this Resolution.

(d) The term "Bonds Similarly Secured" shall mean the Bonds, the Previously Issued Bonds, and Additional Bonds.

(e) The term "Contract" or "Contract for Water Supply and Sewer Service" shall mean that certain contract, dated as of the 1st day of March, 1985, by and between the Authority and the City of Sherman, Texas, together with amendments and supplements thereto (which by the term of such instrument is designated as a supplement to such Contract), a conformed copy of such Contract being attached hereto as Exhibit B for the purposes of identification only.

(f) The term "Cost of the Project" shall have the meaning assigned such term in Section 1.01 of the Contract.

(g) The term "Fiscal Year" shall mean the twelve month operational period of the Authority commencing October 1 of each year; provided, however, the Authority may change the fiscal year to another period of not less than twelve (12) calendar months but in no event may the fiscal year be changed more than one time in any three calendar year period.

(h) The term "Government Obligations" as used herein, unless otherwise provided in the Pricing Certificate, means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the Authority, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the Authority, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other authorized securities or obligations under applicable laws of the State of Texas that may be used to defease obligations such as the Bonds.

(i) The term "Maintenance and Operation Expense of the Project" shall have the meaning assigned such term in Section 1.01 of the Contract.

(j) The term "Outstanding" shall mean when used in this Resolution with respect to Bonds or Bonds Similarly Secured, as of the date of determination, all Bonds or Bonds Similarly Secured theretofore issued and delivered, except:

(i) those Bonds or Bonds Similarly Secured canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(ii) those Bonds or Bonds Similarly Secured paid or deemed to be paid in accordance with the provisions of Section 27 hereof; and

(iii) those Bonds or Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 30 hereof or similar provisions with respect to Bonds Similarly Secured.

(k) The term "Pledged Revenue" shall mean (i) the amount received by the Authority as monthly amortization payments by reason of Section 3.01 (a) of the Contract, less the fees and charges of the Paying Agent/Registrar with respect to Bonds Similarly Secured, plus (ii) the amounts deposited into the Bond Fund reaffirmed by Section 12(b) of this Resolution, and the Reserve Fund reaffirmed by Section 12(c) of this Resolution; plus (iii) any amounts on deposit in any construction fund, created and established by a resolution authorizing the issuance of the Bonds or Bonds Similarly Secured, pending the application of such money for the payment of the Cost of a Project.

(l) The term "Previously Issued Bonds" shall mean the Outstanding (1) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2006 (City of Sherman Project)," (2) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2013A (City of Sherman Project)," (3) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)," (4) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015

(City of Sherman Project)," (5) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015A (City of Sherman Project)," (6) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015B (City of Sherman Project)," (7) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2017 (City of Sherman Project)," (8) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2017A (City of Sherman Project)," (9) "Greater Texoma Utility Authority Contract Revenue and Refunding Bonds, Series 2019 (City of Sherman Project)," (10) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019A (City of Sherman Project)," (11) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Sherman Project)," (12) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2021 (City of Sherman Project)," and (13) "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2021 (City of Sherman Project)," heretofore issued which are in every respect on a parity with the Bonds.

(m) The term "Project" shall mean, with respect to the Bonds Similarly Secured, collectively, the projects described as such in the resolutions of the Authority that have from time to time authorized the issuance of Bonds Similarly Secured by the Authority for the financing of such projects.

(n) The term "Series 2023 Project" shall mean, with respect to the Bonds, the project described in Section 1 hereof.

SECTION 11: Pledge. The Authority hereby covenants and agrees that all of the Pledged Revenue is hereby irrevocably pledged for the payment of the Bonds Similarly Secured, and the interest thereon, and it is hereby declared and resolved that the Bonds Similarly Secured and the interest thereon shall constitute a first lien upon said Pledged Revenue.

Texas Government Code, Chapter 1208, as amended, applies to the issuance of the Bonds Similarly Secured and the pledge of the Pledged Revenue granted by the Authority under this Section of this Resolution, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are Outstanding and unpaid such that the pledge of the Pledged Revenue granted by the Authority under this Section of this Resolution is to be subject to the filing requirements of Texas Business & Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said Pledged Revenue, the Authority agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business & Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said Pledged Revenue to occur.

SECTION 12: Fund Designations. The Authority hereby covenants and agrees with the Holders of the Bonds Similarly Secured that all income, receipts and revenues derived from the operation and ownership of the Project shall be kept separate from other funds or accounts of the Authority. To that end, the following special Funds (herein so called) were created and established by a resolution authorizing Previously Issued Bonds and shall exist and govern the application of the Pledged Revenue while the Bonds Similarly Secured are Outstanding, to wit:

(a) Greater Texoma Utility Authority Revenue Fund, hereinafter called the "Revenue Fund." This Fund shall be kept in a depository of the Authority.

(b) Greater Texoma Utility Authority Bond Interest and Sinking Fund, hereinafter called the "Bond Fund." This Fund shall be deposited with a depository of the Authority as trustee

of the Pledged Revenue, and moneys deposited therein shall be used to pay principal of and interest on Bonds Similarly Secured when and as the same shall become due and payable.

(c) Greater Texoma Utility Authority Bond Reserve Fund, hereinafter called the "Reserve Fund." This Fund shall be deposited with a depository of the Authority and money deposited therein shall be used to pay the principal of and interest on Bonds Similarly Secured falling due at any time where there is insufficient money available in the Bond Fund.

SECTION 13: Revenue Fund. All revenues and income of any kind or character received by the Authority by reason of (i) its ownership of all or a part of the Project, (ii) the operation of the Project, or (iii) the Contract, shall be deposited in the Revenue Fund.

In the event money is deposited in the Revenue Fund from sources other than those specified in Section 3.01 of the Contract, then such money may be invested or reinvested or placed on time deposit in the same manner as the Reserve Fund pending its application to the reduction of payments that would otherwise be required to be made by the City under Section 3.01 of the Contract. Investment income and profits from the investment of the Revenue Fund shall be retained therein until used as provided in this Section.

Money in the Revenue Fund shall be used in the following order of priority:

1. Payments into the Bond Fund, as provided by Section 14;

2. Payments into the Reserve Fund, as provided by Section 15;

3. The curing of any deficiencies, as provided by Section 16;

4. The payment of other costs of the Project including maintenance and operation expenses not paid by the Authority and those purposes for which provision is made by Section 3.01(c) through 3.01(e) of the Contract; and

5. Applied as provided in Section 17.

SECTION 14: Bond Fund. The Authority hereby covenants and agrees to deposit to the credit of the Bond Fund amounts sufficient to pay the principal of and interest on the outstanding Bonds Similarly Secured as the same becomes due. There shall be deposited into the Bond Fund, by reason of the issuance of the Bonds, from the Pledged Revenue on deposit in the Revenue Fund (i) beginning on or before the twenty-fifth (25th) day of the month next following delivery of the Bonds and on or before the twenty-fifth (25th) day of each following month until and including the first interest payment date, an amount equal to not less than the fractional amount required in order to have the amount of the first installment of interest on deposit by the twenty-fifth (25th) day of the month next preceding the first interest payment date, and thereafter on the twenty-fifth (25th) day of each following month, an amount equal to not less than one sixth (1/6) of the next installment of interest; (ii) beginning on or before the twenty-fifth (25th) day of the month next following delivery of the Bonds, and on or before the twenty-fifth (25th) day of each following month until and including the first principal payment date, an amount equal to not less than the fractional amount required in order to have the amount of the first installment of principal on deposit by the twenty-fifth (25th) day of the month preceding the first principal payment date, and thereafter on or before the twenty-fifth (25th) day of each month, an amount equal to one twelfth (1/12) of the next annual principal payment to become due on the Bonds.

The amounts required to be so deposited shall take into account amounts already on deposit in the Bond Fund.

The monthly deposits to the Bond Fund for the payment of principal and interest on the Bonds shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund is equal to the amount required to pay all Outstanding Bonds Similarly Secured (principal and interest) for which said Fund was created and established or (ii) the Bonds Similarly Secured payable therefrom are no longer Outstanding.

Moneys on deposit in the Bond Fund may be invested, to the extent such investments are Authorized Investments, in United States Treasury bills, in similar direct obligations of the United States of America, or in certificates of deposit of any bank that is a member of the Federal Deposit Insurance Corporation (which are fully secured by a pledge of direct obligations of, or obligations of which the principal and interest are guaranteed by, the United States of America to the extent such certificates are not insured) maturing at such dates and in such manner as will provide cash to discharge interest and/or principal payments on Bonds Similarly Secured when and as the same become due.

Investment income and profits realized from the investment of the Bond Fund shall be retained therein until used as provided in this Section. Accrued interest, if any, shall be deposited into the Bond Fund.

SECTION 15: Reserve Fund. Upon the delivery of the Bonds, amounts on deposit in the Reserve Fund, allocated as a part of the Reserve Fund for the security of "Bonds Similarly Secured" under the resolutions authorizing the issuance of such Bonds Similarly Secured (including amounts held in the Reserve Fund by reason of the issuance of the Previously Issued Bonds) shall continue to be held as a part of the Reserve Fund for the security and payment, if required, of Bonds Similarly Secured as defined herein. The Authority hereby covenants and agrees with the holders of the Bonds Similarly Secured that it will provide for the accumulation of, and when accumulated, will thereafter continuously maintain in the Reserve Fund an amount equal to the average annual principal and interest requirement of all Bonds Similarly Secured (the Required Reserve Fund Amount). If any Bonds Similarly Secured are subject to mandatory redemption, the amount required to be redeemed in any Fiscal Year shall be treated as if it matured in that Fiscal Year. The average annual requirement shall be calculated on a Fiscal Year basis on the Outstanding Bonds Similarly Secured on the date of the last series of Bonds Similarly Secured (after giving effect to the issuance of such last series); provided, however, at such time as the Previously Issued Bonds identified in 1 of Section 10(l) hereof are no longer Outstanding, the average annual requirement shall also be calculated at the end of each Fiscal Year. Any amounts on deposit in the Reserve Fund in excess of such requirement shall be transferred to the Revenue Fund.

In addition, beginning on or before the twenty-fifth (25th) day of the month following the delivery of the Bonds, and on or before the twenty-fifth (25th) day of each month thereafter, there shall be deposited in the Reserve Fund substantially equal month deposits in an amount which will result in the Required Reserve Fund Amount being on deposit in the Reserve Fund within not more than sixty (60) months from the date of the passage of this Resolution, and such monthly deposits shall take into account the amounts already on deposit in said Reserve Fund.

When the Required Reserve Fund Amount has been fully accumulated, said monthly payments to said Fund may be terminated; provided, however, should the money in the Reserve Fund be utilized so the Reserve Fund balance is less than the Required Reserve Fund Amount,

after the same has been accumulated, monthly deposits shall be made in an amount not less than one-twelfth (1/12th) of the amount of the deficiency and shall continue to be made on or before the twenty-fifth (25th) day of each month until the Required Reserve Fund Amount has been fully restored.

Money in the Reserve Fund may be, at the option of the Authority, invested or reinvested from time to time in direct obligations of or obligations the principal and interest of which are guaranteed by the United States of America or invested in direct obligations of or participation certificates guaranteed by the Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, Banks for Cooperatives, and in certificates of deposit of any bank which is a member of the Federal Deposit Insurance Corporation, and such certificates of deposit are fully insured and/or secured by a pledge of the securities of any of the kind hereinabove specified, such obligations or securities to mature in not more than ten years from the date of such investment or not later than the final maturity of the Bonds Similarly Secured Outstanding for which the Reserve Fund is established, whichever is shorter. Any obligations in which money is so invested shall be kept in escrow with the custodian of said Fund, and shall be promptly sold when notified by the Authority that moneys on deposit in the Bond Fund are insufficient to make a current interest and/or principal payment on Bonds Similarly Secured, and the proceeds of sale of such investments and/or moneys on deposit in the Reserve Fund in an amount sufficient to meet the deficiency in the Bond Fund shall be immediately transferred to the Bond Fund, without further notice or authorization. The Authority shall direct the investment of moneys on deposit in the Reserve Fund.

Investment income and profits realized from the investment of the Reserve Fund shall be retained therein as may be necessary to fully establish or restore the Required Reserve Fund Amount and thereafter shall be transferred to the Revenue Fund.

Investments in the Reserve Fund shall be valued at the lower of cost or market on June 1 of each year, by the chief financial officer of the Authority. In the event the amount contained in the Reserve Fund (as the result of such valuation) is less than the amount then required to be on deposit, additional deposits in an amount equal to not less than 1/12th of the deficiency shall be made monthly, beginning on the 25th day of October next following until the deficiency has been corrected. In the event the amount contained in the Reserve Fund (as a result of such valuation) is more than the Required Reserve Fund Amount, the amount of such excess may be transferred to the Revenue Fund and shall be so transferred if directed by the Authority.

SECTION 16: Deficiencies in Funds. If in any month the Authority shall, for any reason, fail to pay into the Bond Fund and Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and un-allocated Pledged Revenue of the following month or months, and such payments shall be in addition to the amount hereinabove provided to be otherwise paid into said Funds during such month or months.

SECTION 17: Remainder of Revenues. Money remaining in the Revenue Fund, after making the payments required in items (1) through (4) of the last paragraph of Section 13, shall be transferred to any other fund created by this Resolution and used as a credit to the amount that would otherwise be required to be paid by the City under Section 3.01 of the Contract.

SECTION 18: Security of Funds and Their Transfer. All moneys on deposit in the special Funds for which this Resolution makes provision (except any portions thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the

laws of the State of Texas for the security of public funds, and moneys in such special Funds shall be used only for the purposes permitted by this Resolution.

While any of the Bonds are Outstanding, the Board of Directors shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly as each installment of interest and principal of the Bonds accrues or matures or comes due by reason of redemption prior to maturity, such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date of payment for the Bonds.

SECTION 19: Issuance of Additional Parity Bonds. In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a first lien on and pledge of the Pledged Revenue in the same manner and to the same extent as are the Bonds and the Previously Issued Bonds. Bonds Similarly Secured shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments provided, however, that no Additional Bonds shall be issued unless and until the following conditions have been met:

(a) The Authority is not then in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the Outstanding Bonds Similarly Secured or the Contract (including any amendment or supplement thereto).

(b) A consulting engineer certifies to the Authority the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the Project.

(c) The City of Sherman, Texas, shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such bonds is payable, in whole or in part, from payments to be made by the City of Sherman, Texas, under and pursuant to the Contract.

(d) The Additional Bonds are made to mature on April 1 or October 1 or both in each of the years in which they are scheduled to mature.

(e) The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due.

(f) The resolution authorizing the issuance of the Additional Bonds provides that (i) the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the average annual requirement (calculated on a Fiscal Year basis) of the Outstanding Bonds Similarly Secured, as of the date of the last series of Bonds Similarly Secured after giving effect to the issuance of the Additional Bonds) for the payment of principal of and interest on all obligations to be secured by a first lien on and pledge of the Pledged Revenue, and (ii) any additional amount to be maintained in the Reserve Fund shall be accumulated within not more than 60 months from the date of the passage of the resolution authorizing the issuance of the proposed Additional Bonds.

(g) The Authority will demonstrate to the Executive Administrator of the Texas Water Development Board that the Pledged Revenues will be sufficient to pay the Previously Issued Bonds, the Bonds and the proposed Additional Bonds.

Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the governing body of the Authority may deem to be in the best interest of the Authority, and if less than all such Outstanding Bonds Similarly Secured are refunded the proposed refunding bonds shall be considered as "Additional Bonds" under the provisions of this Section, but the certificate required in subdivision (b) shall not be required or be applicable to the issuance of such refunding bonds.

SECTION 20: Insurance. The Authority covenants that it will at all times keep insured such of its plants, structures, buildings, stations, machinery, equipment, apparatus, distribution pipelines and equipment, as are usually insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by corporations operating like properties, and will also at all times maintain worker's compensation insurance and insurance against public liability and property damages to the extent permitted by law, in a reasonable amount with a responsible insurance company or companies; provided, however, that any time while any contractor engaged in construction work shall be fully responsible therefor, or the Authority has assumed such responsibility, the Authority shall not be required to carry such insurance.

SECTION 21: Records - Accounts - Accounting Reports. The Authority hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts on a Fiscal Year basis pertaining to the operation of the Project separate and apart from all other records and accounts of the Authority in accordance with accepted accounting practices, and complete and correct entries shall be made of all transactions relating to said Project. The Holder or Holders of any Bonds Similarly Secured, or any duly authorized agent or agents of such Holders, shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto and to inspect the Project and all properties comprising same. The Authority further agrees that within one hundred twenty (120) days following the close of each Fiscal Year, or as soon thereafter as possible, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants or Licensed Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the Accountant shall particularly include the following:

(a) A detailed statement of the receipts and disbursements from the Revenue Fund.

(b) A balance sheet as of the end of such Fiscal Year.

(c) The Accountant's comments regarding the manner in which the Authority and the City have complied with the covenants and requirements of this Resolution and the Contract and his recommendations for any changes or improvements in the operation, records and accounts of the Authority.

(d) A list of the insurance policies in force (if obtained by the Authority) at the end of the Fiscal Year on the Project properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer, and the policy's expiration date.

(e) A list of the securities which have been on deposit as security for money in the Bond Fund and Reserve Fund throughout the Fiscal Year, a list of the securities, if any, in which money in the Bond Fund and Reserve Fund has been invested, and a statement of the manner in which money in the Revenue Fund has been secured in such Fiscal Year.

Expenses incurred in making the audits above referred to are to be regarded as Maintenance and Operating Expenses of the Project and paid as such. Copies of the aforesaid annual audit shall be immediately furnished to the Executive Director of the Municipal Advisory Council of Texas at his or her office in Austin, Texas, and, upon written request, to the initial Holder and any subsequent Holder of the Bonds Similarly Secured.

By its approval of this Resolution, the City of Sherman, Texas, agrees, in order to secure its obligations under the Contract, to maintain rates and charges for its utility system sufficient to pay all of its obligations secured by and made payable from the revenues derived from the operation of its utility system.

SECTION 22: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the Authority covenants and agrees particularly that in the event the Authority (a) defaults in payments to be made to the Bond Fund or Reserve Fund as required by this Resolution, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution any Holder shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Board of Directors and other officers of the Authority to observe and perform any covenant, condition or obligation prescribed in this Resolution.

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

SECTION 23: Special Covenants. The Authority hereby further covenants as follows:

(a) It has the lawful power to pledge the revenues supporting this issue of Bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas; that the Bonds, Previously Issued Bonds, and the Additional Bonds, when issued, shall be ratably secured under said pledge of the Pledged Revenue in such manner that one bond shall have no preference over any other bond of said issues.

(b) Other than for the Bonds and the Previously Issued Bonds, the Pledged Revenue has in no manner been committed or pledged to the payment of any debt or obligation of the Authority.

(c) So long as any of the Bonds or any interest thereon remain Outstanding, the Authority will not sell or encumber the Project or any substantial part thereof; provided, however, this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the Project, and, also, with the exception of the Additional Bonds expressly permitted by this Resolution to be issued, it will not encumber the Pledged Revenue unless such encumbrance is made junior and subordinate to all of the provisions of this Resolution.

(d) The Authority will maintain rates and charges to the City sufficient to meet the debt service requirements on the Outstanding obligations of the Authority that are supported by such revenues.

None of the special covenants herein appearing shall be construed in any manner which would deprive the Authority of its right to pledge any revenues produced by modification of the Contract and specifically designated to meet obligations incurred in providing the Authority with enlarged or additional facilities; further, that none of said covenants shall be construed in any manner which would deprive the Authority of its right to pledge that part of any revenue or income derived by it from other future contracts with other cities, towns or villages or the Authority or others and required to satisfy conditions for payment of other bonds or obligations issued by the Authority and such right is especially reserved.

SECTION 24: Bonds are Special Obligations. The Bonds are special obligations of the Authority payable from the Pledged Revenue and the Holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 25: Bonds are Negotiable Instruments. Each of the Bonds herein authorized shall be deemed and construed to be a "Security" and as such a negotiable instrument, within the meaning of Texas Business & Commerce Code, Chapter 8, as amended.

SECTION 26: Resolution a Contract - Amendments. This Resolution shall constitute a contract with the Holders from time to time, be binding on the Authority, and shall not be amended or repealed by the Authority so long as any Bond remains Outstanding except as permitted in this Section and in Section 39 hereof. The Authority, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Resolution in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Authority may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds Similarly Secured then outstanding, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Holders of the Bonds then outstanding, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 27: Satisfaction of Obligation of Authority. If the Authority shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Resolution, then the pledge of the Pledged Revenue under this Resolution and all other obligations of the Authority to the Holders shall thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations shall mature as to principal and interest in such

amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. In the event of a defeasance of the Bonds, the Authority shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Obligations to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. The Authority covenants that no deposit of moneys or Government Obligations will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

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

SECTION 28: Notices to Holders-Waiver. Wherever this Resolution provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of each Holder as it appears in the Security Register.

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

SECTION 29: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Authority, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Authority may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the Authority may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the Authority.

SECTION 30: Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the Authority and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the Authority and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

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

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

SECTION 31: Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

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

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

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

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

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

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

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

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal

Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

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

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

improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

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

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

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

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

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

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

and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Authority shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The Authority hereby directs and authorizes the President, Vice President, Secretary and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

SECTION 32: Sale of Bonds – Official Statement. The Bonds authorized by this Resolution may be sold by the Authority to the purchaser(s) (herein referred to as the "Purchasers") by (i) negotiated sale, in accordance with a bond purchase agreement (the "Purchase Contract"), (ii) private placement, in accordance with an agreement to purchase or other agreement, or (iii) competitive bidding, in accordance with the successful bid submitted therefor, as determined by the Pricing Officer, in accordance with Section 3 hereof. The Pricing Officer is hereby authorized and directed to execute the Purchase Contract, agreement to purchase in the event of a private placement, or the successful bid form in the event of a competitive sale, as applicable, for and on behalf of the Authority and as the act and deed of this Board.

The President and Secretary of the Board of Directors of the Authority are further authorized and directed to execute and deliver for and on behalf of the Authority copies of a Preliminary Official Statement and Official Statement, prepared in connection with the offering of the Bonds by the Purchasers, in final form as may be required by the Purchasers, and such final Official Statement in the form and content as approved by the Pricing Officer shall be deemed to be approved by the Board of Directors of the Authority and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 33: Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale (less those proceeds of sale designated to pay costs of issuance, and accrued interest received from the Purchasers, if any, of the Bonds) shall be deposited to the credit of a fund kept at a depository bank of the Authority. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with

the provisions of Texas Government Code, Chapter 2256, including guaranteed investment contracts permitted in Texas Government Code., Section 2256.015, et seq, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Bond Fund as shall be determined by the Board of Directors; all in accordance with written instructions from the Authority or its financial advisor. Any accrued interest received from the Purchasers and as well as all surplus proceeds of sale of the Bonds, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Bond Fund.

SECTION 34: Control and Custody of Bonds. The President of the Board of Directors of the Authority shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bonds pending approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchaser.

SECTION 35: Legal Opinion. The Purchaser's obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Norton Rose Fulbright US LLP ("Bond Counsel") approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds by the initial purchasers. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with the Depository Trust Company. The Board of Directors confirms the prior engagement of Norton Rose Fulbright US LLP as the Authority's Bond Counsel.

SECTION 36: CUSIP Numbers. CUSIP numbers may be printed or typed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the Authority nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the Bonds.

SECTION 37: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 38: Further Procedures. Any one or more of the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Authority all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution and the issuance of the Bonds. In addition, prior to the initial delivery of the Bonds, the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, and Bond Counsel are each hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the documents authorized and approved by this Resolution: (i) in order to cure any technical ambiguity, formal defect, or omission in the Resolution or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of the Resolution, which determination shall be final. In the event that any officer of the Authority whose signature shall appear on any document shall cease to be such officer before the delivery

of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 39: Continuing Disclosure Undertaking.

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

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

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

(b) Annual Reports. The Authority shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in the year stated in the Pricing Certificate, financial information and operating data with respect to the Authority and the City of the general type included in the final Official Statement approved by the Pricing Officer and described in the Pricing Certificate, and (2) if not provided as part such financial information and operating data, audited financial statements of the Authority and the City, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the Pricing Certificate, or such other accounting principles as the Authority and the City, respectively, may be required to employ from time to time pursuant to state law or regulation, and audited, if the Authority commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the Authority shall file unaudited financial statements within such twelve-month period and audited financial statements when and if such audited financial statements become available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The Authority shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below;

(13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the

entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

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

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

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

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

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

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

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances resulting from a

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

SECTION 40: Benefits of Resolution. Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person other than the Authority, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar, and the Holders.

SECTION 41: Inconsistent Provisions. All orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters contained herein.

SECTION 42: Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 43: Incorporation of Findings and Determinations. The findings and determinations of the Board of the Authority contained in the preambles hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section.

SECTION 44: Severability. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 45: Municipal Bond Insurance. The Bonds may be sold with the principal of and interest thereon being insured by a municipal bond insurance provider authorized to transact business in the State of Texas. The Pricing Officer is hereby authorized to make the selection of municipal bond insurance (if any) for the Bonds and make the determination of the provisions of any commitment therefor.

SECTION 46: Contract. The Contract is amended to include the Series 2023 Project and a description of the Series 2023 Project shall be attached to the contract as Exhibit D-14. In all other respects the Contract is reapproved and shall be and remain in full force as the agreement of the parties.

SECTION 47: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 48: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

[remainder of page left blank intentionally]

PASSED AND ADOPTED, this February 20, 2023.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Seal)

EXHIBIT A

Form of Paying Agent/Registrar Agreement

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of _____ (this "Agreement"), by and between _____, _____, Texas, a banking corporation duly organized and existing under the laws of the _____ and authorized to do business in the State of Texas, or its successors (the "Bank") and the Greater Texoma Utility Authority (the "Issuer"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project)" (the "Securities"), dated _____, such Securities scheduled to be delivered to the initial purchasers thereof on or about _____; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE
APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

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

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

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Annex A** attached hereto; provided however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this agreement shall be less than the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code, as amended or Section 2274.002(a)(2) of the Texas Government Code. The Issuer covenants to provide notice to the Bank upon any change in the Issuer's Fiscal Year within ten (10) business days of the governing body of the Issuer's decision to change the Fiscal Year of the Issuer.

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

ARTICLE TWO
DEFINITIONS

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

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

"Authorizing Document" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

"Bank Office" means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

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

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

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

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

"Responsible Officer", when used with respect to the Bank, means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated

officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

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

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

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

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

ARTICLE THREE
PAYING AGENT

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

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

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR
REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the

payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. The Bank represents and warrants that it will at all times have immediate access to the Security Register by electronic or other means and will be capable at all times of producing a hard copy of the Security Register for use by the Issuer. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

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

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

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

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

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

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

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

Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

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

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

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

ARTICLE FIVE
THE BANK

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

Section 5.02 Reliance on Documents, Etc.

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

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

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

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

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

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

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

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

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

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become

due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

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

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

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

ARTICLE SIX
MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

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

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

Section 6.12 **Iran, Sudan and Foreign Terrorist Organizations.** The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf,
https://comptroller.texas.gov/purchasing/docs/iran-list.pdf, or
https://comptroller.texas.gov/purchasing/docs/fto-list.pdf.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 6.13 **Governing Law**. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

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

_____

By:_____

Title: _____

Address: _____

_____

GREATER TEXOMA UTILITY AUTHORITY

By: _____
Pricing Officer

Address: 5100 Airport Drive
Denison, Texas 75020

ANNEX A

FEE SCHEDULE

EXHIBIT B

Contract For Water Supply and Sewer Service

CONTRACT FOR WATER SUPPLY AND SEWER SERVICE

THE STATE OF TEXAS §

THE COUNTY OF GRAYSON §

THIS AGREEMENT is made and entered into as of March 1, 1985, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation Authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Chapter 97, Acts of the 66th Legislature of Texas, Regular Session, 1979, as amended, (the "Act") and the CITY OF SHERMAN, TEXAS, a municipal corporation in the County of Grayson, Texas (hereinafter referred to as the "City") duly created and existing under the laws of the State of Texas;

W I T N E S S E T H:

WHEREAS, the Authority, acting pursuant to the Act, proposes to issue its bonds for the purpose of providing (i) certain sanitary sewer collection and treatment facilities for use by the City, and (ii) an additional supply of water to the City and certain water supply facilities in order to store and transport such water to the City; and

WHEREAS, certain revenues to be received by the Authority from the City under this Agreement are to be pledged to the payment and security of the bonds to be issued by the Authority and will constitute the basis for the Authority's credit in financing such facilities; and

WHEREAS, the Authority and the City, acting through their duly constituted governing bodies, have mutually agreed upon the terms and conditions of this Agreement; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Definitions

SECTION 1.01: Unless the context shall indicate a contrary meaning of intent, the terms below defined, for all purposes of this contract and any contract amendatory or supplemental to this contract, shall be construed or used and are intended to have meanings as follows:

(a). "Authority" shall mean the Greater Texoma Utility Authority, or its successor.

(b) "Board" and "Board of Directors" shall mean the Board of Directors of the Authority.

(c) "Bond Resolution" shall mean any resolution of the Board of Directors authorizing the issuance of the Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted, where the proceeds from the sale of the Bonds will be used to discharge the cost of the Project.

(d) "Bonds" shall mean any bonds to be issued by the Authority for the purpose of providing funds to pay the necessary costs of the Project, whether in one or more series or issues, or any bonds issued to refund same.

(e) "City" shall mean the City of Sherman, Texas.

(f) "Cost of the Project" shall mean, with respect to the Water Project or the Sewer Project, all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of the Project and all legal fees, printing and other cost, fees and expenses necessary for or incident to the issuance of the Bonds.

(g) "Engineer" shall mean a registered, professional engineer (who may be the City Engineer or the Authority's Engineer). The City and Authority agree that the Engineer may be a

different firm on different aspects of the Project, that the Engineers (and the scope of their work) are set forth in Exhibit A; and that the Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the Authority, subject to the consent of the City.

(h) "Fiscal Year" shall mean the twelve month operating period (under this Agreement) commencing October 1st of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the City (which agreement, if made, shall be attached hereto as an exhibit).

(i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of the Project including all salaries, labor, materials, interest, repairs, and replacements necessary to render efficient service, or which might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bonds. Such term shall not include depreciation.

(j) "Operator" shall mean the party to this contract who is designated (in Exhibit B) as the party responsible for the act to be performed.

(k) "Project" shall mean, collectively, the Water Project and the Sewer Project.

(l) "Sewer Project" shall mean the sanitary sewer facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder, and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this Agreement, or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project described in Exhibit C (as now or hereafter amended).

(m) "Water Project" shall mean the water supply, storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this Agreement or obtained as grant funds, from any source; for the purpose of paying all or part of the Cost of the Project described in Exhibit "D" (as now or hereafter amended).

ARTICLE II

Representations and Agreements

SECTION 2.01: The City's Representations and Agreements. In connection with its undertakings hereunder, the City represents to the Authority and agrees with the Authority as follows:

(a) It is its capacity as a duly incorporated City of Texas, it is empowered under applicable laws of Texas, particularly under the Interlocal Cooperation Act, to enter into the engagements prescribed for it under this agreement and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this contract.

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this contract for the services supplied by the Project.

(c) That it will plan, construct, maintain, operate and finance its own utility system and set retail rates to individual customers for water and sanitary sewer service adequate to pay all City obligations secured by and made payable from the revenues derived from the operation of the City's combined Water and Sanitary Sewer System.

(d) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this Contract.

SECTION 2.02: Representations and Agreements of Authority. In connection with its undertakings hereunder, the Authority represents to the City and agrees with the City as follows:

(a) In its capacity as a conservation and reclamation Authority created by the Act, pursuant to Article XIV, Section 59 of the Texas Constitution, it is empowered under applicable laws of the State of Texas, particularly under the Interlocal Cooperation Act and the Texas Water Code, to enter into the engagements prescribed for it under this agreement and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this contract.

(b) That it will finance all costs of the Project not provided by the City and any grant secured for the construction of the Project.

SECTION 2.03: Construction. The Operator agrees to assume responsibility for the construction of the Project and the Authority will enter into such contracts as are necessary to provide the Project. To this end, the Authority and the City agree that:

(a) Unless otherwise agreed by the parties, the Operator shall be responsible for the preparation of final plans and specifications for the Project.

(b) Final plans and specifications for the Project shall be subject to the approval of the Authority and the City.

(c) All construction contracts shall be let and awarded pursuant to the laws applicable to the Authority.

(d) The Authority shall let and award all construction contracts, subject to the approval of each contract by the City.

(e) The Authority shall deposit from the proceeds from the sale of its Bonds in a special Construction Fund to be created and established by the Bond Resolution(s), an amount of money which shall be specified in said Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay the cost of acquiring, constructing, improving, extending, enlarging and repairing the Project.

(f) Unless otherwise agreed by the parties, the Operator shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project, subject to the approval of the City and the Authority.

ARTICLE VII

Fiscal Matters

SECTION 3.01. Payment for Service. The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the City and any grant received for the purpose of providing all or part of the Project. It is agreed that the City and its customers shall have the exclusive use of the entire Project for the useful life of the Project. In consideration for the Authority's obligation hereunder, the City recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the City's obligations to make any and all payments specified in this Article will terminate when all of the Authority's Bonds issued in connection with the Project have been paid in full and retired and are no longer outstanding. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on its Bonds is from the payments to be made by the City to the Authority under this Contract, and the City agrees that it will make to the Authority the following payments:

(a) Monthly amortization payment -- Such amounts, payable monthly on or before the 25th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the Authority's Bonds on the next succeeding principal payment date, (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date, and, (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date.

(b) Reserve Fund Payment -- Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the City) under the Bond Resolution in order to establish, maintain or replenish the Reserve for the security and payment of Bonds similarly secured.

(c) Administrative Payment -- An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports.

(d) Extraordinary Expense Payment -- Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary or unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between City and Authority.

(e) The cost of Maintenance and Operation of the Project (for which provision is made in Section 3.03) if the Authority is the Operator under that Section.

SECTION 3.02: Time for Making of Payments. The City agrees to make the payments required by Section 3.01 at the times hereafter specified:

(a) Monthly Amortization Payments -- the City shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted, provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for which monies are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the contract and shall be adjusted by the City so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.

(b) Reserve Fund Payment -- the City shall commence making these payments on the 25th day of a month, as may be provided in the Bond Resolution, after the delivery of the initial series of Bonds to provide the Project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such Bonds.

(c) Administrative Payment -- the City shall commence making the administrative payment on the 10th day following the effective date of this Contract, and thereafter such payment shall be made on the 25th day of each month thereafter throughout the term of this contract.

(d) Extraordinary Expense Payment -- the City shall make any extraordinary expense payment immediately upon receipt of the statement therefor.

(e) Maintenance and Operating Expenses: (i) if the City is designated as the Operator under Section 3.03, such expenses shall be paid by the City as the same becomes due; or (ii) if the Authority is designated as the Operator under Section 3.03, the City shall pay (up to the amount annually budgeted for such expenses) the amount which the Authority determines shall be required in such months, such payments to be made on or before the 25th day of each month after the Project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the Project is to become operational, or, thereafter prior to the beginning of each fiscal year; the budget shall then be submitted to the City which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that additional payments shall be made or credit shall be given so that expenditures match receipts over the fiscal year or an adjustment is made in the following month.

SECTION 3.03: Maintenance and Operation of the Project. Unless otherwise agreed by the parties, it is agreed that the Operator will be responsible for maintaining and operating the Project for the entire term of this Contract, and shall

pay all costs and expenses incurred in regard to the maintenance and operation of the Project. The Operator hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the City is the Operator under this Section, the City agrees to indemnify and to save and hold harmless the Authority from any and all claims, damages, losses, costs and expenses, including reasonable attorney fees, arising at any time from the acquisition, existence, ownership, operation and maintenance of the Project.

SECTION 3.04: Insurance. The Operator specifically agrees to carry fire, casualty, public liability, or other insurance on the Project for purposes and in amount which would ordinarily be carried by a municipal corporation owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment so as to minimize the interruption of services of such facilities. All premiums for such insurance shall constitute a maintenance and operation expense of the Project.

SECTION 3.05: Covenant of Timely Payment. The City covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this contract as the same shall become due and payable, irrespective of whether service of the Project has been abandoned or discontinued, or if the Project has been rendered wholly or partially unuseful by reason for "force majeure". The City recognizes the fact that the Authority will use the payment received from the City hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely on the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the City.

SECTION 3.06: Late Payment Penalty. Should the City fail to make any payment at the times herein specified, interest on such amounts shall accrue at the rate of ten per centum (10%) per annum from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

SECTION 3.07: Priority of Charges - City to Fix Adequate Rates.

(a) The City represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the City's combined Water and Sanitary Sewer System.

(b) The City further agrees to fix and collect such rates and charges for water and sanitary sewer services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its combined Water and Sewer System, including all payments, obligations and indemnities contracted hereunder.

SECTION 3.08: Nature of Obligation of City. The payments required to be made by the City under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the City shall be and are separate and independent covenants and the City shall have no rights of setoff, recoupment, or counterclaim. The Authority shall never have the right to demand payment of any amounts due hereunder by the City out of funds raised or to be raised by taxation. Any obligations assumed or imposed on either party hereto shall never be construed to be a debt of such party of a kind that would require it to levy and collect taxes to discharge any such obligation, it being expressly understood by the parties hereto that the funds required for all payments due from the City pursuant to this Contract are to be collected from the sources referenced herein, and by no other.

ARTICLE IV

Miscellaneous Provisions

SECTION 4.01: Contract Term. The obligation of the City to promptly make all prescribed payments shall commence with the delivery of the first series of Bonds issued to fund the cost of the Project and continue for the period during which the Bonds are outstanding and unpaid.

SECTION 4.02: Useful Life of Project. The City and Authority agree and mutually find that the anticipated useful life of the Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued.

SECTION 4.03: Abandonment of Use of Project. It is specifically recognized by the parties hereto that the City, during the term of this contract, may acquire other sewer facilities so as to make the continued operation of the Project uneconomical so it will be to the best interest of the parties to discontinue the operation of the Project.

Should the City choose to discontinue the operation of all or part of the Project, the City shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the City, and any money realized from such salvage will serve as a reduction of such expense. The City shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

The abandonment of the use of the Project shall have no effect upon the obligations of the City to the Authority provided for by this contract and all payments provided for by this contract shall remain obligations of the City of the same nature as provided for by this contract.

SECTION 4.04: Modification of Provisions. This contract may be changed and modified only with the consent of the governing bodies of all parties signatory. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representatives shall be held not less than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or modifications shall be considered, discussed and settled. No such change or modification may be made which will effect adversely the payment when due of all monies required to be paid by the City under the terms of this contract and no such change will be effective which effects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the City may desire the construction of additional facilities over and above those now contemplated, and provided that same are within the legal and economic capabilities of the Authority, provision therefor shall be made by means of a supplement hereto, the terms of which are to be negotiated between the City and the Authority.

SECTION 4.05: Regulatory Provisions. This contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Texas, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

SECTION 4.06: Taxes. In the event any sales or use taxes, or taxes of any nature, are hereafter imposed upon the Project or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

SECTION 4.07: Title to Water and Sewage. Title to all water and sewage put into the Project under this agreement shall be in the City.

SECTION 4.08: Notices. Any notice, request, demand, statement or bill provided for in this agreement shall be in writing and shall be considered to have been duly delivered when sent by registered mail, addressed as follows:

To the Authority: 5100 Airport Drive
Denison, Texas 75020
Attention: President, Board of Directors

To the City: City Hall
P. O. Box 1106
Sherman, Texas 75090
Attention: Mayor, City of Sherman

as the case may be, except that routine communications may be sent by ordinary mail and except that either party, by the filing of an appropriate written notice to the other, may specify some other individual to whom communications thereafter are to be addressed.

SECTION 4.09: Covenant to Enforce Contractual Obligations. The Authority covenants that it will enforce the obligations of the City hereunder as may be required to accomplish the purpose of this contract. Either party may enforce any obligations hereunder owed to it by the other party.

SECTION 4.10: Consequences of City Default. The Authority and the City agree that in the event of default or threatened default, in the payment of principal of or interest on the Bonds, any court of competent jurisdiction upon petition of the holders of twenty-five percent (25%) of the principal amount of the then outstanding Bonds of the Authority shall appoint a receiver with authority to collect and receive all resources pledged to the payment of the Bonds, enforce all rights arising from default, if any, by the City in making payment under this contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the

Project. The court may further vest the receiver with such powers and duties as the court may find necessary for the protection of the holders of the Bonds.

SECTION 4.11. Further Agreements of the Parties. The parties hereto specifically recognize that the City has heretofore issued, sold and delivered revenue bonds that are payable from and secured by a lien on and pledge of the net revenue of its combined Water and Sanitary Sewer System; that the bonds so issued and delivered (which remain outstanding) are fully described in Exhibit E.

The City represents to the Authority:

(a) There is no provision in the ordinances authorizing the issuance of such revenue bonds which prohibits the City from entering into and executing this Contract.

(b) The execution of this contract and the operation thereunder will not in any way impair the obligation of contract by and between the City and the owners of its outstanding bonds payable from revenues of its Water and Sanitary Sewer System since the Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the City.

SECTION 4.12. Control of Project by Operator. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this contract, the Operator shall have the exclusive right to the use and utilization of the Project, for the benefit of the City; that the Operator without hindrance from the Authority or the City, or the employees or other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up the said Project.

Except as specified in this Article, the abandonment of the use of all or part of such Project has no effect upon the obligations of the parties.

SECTION 4.13. Force Majeure.

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, other than the obligation of City to make the payments required under the terms of Section 3.01 hereof, then if such party shall

give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied on, the obligation of the party giving such notice, so far as it is affected by such "force majeure" shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such parties shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lock-outs, or other industrial disturbances, acts of a public enemy, orders or actions of any kind of the Government of the United States of America or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the City to receive water or to deliver sewage treatment, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to meet any obligation by reason for force majeure shall relieve the City from its obligations to make the payments required under the terms of Section 3.01 hereof.

(b) No damage shall be recoverable from Authority by reason of the suspension of the operation of the Project due to any of the causes above mentioned. If Operator's ability to operate the Project is affected by any of such causes, the Operator shall promptly notify the other party in writing giving the particulars as soon as practicable after the occurrence of the cause or causes for such interruption.

(c) It is expressly recognized by City that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this Agreement and any suspensions of the operation of the Project due to such operation shall not be cause for claim of damage on part of the Operator provided all reasonable effort is used by the Operator to provide City with the service afforded by the Project in accordance with this Agreement. In such case, the Operator shall give

the other party as much advance notice as may be practicable of the suspension of operation and of the estimated duration thereof.

SECTION 4.14: Easements. City agrees that Authority may have such easements over any easements, right of way or property held by City so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

SECTION 4.15: Bond Approval by the City.

(a) Prior to the issuance and delivery of any bonds which are: (i) payable as to principal, interest or redemption premium out of the debt service payments, or (ii) to provide facilities or service or any item which is to be maintained by the Authority utilizing any part of the base monthly payments, the City shall approve the issuance thereof as provided in this Section.

(b) If the bonds are to be sold at a public sale, the governing body of the City shall, by resolution, approve (i) the "Notice of Sale" issued or proposed to be issued by the Authority prior to their delivery; and, (ii) the facilities to be constructed or acquired; if the bonds are refunding bonds, the governing body of the City shall, by resolution, approve either (i) the form of purchase contract or (ii) the resolution authorizing the issuance of the refunding bonds.

(c) If the bonds are to be exchanged for property or services, the governing body of the City shall, by resolution, approve (i) the resolution adopted by the governing body of the Authority which authorizes the issuance of such bonds; and, (ii) the facilities to be constructed or acquired, or the services to be provided.

SECTION 4.16: Effective Date of this Contract. (a) The parties Hereto, and the Texas Water Development Board, by virtue of its approval evidenced by the signature of the Development Fund Manager appearing hereon, recognize this Contract is an amendment to and replacement of a "Water Supply Contract" dated June 1, 1980, and a "Sewer Service Contract" dated as of October 1, 1981, (the "prior contracts"). Upon the effective date of this Contract, the prior contracts and their effect shall cease to be of effect.

(b) This Contract shall be effective and be in full force and effect at such time as:

(1) The Board of Directors of the Authority has adopted a resolution authorizing the issuance of bonds to refund the outstanding bonds of the Authority described as:

(i) "Greater Texoma Municipal Utility District Revenue Bonds, Series 1981 - City of Sherman Water Supply";

(ii) "Greater Texoma Municipal Utility District Revenue Bonds, Series 1982-A - City of Sherman Sewer Service"; and

(iii) "Greater Texoma Utility Authority Revenue Bonds, Series 1983 - City of Sherman Sewer Service"

and the Attorney General of Texas has approved such refundings bonds; and

(2) The Development Fund Manager of the Texas Water Development Board has consented to the execution of this Contract, as evidenced by his signature appearing hereon.

SECTION 4.17. Severability. The parties hereto agree that if any of the provisions of this Agreement contravene or be held invalid under the laws of the State, same shall not invalidate the whole Agreement but it shall be construed as through not containing that particular provision and the rights and obligations of the parties shall be construed and in force accordingly.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

By: _____
President, Board of Directors

ATTEST:

_____
Secretary, Board of Directors

(Authority Seal)

CITY OF SHERMAN, TEXAS

By: _____
Mayor, City of Sherman

ATTEST:

_____
City Clerk, City of Sherman

APPROVED AS TO LEGAL FORM:

_____
City Attorney, City of Sherman

(City Seal)

The Development Fund Manager of the Texas Water Development Board has consented to the execution of this Contract as authorized by the Texas Water Development Board on July 21, 1983.

_____
Development Fund Manager

EXHIBIT A – SUPPLEMENTAL PROJECT

City of Sherman Wastewater Project

Engineer:

J. Terry Millican
Freeman-Millican, Inc.
9500 Forest Lane, Suite 201
Dallas, TX 75243

(214) 503-0555
(214) 503-1148 (fax)

EXHIBIT A

SUPPLEMENTAL PROJECT (2009)

ENGINEER

U.S. 75 North Sewer Project

Freeman-Millican, Inc.
12225 Greenville Ave., Suite 121
Dallas, TX 75253

EXHIBIT B – SUPPLEMENTAL PROJECT (2009)

City of Sherman

EXHIBIT C – SUPPLEMENTAL PROJECT

Wastewater Project Description

Construction of the North Central relief Sanitary, Sewer and purchase and installation of ultraviolet equipment for the Sherman wastewater treatment plant.

EXHIBIT C-1 – SUPPLEMENTAL PROJECT

Project Description

The sewer system improvements project for the City of Sherman involves improvements to the biological capacity of the wastewater treatment plant, adding a third serration basin; and construction of Relief Sewer C in the south central portion of the City of Sherman.

EXHIBIT C-2 – SUPPLEMENTAL PROJECT

Project Description

The construction, acquisition and improvement of wastewater system facilities and necessary appurtenances for use by the City of Sherman, to wit: construction of the North Central Relief Sanitary Sewer and purchase and installation of ultraviolet equipment for the Sherman wastewater treatment plant.

EXHIBIT C-3 – SUPPLEMENTAL PROJECT

Project Description (2008)

Wastewater Treatment Plant Digester Rehabilitation consisting of replacement of compressors, piping, burners, ancillary equipment, and other appurtenances as necessary in sludge digesters; Major Sewer Rehabilitation - Relief Sewer K-4 Phase 1, consisting of construction of relief sewer between McGee Street and Lamberth Road; and Major Sewer Rehabilitation, consisting of sewer mains along US Highway 75 corridor to FM 691, including lift stations and other appurtenances as necessary.

EXHIBIT C-4 – SUPPLEMENTAL PROJECT

PROJECT DESCRIPTION (2009)

Major sewer rehabilitation, consisting of sewer mains along US Highway 75 North of the City of Sherman, including lift stations and other appurtenances as necessary.

EXHIBIT C-5 – SUPPLEMENTAL PROJECT

PROJECT DESCRIPTION (2009-A)

Wastewater Treatment Plant Improvements:

The improvements to the wastewater treatment plant include two digester roof projects, a primary clarifier rehabilitation and a fine screen installment, and other appurtenances as necessary.

Relief Sewers:

Relief Sewer C-1 will replace an existing sewer main that is deteriorated and has infiltration problems. Relief Sewer K-4 replaces a deteriorated sewer line that is also experiencing infiltration problems, and other appurtenances as necessary.

EXHIBIT C-6 – SUPPLEMENTAL PROJECT (2012)

Project Description

Wastewater

Modifications to the Sherman wastewater treatment plant headworks, including upgrading the variable frequency drive pumps, Phases I and II; East Side Lift Station engineering and design; biosolids engineering, design and construction; relief headworks preliminary engineering and design' and storm water storage contingency.

EXHIBIT C-7 – SUPPLEMENTAL PROJECT (2013)

Project Description

Wastewater Treatment Plant Improvements

Improvements to the wastewater treatment plant, including biosolids engineering, design and construction.

Sewers

Construction of Blalock Industrial sewer replacement, all other appurtenances as necessary, and construction of SH289 Sewer Line A and other appurtenances as necessary.

EXHIBIT C-8 – SUPPLEMENTAL PROJECT (2013-A)

WASTEWATER PROJECT DESCRIPTION

Wastewater Treatment Plant Improvements

Relief Headworks Engineering and Construction

Sewers

Construction of South Sherman Relief Sewer and other appurtenances as necessary.

EXHIBIT C-9 – SUPPLEMENTAL PROJECT (2014)

WASTEWATER PROJECT DESCRIPTION

Wastewater Treatment Plant Improvements

Upgrading the UV disinfection system to replace sensors, control elements and other equipment as necessary with more reliable components, reconstructing the head works for lift station.

Wastewater Collection System

Replacement of existing 12" and 18" sewer and new 18" sewer main.

EXHIBIT C-10 – SUPPLEMENTAL PROJECT (2015-A)

Project Description (Sewer)

The construction, acquisition, and improvement of sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the construction of improvements to the wastewater treatment plant head works life station and electrical upgrade improvements and other appurtenances as necessary

EXHIBIT C-11 – SUPPLEMENTAL PROJECT (2017A)

Project Description (Sewer)

construction, acquisition, and improvement of sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction of sewer lines, and other appurtenances as necessary

EXHIBIT C-12 – SUPPLEMENTAL PROJECT (2019)

Project Description (Sewer)

Sewer System Improvements to include construction and professional services associated with improvements to the wastewater treatment plant, including the aeration basin, biological clarifier, control building, and storm water lift station; construction and professional services associated with sewer line construction projects, including the construction of the Northwest Sewer, Sewer between Rosedale and First, and Moore Street Sewer and appurtenances and other costs as necessary for such sewer system improvements.

EXHIBIT C-13 – SUPPLEMENTAL PROJECT (2020)

Project Description (Sewer)

construction, acquisition, and improvement of wastewater system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including aeration basin upgrades, control building expansion, and rehabilitation to the biological clarifier, storm water lift station, equalization basin, primary clarifier No. 1, sludge pump station, and other appurtenances as necessary for wastewater treatment plant improvements, construction of a brine line from the water treatment plant to an existing lift station, and other appurtenances and costs to transport the water treatment plant reject water

EXHIBIT D – SUPPLEMENTAL PROJECT

Water Project Description

None

EXHIBIT D-1 – SUPPLEMENTAL PROJECT

Project Description

The water system improvements project for the City of Sherman includes a major water transmission line from US 82 to Taylor Street.

EXHIBIT D-2 – SUPPLEMENTAL PROJECT

Project Description

City of Sherman various water line replacements and relocations, various water main extensions and various water main relocations and reconstructions and other water appurtenances as needed.

EXHIBIT D-3 – SUPPLEMENTAL PROJECT

WATER PROJECT DESCRIPTION (2008)

Construction of water line(s) along U. S. 75 from approximately U. S. 82 to FM 691, to including piping and all other appurtenances necessary for the construction of the water line.

EXHIBIT D-4 – SUPPLEMENTAL PROJECT (2011)

Water Project Description

Lake Texoma Pump Station Expansion including installation of two (2) 6,000 HP pumps along with necessary electrical, SCADA, and instrumentation equipment; installation of discharge piping, pump control valves, butterfly valves, and miscellaneous appurtenances; power improvements as needed to supply power to operate the new equipment; condition assessment modifications of Section 1 of the existing 72-inch Texoma Pipeline to upgrade condition and pressure capacity of pipe

EXHIBIT D-5 – SUPPLEMENTAL PROJECT (2012)

Project Description

Water

Construction of a second water transmission line from the water treatment plant to the distribution system (Phases I and II), including engineering, right of way and construction; modifications to the Lake Texoma Raw Water Pipeline to provide for cleaning facilities to clean zebra mussels from pipeline; and flocculation basin and piping relining.

EXHIBIT D-6 – SUPPLEMENTAL PROJECT (2015)

Project Description (Water)

The construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition and design associated with the City of Sherman expansion and upgrade and expansion of the water treatment plant, disposal pipeline to the lift station located at the southwest corner of the intersection of U.S. 75 and FM 691 and other appurtenances as necessary

EXHIBIT D-7 – SUPPLEMENTAL PROJECT (2015B)

Project Description (Water)

construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction for a water treatment plant expansion and new elevated storage tank and other appurtenances as necessary,

EXHIBIT D-8 – SUPPLEMENTAL PROJECT (2017)

Project Description (Water)

construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction for a water treatment plant, and other appurtenances as necessary

EXHIBIT D-9 – SUPPLEMENTAL PROJECT (2017A)

Project Description (Water)

construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction of water lines and rehabilitation of the Gallagher elevated storage tank, and other appurtenances as necessary

EXHIBIT D-10 – SUPPLEMENTAL PROJECT (2019)

Project Description (Water)

Water System Improvements to include construction and professional services associated with improvements to the construction of the water crossing under US 75 at Choctaw, and cathodic protection improvements at the Lake Texoma Pump Station; and appurtenances and other costs as necessary for such water system improvements.

EXHIBIT D-11 – SUPPLEMENTAL PROJECT (2019A)

Project Description (Water)

Construction, acquisition and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-12 – SUPPLEMENTAL PROJECT (2021)

Project Description (Sewer)

Construction, acquisition and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-13 – SUPPLEMENTAL PROJECT (2022)

Project Description (Water and Sewer)

Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-14 – SUPPLEMENTAL PROJECT (2023)

Project Description (Water and Sewer)

Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT E – SUPPLEMENTAL PROJECT (2009)

Outstanding Debt on the System

NONE

MINUTES OF THE BOARD OF DIRECTORS' MEETING
GREATER TEXOMA UTILITY AUTHORITY

MONDAY, FEBRUARY 20, 2023

AT THE ADMINISTRATIVE OFFICES
5100 AIRPORT DRIVE
DENISON TX 75020

Members Present:	Brad Morgan, Stanley Thomas, Scott Blackerby, Matt Brown, Robert Hallberg, and Ken Brawley
Members Absent:	Donald Johnson
Staff:	Paul Sigle, Nichole Sims Murphy, Debi Atkins, Lisa Cranfill, and Velma Starks
General Counsel:	Mike Wynne, Wynne and Smith
Bond Counsel:	Kristen Savant, Norton Rose Fulbright
Visitors:	Tom Pruitt, City of Sherman Mary Lawrence, City of Sherman Joe Castillo, Pape-Dawson Engineers Garry Kimball, SPF David Howerton, Plummer Associates

---

I. Call to Order

Board President Brad Morgan called the meeting to order at 12:00 p.m.

II. Pledge of Allegiance

Board President Brad Morgan led the group in the Pledge of Allegiance.

III. Administer Oath of Office.

Velma Starks, Notary, administered Oath of Office to reappointed Board Members, Ken Brawley and Robert Hallberg.

IV. Consent Agenda
*Items marked with an asterisk (*) are considered routine by the Board of Directors and are enacted in one motion without discussion unless a Board Member or a Citizen requests a specific item to be discussed and voted on separately.

V. * Consider and act upon approval of Minutes of January 16, 2023, Meeting.

VI. * Consider and act upon approval of accrued liabilities for January 2023.

Board Member Scott Blackerby made the motion to approve the Consent Agenda as presented. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

VII. Citizens to be Heard.

No citizens wished to be heard.

VIII. Receive Quarterly Investment Report.

Debi Atkins, Finance Officer, reviewed the Quarterly Investment Report. The rates are moving up and we will be reinvesting. Brief discussion was held.

IX.. Presentation of GFOA Certificate of Achievement.

General Manager Paul Sigle provided background information on the GFOA Certificate of Achievement. GTUA has received the GFOA Certificate of Achievement for 32 consecutive years since Debi Atkins was hired as the Finance Officer of the Authority.

X. Receive an update from Pape-Dawson Engineers, Inc. for City of Sherman Major Infrastructure Improvements Projects.

General Manager Paul Sigle introduced Joe Castillo, Pape-Dawson Engineers, who provided an update for the Board. Pape-Dawson Engineers is program manager for the city of Sherman's major infrastructure improvements. The city of Sherman is six months into its master schedule. Discussion was held.

XI. Consider all matters incident and related to the issuance, sale and delivery of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds and delegating certain matters to authorized officials of the Authority.

General Manager Paul Sigle provided background information for the Board. Garry Kimball, SPF, informed the Board that this is a negotiated sale. Discussion was held. Tom Pruitt, City of Sherman, provided details. General Manager Paul Sigle is to operate as Pricing Officer for the sale of the Bonds on behalf of the City of Sherman. Board Member Matt Brown made the motion to adopt the resolution authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds and delegating certain matters to authorized officials of the Authority. Board Member Ken Brawley seconded the motion. Motion passed unanimously.

XII. Consider and act upon Change Order No. 2 and Change Order No. 3 to the contract with Lynn Vessels Construction, LLC for the City of Sherman Northwest Sewer and Force Main Project.

General Manager Paul Sigle provided background information for the Board. Change Order No. 2 will adjust the as-bid quantities to as-built quantities. It will also add site cleanup at two sites at Preston Club and High Country subdivisions. Change Order No. 3 added sewer mains to connect to additional lots along Roberts Run in the Preston Cub development. Change Order No. 2 and No. 3 are an increase of $75,012.80 resulting in a revised contract amount of $1,816,753.38. Board Member Scott Blackerby made the motion to approve Change Order No. 2 and Change

Order No. 3 contingent upon the City of Sherman taking similar action. Board Member Matt Brown seconded the motion. Motion passed unanimously.

XIII. Consider all matters incident and related to approving and authorizing the execution and delivery of an Amended and Restated Water and Sewer Facilities Contract with the City of Gunter, Texas, including the adoption of a resolution pertaining thereto.

General Manager Paul Sigle provided background information for the Board. Kristen Savant, Bond Counsel, informed the Board that Mustang SUD agreed to take over the City of Gunter's water and wastewater system. The City of Gunter has three bond issuances with the Authority (2018, 2018A and 2010) and this is related to replacing the City of Gunter with Mustang SUD in the contract revenue bonds. Discussion was held. Board Member Matt Brown made the motion to approve Amended and Restated Water and Sewer Facilities Contract and adopt resolution. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

XIV. Consider all matters incident and related to approving and authorizing the execution and delivery of an Amended and Restated Contract for Water Supply Services with the City of Gunter, Texas, including the adoption of a resolution pertaining thereto

Kristen Savant, Bond Counsel, informed the Board that Mustang SUD agreed to take over the City of Gunter's water and wastewater system. This is related to replacing the City of Gunter with Mustang SUD in the contract. Board Member Matt Brown made the motion to approve Amended and Restated Contract for Water Supply Services and adopt resolution. Board Member Robert Hallberg seconded the motion. Motion passed unanimously.

XV. Consider all matters incident and related to approving and authorizing the assignment of an Amended and Restated Water and Sewer Facilities Contract by and between the Authority and the City of Gunter, Texas to the Mustang Special Utility District, including the adoption of a resolution pertaining thereto.

Kristen Savant, Bond Counsel, informed the Board that Mustang SUD agreed to take over the City of Gunter's water and wastewater system. This is related to replacing the City of Gunter with Mustang SUD in the contract. Board Member Scott Blackerby made the motion to approve Amended and Restated Water and Sewer Facilities Contract and adopt resolution. Board Member Matt Brown seconded the motion. Motion passed unanimously.

XVI. Consider all matters incident and related to approving and authorizing the assignment of an Amended and Restated Contract for Water Supply Services" by and between the Authority and the City of Gunter, Texas to the Mustang Special Utility District, including the adoption of a resolution pertaining thereto.

Kristen Savant, Bond Counsel, informed the Board that Mustang SUD agreed to take over the City of Gunter's water and wastewater system. This is related to replacing the City of Gunter with Mustang SUD in the contract. Board Member Matt Brown made the motion to approve Amended and Restated Contract for Water Supply Services and adopt resolution. Board Member Ken Brawley seconded the motion. Motion passed unanimously.

XVII. Consider all matters incident and related to amending the resolution authorizing the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2018 (City of Gunter Project)"; including the adoption of a resolution pertaining thereto.

Kristen Savant, Bond Counsel, informed the Board that Mustang SUD agreed to take over the City of Gunter's water and wastewater system. This is related to replacing the City of Gunter with Mustang SUD in the contract revenue bonds. Board Member Scott Blackerby made the motion to approve the amended contract Revenue Bonds, Series 2018 and adopt resolution. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

XVIII. Consider all matters incident and related to amending the resolution authorizing the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2018A (City of Gunter Project)"; including the adoption of a resolution pertaining thereto.

Kristen Savant, Bond Counsel, informed the Board that Mustang SUD agreed to take over the City of Gunter's water and wastewater system. This is related to replacing the City of Gunter with Mustang SUD in the contract revenue bonds. Board Member Matt Brown made the motion to approve the amended contract Revenue Bonds, Series 2018A and adopt resolution. Board Member Ken Brawley seconded the motion. Motion passed unanimously.

XIX. Consider all matters incident and related to amending the resolution authorizing the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2010 (Lake Texoma Water Storage Project)"; including the adoption of a resolution pertaining thereto.

Kristen Savant, Bond Counsel, informed the Board that Mustang SUD agreed to take over the City of Gunter's water and wastewater system. This is related to replacing the City of Gunter with Mustang SUD in the contract revenue bonds. Board Member Matt Brown made the motion to approve the amended contract Revenue Bonds, Series 2010 (Lake Texoma Water Storage Project) and adopt resolution. Board Member Robert Hallberg seconded the motion. Motion passed unanimously.

XX. Discussion and possible action on Collin-Grayson Municipal Alliance Water System.

General Manager Paul Sigle updated the Board regarding the easement issue. In the future survey easements.

XXI. Discussion and possible action on the Board Policy Manual.

General Manager Paul Sigle provided information regarding changes to the Board Policy Manual. The changes regard what constitute a majority of the Board instead of 5 for a quorum, the regular meeting time and procurements of goods and services. Board Member Matt Brown made the motion to approve the changes to the Board Policy Manual. Board Member Robert Hallberg seconded the motion. Motion passed unanimously.

XXII. Receive General Manager's Report: The General Manager will update the Board on operational and other activities of the Authority.

General Manager Paul Sigle that the following State funding is available to be used: State Revolving, SWIFT, and Defund

Lisa Cranfill, new finance employee, was introduced to the Board.

XXIII. Adjourn.

Board Member Ken Brawley made the motion to adjourn. Board Member Matt Brown seconded the motion. Board President Brad Morgan declared the meeting adjourned at 12:58 p.m.

##########

Velma Starks
Recording Secretary

Secretary-Treasurer

Final

GREATER TEXOMA UTILITY AUTHORITY (City of Sherman Projects)

Series 2023 Contract Revenue Bond Offering Summary

SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

New Money Bonds to Fund: 2nd Installment of Water & Sewer System Capital Improvements Plan

Key Dates

February 24, 2023 - First Draft of Offering Documents circulated by Specialized Public Finance (FA)
March 8, 2023 - Rating Agency Discussion with Standard & Poor's ("A" Bond Rating Affirmed)
March 30, 2023 - Rates on 2023 Contract Revenue Bonds Locked
April 27, 2023 - Anticipated Closing - Bond Proceeds to be wired to GTUA

Financial Update

	Original Budget	*Final Pricing*
Total Par Amount of Bonds Issued	$ 138,455,000	$ 137,070,000
Estimated Net Proceeds	$ 117,965,562	$ 117,965,562
Estimated Issuance + Bond Insurance Costs	$ 1,414,169	$ 756,292
True Interest Cost (TIC)	4.55%	4.29%
Total Interest Expense (1)	$ 144,744,467	$ 131,594,347

Transaction Highlights

Standard 10-Year Call Option Reduced to 9-Year Call without Penalty (increases budgeting flexibility).
Bond Offering was +4 Times Oversubscribed, which Allowed Yields to be Reduced on Date of Rate Lock. Indicates Strong Market Reception.
In Historical Terms, Municipal Bond Rates have been Higher 74.26% of the Time over the last 20 Years vs. Current Market.

(1) Exclusive of capitalized interest funded at closing.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **E. 2.**

Meeting Date: 04/03/2023

Prepared By: Nic Emmons, Assistant Police Chief

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING FOR ORDINANCE NO. 6581

Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 8 (Offenses and Nuisances), Article 8.02 (Offenses Involving Public Safety), Section 8.02.005 (Sex Offender Residency), to Revise Definitions as Set Forth in the Texas Penal Code, Savings/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof

Issue:

Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 8 (Offenses and Nuisances), Article 8.02 (Offenses Involvoing Public Safety), Section 8.02.005 (Sex Offender Residency), to Revise Definitions as Set Forth in the Texas Penal Code

Background:

This item relates to updating the City's Ordinances relating to Sex Offenders for changes in State law and by clarifying references to certain City properties. Specifically, it would remove reference to the "Sherman Youth Center" which no longer exists and add the Taylor Street Gym which is used for young children. The original ordinance was created in 2005-2006.

Additionally, two new laws have since been added by the Legislature. These laws apply to sex offenders' residence requirements: Continuous Sexual Abuse of a Young Child and Online Solicitation of a Minor. This item also adds these offenses to the ordinance to accurately reflect the changes in the law.

Origination:

Sherman Police Department

Financial Consideration:

None

Staff Recommendation:

None

Alternatives:

As Directed by Council

Attachments

Ordinance No. 6581

ORDINANCE NO. 6581

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF SHERMAN, TEXAS, CHAPTER 8 (OFFENSES AND NUISANCES), ARTICLE 8.02 (OFFENSES INVOLVING PUBLIC SAFETY), SECTION 8.02.005 (SEX OFFENDER RESIDENCY), TO REVISE DEFINITIONS AS SET FORTH IN THE TEXAS PENAL CODE, SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW

WHEREAS, the City Council finds that the Code of Ordinances of the City of Sherman, Texas ("Code of Ordinances" , Chapter 8 (Offenses and Nuisances), Article 8.02 (Offenses Involving Public Safety), Section 8.02.005 (Sex Offender Residency) should be amended to include revised definitions as described in the Texas Penal Code

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

SECTION 1: Findings Incorporated. The findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

SECTION 2: Amendment to the Code of Ordinances, Chapter 8 (Offenses and Nuisances), Article 8.02 (Offenses Involving Public Safety), Section 8.02.005 (Sex Offender Residency). The Code of Ordinances, Chapter 8 (Offenses and Nuisances), Article 8.02 (Offenses Involving Public Safety), Section 8.02.005 (Sex Offender Residency) is amended as follows

§ 8.02.005. Sex Offender Residency.

(a) Definitions. For the purposes of this Section, the following terms, words, phrases and the derivations thereof shall have the meaning given herein.

(1) *Center* shall be defined as the ~~Sherman Youth Center~~ *Taylor Street Gym* located ~~on a tract of land at the northeast intersection of the Access Road and Washington Street, and the Kerr-East Complex located at and including Kerr Park located on Kerr and East Streets~~ *at 1424 West Taylor*, including the structures, grounds, and parking areas.

(2) *Minor* means a person younger than seventeen (17) years of age.

(3) *Permanent Residence* means a place where a person abides, lodges, or resides for fourteen (14) or more consecutive days.

(4) *Premises where minors commonly gather* means a school, child-care facility, playground, public park, video arcade area, or the Center.

(5) *School* means any public or private school that has a curriculum for kindergarten, elementary, secondary, or high school education and that exists apart from a child's home.

(6) *Specified Sex Offender* means any person required to register as a sexual offender on the Texas Department of Public Safety's Sex Offender Database (the "Database") under Chapter 62 of the Texas Code of Criminal Procedure for a reportable conviction or adjudication of any of the following violations:

(A) indecency with a child, as described in Section 21.11 of the Texas Penal Code, as amended;

(B) sexual assault of a child, as described in Section 22.011 of the Texas Penal Code, as amended;

(C) aggravated sexual assault of a child, as described in Section 22.021 of the Texas Penal Code, as amended;

(D) sexual performance by a child, as described in Section 43.25 of the Texas Penal Code, as amended; or

(E) possession or promotion of child pornography, as described in Section 43.26 of the Texas Penal Code, as amended.

(F) continuous Sexual Abuse of Young Child, as described in section 21.02 of the Texas Penal Code, as amended;

(G) online Solicitation of a Minor, as described in Section 33.021 of the Texas Penal Code, as amended;

(7) *Temporary Resident* shall mean a place where a person abides, lodges, or resides for a period of fourteen (14) or more days in the aggregate during any calendar year and which is not the person's permanent address, or a place where a person routinely abides, resides, or lodges for a period of four (4) or more consecutive or nonconsecutive days in any month and which is not the person's permanent residence.

(b) It is unlawful for person who is a specified sex offender to establish a permanent residence or temporary residence with 1,500 feet of any premise where minors :1 (Ordinance 5409, adopted 9/5/06) commonly gather.

(c) Evidentiary matters; measurements.

(1) It shall be prima facie evidence that this section applies to such a person if that person's record appears on the Database and the Database indicates that the victim was a minor as defined herein.

(2) For the purposes of determining the minimum distance separation, the requirement shall be measured by following a straight line from the outer

property line of the permanent or temporary residence to the nearest property line of the premises where children commonly gather, as described herein above, or, in the case of multiple residences on one property, measuring from the nearest property line of the premises to the nearest property line of the premises where children commonly gather, as described herein.

(3) A map depicting the prohibited areas shall be maintained by the City of Sherman Police Department. The City shall review the map at least annually for changes. Said map will be available to the public at the Sherman Police Department.

(d) Neither allegation nor evidence of a culpable mental state is required for the proof of an offense defined by this Section.

(e) It is defense to prosecution that any of the following conditions apply:

(1) The specified sex offender established the permanent or temporary residence and has complied with all of the sex offender registration laws of the State of Texas, prior to the date of the adoption of this Ordinance;.

(2) The specified sex offender was a minor when he or she committed the offense requiring such registration and was not convicted as an adult;

(3) The specified sex offender is a minor;

(4) The premises where children commonly gather, as specified herein within 1,500 feet of the permanent or temporary residence of the specified sex offender was opened after the person established the permanent or temporary residence and complied with all sex offender registration laws of the State of Texas; or

(5) The information on the Database is incorrect, and, if corrected, this Section would not apply to the specified sex offender.

(Ordinance 5409, adopted 9/5/06)

§ 8.02.006. Loitering Restrictions for Sex Offenders

(a) Definitions. For the purposes of this Section, the following terms, words, phrases and the derivations thereof shall have the meaning given herein.

(1) *Center* shall be defined as the ~~Sherman Youth Center~~ *Taylor Street Gym* located ~~on a tract of land at the northeast intersection of the Access Road and Washington Street, and the Kerr East Complex located at and including Kerr Park located on Kerr and East Streets~~ *at 1424 West Taylor*, including the structures, grounds, and parking areas.

(2) Loiter shall mean:

(A) to enter and remain in the prohibited area, whether or not the person is in a vehicle, for a time period of greater than five minutes;

(B) to repeatedly enter the prohibited area, whether or not the person is in a vehicle, more than two (2) times in twenty-four hours; or to be in an area without a valid legal reason for entering or remaining in the prohibited area; or

(C) to remain in a prohibited area after being asked to leave by a person in authority

(3) Person in Authority shall mean the chief administrative officer of the school or child-care facility, the chief administrative officer's authorized agent, or a peace officer.

(4) Prohibited Area shall be a school, child-care facility, playground public park, video arcade area, or the Center.

5) School shall be defined as any public or private school that has a curriculum for kindergarten, elementary, secondary, or high school education and that exists apart from a child's home.

(6) Specified Sex Offender means any person required to register as a sexual offender under Chapter 62 of the Texas Code of Criminal Procedure for a reportable conviction or adjudication of any of the following violations:

(A) indecency with a child, as described in Section 21.11 of the Texas Penal Code, as amended;

(B) sexual assault of a child as described in Section 22.011 of the Texas Penal Code, as amended;

(C) aggravated sexual assault of a child, as described in Section 22.021 of the Texas Penal Code, as amended;

(D) sexual performance by a child as described in Section 43.25 of the Texas Penal Code, as amended; or

(E) possession or promotion of child pornography, as described in Section 43.26 of the Texas Penal Code, as amended. :1 (Ordinance 5410 adopted 9/5/06)

(F) continuous Sexual Abuse of Young Child, as described in Section 21.02 of the Texas Penal Code, as amended

(G) online Solicitation of a Minor, as described in Section 33.021 of the Texas Penal Code, as amended;

(b) It shall be unlawful for a person who is a specified sex offender to loiter within 500 feet of a prohibited area while children under the age of seventeen (17) are present.

(c) Neither allegation nor evidence of a culpable mental state is required for the proof of an offense defined by this Section.

(d) It is a defense to prosecution if the person who is a specified sex offender:

(1) Already resides within 500 feet of the prohibited area or is incarcerated in the prohibited area;

(2) Is a parent or guardian of a child in the prohibited area and a court of competent jurisdiction has not issued an order restricting the specified sex offender's access to or presence near the child;

(3) Is enrolled in the school;

(4) Had prior written permission to be in the prohibited area from the owner or from someone with apparent authority to act for the owner; or

(5) Is in active transit in a motor vehicle on a public street that was a direct route between two locations at which the

(Ordinance 5410 adopted 9/5/06)

SECTION 2. That this ordinance shall take effect immediately from and after its passage and publication of the caption as required by law.

SECTION 3. That an offense committed before the effective date of this ordinance is governed by prior law and the provisions of the Code of Ordinances of the City of Sherman, as amended, in effect when the offense was committed; and the former law is continued in effect for this purpose.

SECTION 4. That it is the intention of the City Council of the City of Sherman, Texas, that the provisions of this ordinance shall become a part of the Code of Ordinances of the City of Sherman, Texas, and that sections of this ordinance may be renumbered or re-lettered to accomplish such intention.

SECTION 5. That the provisions of this ordinance are servable and the invalidity of any word, phrase or part of this ordinance shall not affect the validity of effectiveness of the remainder of the ordinance.

SECTION 6. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

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

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

INTRODUCED on this the 3rd day of April 2023.

ADOPTED on this the 3rd day of April 2023.

EFFECTIVE DATE on this the 3rd day of April 2023.

CITY OF SHERMAN:

BY:_____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM:
ABERNATHY, ROEDER,
BOYD & HULLETT, P.C.

BY:_____
RYAN D. PITTMAN, CITY ATTORNEY

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **E. 3.**

Meeting Date: 04/03/2023

Prepared By: Zachary Flores, Executive Director of Public Safety

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6582

Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 13 (Utilities), Article 13.08 (Utility Billing), Section 13.08.002 (Utility Billing), to Impose a Lien Against an Owner's Property for Delinquent Utility Bills in Accordance with Section 552.0025 of the Texas Local Government Code; Providing a Penalty Clause with a Maximum Fine of $500, Savings/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof;

Issue:

To amend the Code of Ordinances to impose a lien against a property owner for delinquent utility bills.

Background:

The City of Sherman has experienced challenges in collecting delinquent charges for utility services provided by Sherman to customers and properties. State law allows a municipality to impose a lien against such properties in these circumstances. However, the city must have an ordinance allowing such an action.

Origination:

Executive Director of Public Safety

Financial Consideration:

None

Staff Recommendation:

Staff recomments approval of this ordinance

Alternatives:

As directed by City Council

Attachments

Ordinance No. 6582

ORDINANCE NO. 6582

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF SHERMAN, TEXAS, CHAPTER 13 (UTILITIES), ARTICLE 13.08 (UTILITY BILLING), SECTION 13.08.002 (UTILITY BILLING), TO IMPOSE A LIEN AGAINST AN OWNER'S PROPERTY FOR DELINQUENT UTILITY BILLS IN ACCORDANCE WITH SECTION 552.0025 OF THE TEXAS LOCAL GOVERNMENT CODE; PROVIDING A PENALTY CLAUSE WITH A MAXIMUM FINE OF $500, SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW

WHEREAS, the City Council of the City of Sherman, Texas ("City Council") has adopted rates, rules and regulations for the provision of utility services, including water, sewer and solid waste removal, to customers and properties within the City of Sherman, Texas ("City" or "Sherman") and its certificated service areas; and

WHEREAS, Sherman has experienced challenges in collecting delinquent charges for utility services provided by Sherman to customers and properties; and

WHEREAS, Section 552.0025 of the Texas Local Government Code authorizes municipalities to impose a lien on certain owners' properties as a means to secure payment of delinquent utility bills; and

WHEREAS, the City Council finds that the Code of Ordinances of the City of Sherman, Texas ("Code of Ordinances"), Chapter 13 (Utilities), Article 13.08 (Utility Billing), Section 13.08.002 (Utility Billing) should be amended to authorize the imposition of such liens.

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

SECTION 1: Findings Incorporated. The findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

SECTION 2: Amendment to the Code of Ordinances, Chapter 13 (Utilities), Article 13.08 (Utility Billing), Section 13.08.002 (Utility Billing). The Code of Ordinances, Chapter 13 (Utilities), Article 13.08 (Utility Billing), Section 13.08.002 (Utility Billing) is amended as follows[1]:

"**§ 13.08.002 Utility Billing**

(a) …

…

[1] Additions are underlined; deletions are evidenced by strikethrough.

(e) In addition to other lawful remedies available to the City, the City is entitled to perfect a lien on the real property of any real property owner that fails to pay for City-provided utility services, including, but not limited to, water, sewer and solid waste removal. The authority to perfect a lien under this subsection shall not apply to any property exempted under Section 552.0025 of the Texas Local Government Code, including:

(1) Homestead property as protected by the Texas Constitution;

(2) Property on which service was connected in a tenant's name after notice by the property owner to the City that the property is rental property; and

(3) Property on which service was connected in a tenant's name prior to the effective date of the ordinance from which this subsection is derived.

The City's lien for delinquent utility bills shall be perfected by filing in the Grayson County Real Property Records a notice of lien containing the legal description of the property and the account number for the delinquent charges. The amount due under the lien may include penalties, interest and collection costs. The notice of lien shall be signed by the City Manager or his or her designee and will be released when all amounts due are satisfied and paid in full with all costs associated with the release of the lien to be paid by the person or entity. Interest shall accrue on the amount stated in the lien at the rate of ten (10) percent per annum, beginning on the date the lien is perfected. The lien is inferior to a bona fide mortgage lien recorded before the City's lien, but the City's lien is superior to all other liens, including previously recorded judgment liens and any liens recorded after the City's lien."

SECTION 3: Penalty. Any person, firm, corporation or entity violating any provision of this Ordinance, as it exists or may be amended, shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be fined in an amount not exceeding Five Hundred and No/100 Dollars ($500.00). A violation of any provision of this Ordinance shall constitute a separate violation for each calendar day in which it occurs. The penal provisions imposed under this Ordinance shall not preclude Sherman from filing suit to enjoin the violation. Sherman retains all legal rights and remedies available to it pursuant to local, state and federal law.

SECTION 4: Severability. Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

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

SECTION 6: Open Meeting. The meeting at which this Ordinance was introduced and passed was open to the public and that public notice of the time, place and purpose of said meeting was given all as required by law.

SECTION 7: Effective Date; Publication. This Ordinance shall become effective from and after its adoption and publication as required by law. The City Clerk is directed to publish the caption of this Ordinance as required by law.

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

INTRODUCED on this the 3rd day of April 2023.

ADOPTED on this the 3rd day of April 2023.

EFFECTIVE DATE on this the 3rd day of April 2023.

.

_____
DAVID PLYLER, MAYOR

ATTEST:

_____
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM:
ABERNATHY, ROEDER,
BOYD & HULLETT, P.C.

_____
RYAN D. PITTMAN, CITY ATTORNEY

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **E. 4.**

Meeting Date: 04/03/2023

Approved By: Robby Hefton, City Manager

Caption:

ADOPTION OF ORDINANCES

Consider Adoption of Ordinance Numbers 6580, 6581 & 6582

Issue:

E. 1. **INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6580**
Relating to Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project); and Approving the Issuance Thereof and the Facilities to be Constructed or Acquired by such Authority

E. 2. **INTRODUCTION AND PUBLIC HEARING FOR ORDINANCE NO. 6581**
Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 8 (Offenses and Nuisances), Article 8.02 (Offenses Involving Public Safety), Section 8.02.005 (Sex Offender Residency), to Revise Definitions as Set Forth in the Texas Penal Code, Savings/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof

E. 3. **INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6582**
Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 13 (Utilities), Article 13.08 (Utility Billing), Section 13.08.002 (Utility Billing), to Impose a Lien Against an Owner's Property for Delinquent Utility Bills in Accordance with Section 552.0025 of the Texas Local Government Code; Providing a Penalty Clause with a Maximum Fine of $500, Savings/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof;

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **F. 1.**

Meeting Date: 04/03/2023

Prepared By: Zachary Flores, Executive Director of Public Safety

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 7051

Awarding a Bid to and Authorizing Execution of an Agreement with Thos. S. Byrne, Inc. dba Byrne Construction Services, as Construction Manager-at-Risk (CMAR), for Services in Connection with the Evaluation of Whether a New City Hall Facility is Appropriate

Issue:

Awarding services for Construction Manager-at-Risk for the construction of a new City Hall Facility

Background:

During the Budget Workshop in June 2022, City Council approved a study to investigate the feasibility of a new City Hall. At the January 17, 2023 Council meeting, City Council approved the appointment of Gensler architecture to study the cost and feasibility of a new City Hall. Also, at the January 3, 2023 meeting, the City Council approved a request to advertise for a Construction Manager-at-Risk (CMAR) for this project as well, which resulted in seven (7) responses. Those responses were evaluated together by Gensler and City Staff. Based upon specific scoring criteria included in the bid solicitation, and one-on-one interviews with those respondents receiving the top three scores, City staff recommends awarding the CMAR contract to Thos. S. Byrne, Inc. dba Byrne Construction Services (Byrne) of Fort Worth, Texas. As CMAR, Byrne will be responsible for estimating the total cost of the project (guaranteed maximum price "GMP") and will assume the risk of construction of the new facility at the GMP.

This Resolution does not authorize the construction of a new City Hall; rather, it allows the City to continue working with Gensler and Byrne to evaluate the scope and cost of this potential project. The results of this planning and evaluation work will be presented to the Council at the upcoming Budget Workshop for Council direction on whether or not to move forward with a City Hall replacement project.

Origination:

Management Services

Financial Consideration:

The Pre-Construction Phase fee for professional CMAR services will be $25,000.00. The Construction Phase fee for professional CMAR services will be 2.45% of the Construction Phase total cost. Funds are budgeted in the Capital Improvement Program Fund.

Staff Recommendation:

It is recommended that the contract with Byrne for professional CMAR services relating to construction of the new City Hall Facility be approved.

Alternatives:

As may be directed by the City Council

Attachments

Resolution No. 7051

One-Step Bid Evaluation

AIA Agreement

RESOLUTION NO. 7051

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH THOS. S. BYRNE, INC. DBA BYRNE CONSTRUCTION SERVICES, AS CONSTRUCTION MANAGER-AT-RISK (CMAR), FOR SERVICES IN CONNECTION WITH THE EVALUATION OF WHETHER A NEW CITY HALL FACILITY IS APPROPRIATE; 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 to execute a contract with Thos. S. Byrne, Inc. dba Byrne Construction Services, of Fort Worth, Texas, as Construction Manager-at-Risk (CMAR) for services in connection with the evaluation of whether a New City Hall Facility is appropriate in accordance with all contract documents attached hereto and made a part hereof for all purposes. Any agreements related to the purchase must be approved by the City Attorney. Funds for this purchase are being committed out of the City of Sherman's fiscal year 2022-2023 budget.

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.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, on this the 3rd day of April 2023.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____ **BY:** _____

LINDA ASHBY, CITY CLERK **DAVID PLYLER, MAYOR**

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

BY: _____

RYAN PITTMAN, CITY ATTORNEY

Construction Manager-at-Risk for New City Hall Facility RFP - Evaluation

Evaluation Criteria	Crossland Construction Company, Inc.	Core Construction	JE Dunn Construction	Byrne Construction	Harrison, Walker, & Harper	Pogue Construction	Turner Construction
CMAR Experience, including References (15 pts)	14	14	14	15	14	14	15
Necessary Resources Capabilities (5 pts)	4	5	5	5	3	5	5
Staff Qualifications & Experience (10 pts)	8	9	9	10	7	9	9
Past Performance w/ Texas Cities, Counties, Etc. (10 pts)	7	7	8	10	8	9	9
Construction Methodology & Technology Knowledge (5 pts)	4	4	4	5	4	5	5
Past Ability to Meet Project Schedules (10 pts)	8	8	9	10	8	10	9
Safety Record (Accurate/Verifiable) (5 pts)	4	4	4	4	3	4	4
Ability to Complete Projects within Budget (20 pts)	18	18	18	19	18	19	19
Respondent's Price - Based on Fee & General Conditions (20 pts)	19	15	11	18	12	16	15
Total Points Distributed	86	83	82	93	77	90	88

AIA® Document A133® – 2019

Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price

A133 v1 (07-21-2020)

AGREEMENT made as of the ___ day of _____ in the year Two Thousand Twenty-Three (2023).
(In words, indicate day, month, and year.)

BETWEEN the Owner:
(Name, legal status, address, and other information)

City of Sherman
220 W. Mulberry Street
Sherman, TX 75090
903-892-7208

and the Construction Manager:
(Name, legal status, address, and other information)

Thos. S. Byrne, Inc. dba Byrne Construction Services
551 E. Berry Street
Ft. Worth, Tx 76110

for the following Project:
(Name, location, and detailed description)

ARBH File No.: 6262.0023 Sherman/City Hall
221 W. Mulberry
Sherman, Texas 75090
Construction of new City Hall facility.

The Architect:
(Name, legal status, address, and other information)

M. Arthur Gensler Jr. & Associates, Inc.
5005 Greenville Avenue
Dallas, Tx 75206
214-273-7418

The Owner and Construction Manager agree as follows.

ADDITIONS AND DELETIONS:
The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AIA Document A201™–2017, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

TABLE OF ARTICLES

1 INITIAL INFORMATION

2 GENERAL PROVISIONS

3 CONSTRUCTION MANAGER'S RESPONSIBILITIES

4 OWNER'S RESPONSIBILITIES

5 COMPENSATION AND PAYMENTS FOR PRECONSTRUCTION PHASE SERVICES

6 COMPENSATION FOR CONSTRUCTION PHASE SERVICES

7 COST OF THE WORK FOR CONSTRUCTION PHASE

8 DISCOUNTS, REBATES, AND REFUNDS

9 SUBCONTRACTS AND OTHER AGREEMENTS

10 ACCOUNTING RECORDS

11 PAYMENTS FOR CONSTRUCTION PHASE SERVICES

12 DISPUTE RESOLUTION

13 TERMINATION OR SUSPENSION

14 MISCELLANEOUS PROVISIONS

15 SCOPE OF THE AGREEMENT

EXHIBIT A GUARANTEED MAXIMUM PRICE AMENDMENT
EXHIBIT B INSURANCE AND BONDS

ARTICLE 1 INITIAL INFORMATION

§ 1.1 This Agreement is based on the Initial Information set forth in this Section 1.1.
(For each item in this section, insert the information or a statement such as "not applicable" or "unknown at time of execution.")

§ 1.1.1 The Owner's program for the Project, as described in Section 4.1.1:
(Insert the Owner's program, identify documentation that establishes the Owner's program, or state the manner in which the program will be developed.)

.

§ 1.1.2 The Project's physical characteristics:
(Identify or describe pertinent information about the Project's physical characteristics, such as size; location; dimensions; geotechnical reports; site boundaries; topographic surveys; traffic and utility studies; availability of public and private utilities and services; legal description of the site, etc.)

§ 1.1.3 The Owner's budget for the Guaranteed Maximum Price, as defined in Article 6:
(Provide total and, if known, a line item breakdown.)

The Owner's overall budget for the Cost of the Work is approximately: To be determined.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 1.1.4 The Owner's anticipated design and construction milestone dates:

.1 Design phase milestone dates, if any:

Preconstruction Phase – 7 Months / Construction Phase – 14 Months

.2 Construction commencement date:

The date of commencement of construction shall be established by a Notice to Proceed issued by Owner.

.3 Substantial Completion date or dates:

To be Determined.

.4 Other milestone dates:

§ 1.1.5 The Owner's requirements for accelerated or fast-track scheduling, or phased construction, are set forth below:
(Identify any requirements for fast-track scheduling or phased construction.)

§ 1.1.6 The Owner's anticipated Sustainable Objective for the Project:
(Identify and describe the Owner's Sustainable Objective for the Project, if any.)

§ 1.1.6.1 If the Owner identifies a Sustainable Objective, the Owner and Construction Manager shall complete and incorporate AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, into this Agreement to define the terms, conditions and services related to the Owner's Sustainable Objective. If E234–2019 is incorporated into this agreement, the Owner and Construction Manager shall incorporate the completed E234–2019 into the agreements with the consultants and contractors performing services or Work in any way associated with the Sustainable Objective.

§ 1.1.7 Other Project information:
(Identify special characteristics or needs of the Project not provided elsewhere.)

§ 1.1.8 The Owner identifies the following representative in accordance with Section 4.2:
(List name, address, and other contact information.)

Zachary Flores
Executive Director of Public Safety
City of Sherman
220 W. Mulberry Street
Sherman, TX 75091
903-892-7305
zacharyf@cityofsherman.com

§ 1.1.9 The persons or entities, in addition to the Owner's representative, who are required to review the Construction Manager's submittals to the Owner are as follows:
(List name, address and other contact information.)

N/A

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 1.1.10 The Owner shall retain the following consultants and contractors:
(List name, legal status, address, and other contact information.)

.1 Geotechnical Engineer:

To be determined

.2 Intentionally Deleted:

.3 Other, if any:
(List any other consultants retained by the Owner, such as a Project or Program Manager.)

Boundary and Topographic Survey
Construction Period Materials Testing
HVAC Test and Balance

§ 1.1.11 The Architect's representative:
(List name, address, and other contact information.)

Brian Nicodemus
M. Arthur Gensler Jr. & Associates, Inc.
5005 Greenville Avenue
Dallas, TX 75206
214-866-2473
brian_nicodemus@gensler.com

§ 1.1.12 The Construction Manager identifies the following representative in accordance with Article 3:
(List name, address, and other contact information.)

Matthew Avila
551 E. Berry Street
Fort Worth, TX 76110
mavila@tsbyrne.com

§ 1.1.13 The Owner's requirements for the Construction Manager's staffing plan for Preconstruction Services, as required under Section 3.1.9:
(List any Owner-specific requirements to be included in the staffing plan.)

§ 1.1.14 The Owner's requirements for subcontractor procurement for the performance of the Work:
(List any Owner-specific requirements for subcontractor procurement.)

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 1.1.15 Other Initial Information on which this Agreement is based:

§ 1.2 The Owner and Construction Manager may rely on the Initial Information. Both parties, however, recognize that such information may materially change and, in that event, the Owner and the Construction Manager shall appropriately adjust the Project schedule, the Construction Manager's services, and the Construction Manager's compensation. The Owner shall adjust the Owner's budget for the Guaranteed Maximum Price and the Owner's anticipated design and construction milestones, as necessary, to accommodate material changes in the Initial Information.

§ 1.3 Neither the Owner's nor the Construction Manager's representative shall be changed without ten days' prior notice to the other party.

ARTICLE 2 GENERAL PROVISIONS

§ 2.1 The Contract Documents

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement, and Modifications issued after execution of this Agreement, all of which form the Contract and are as fully a part of the Contract as if attached to this Agreement or repeated herein. Upon the Owner's acceptance of the Construction Manager's Guaranteed Maximum Price proposal, the Contract Documents will also include the documents described in Section 3.2.3 and identified in the Guaranteed Maximum Price Amendment and revisions prepared by the Architect and furnished by the Owner as described in Section 3.2.8. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. If anything in the other Contract Documents, other than a Modification, is inconsistent with this Agreement, this Agreement shall govern. An enumeration of the Contract Documents, other than a Modification, appears in Article 15.

§ 2.2 Relationship of the Parties

The Construction Manager accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to cooperate with the Architect and exercise the Construction Manager's skill and judgment in furthering the interests of the Owner to furnish efficient construction administration, management services, and supervision; to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious and economical manner consistent with the Owner's interests. The Owner agrees to furnish or approve, in a timely manner, information required by the Construction Manager and to make payments to the Construction Manager in accordance with the requirements of the Contract Documents.

§ 2.3 General Conditions

§ 2.3.1 For the Preconstruction Phase, AIA Document A201™–2017, General Conditions of the Contract for Construction, shall apply as follows: Section 1.5, Ownership and Use of Documents; Section 1.7, Digital Data Use and Transmission; Section 1.8, Building Information Model Use and Reliance; Section 2.2.4, Confidential Information; Section 3.12.10, Professional Services; Section 10.3, Hazardous Materials; Section 13.1, Governing Law. The term "Contractor" as used in A201–2017 shall mean the Construction Manager.

§ 2.3.2 For the Construction Phase, the general conditions of the contract shall be as set forth in A201–2017, which document is incorporated herein by reference. The term "Contractor" as used in A201–2017 shall mean the Construction Manager.

ARTICLE 3 CONSTRUCTION MANAGER'S RESPONSIBILITIES

The Construction Manager's Preconstruction Phase responsibilities are set forth in Sections 3.1 and 3.2, and in the applicable provisions of A201-2017 referenced in Section 2.3.1. The Construction Manager's Construction Phase responsibilities are set forth in Section 3.3. The Owner and Construction Manager may agree, in consultation with the Architect, for the Construction Phase to commence prior to completion of the Preconstruction Phase, in which case, both phases will proceed concurrently. The Construction Manager shall identify a representative authorized to act on behalf of the Construction Manager with respect to the Project.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 3.1 Preconstruction Phase

§ 3.1.1 Extent of Responsibility

The Construction Manager shall exercise reasonable care in performing its Preconstruction Services. The Owner and Architect shall be entitled to rely on, and shall not be responsible for, the accuracy, completeness, and timeliness of services and information furnished by the Construction Manager. The Construction Manager, however, does not warrant or guarantee estimates and schedules except as may be included as part of the Guaranteed Maximum Price. The Construction Manager is not required to ascertain that the Drawings and Specifications are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Construction Manager shall promptly report in writing to the Architect and Owner any nonconformity discovered by or made known to the Construction Manager as a request for information in such form as the Architect may require.

§ 3.1.2 The Construction Manager shall provide a preliminary evaluation of the Owner's program, schedule and construction budget requirements, each in terms of the other.

§ 3.1.3 Consultation

§ 3.1.3.1 The Construction Manager shall schedule and conduct meetings with the Architect and Owner to discuss such matters as procedures, progress, coordination, and scheduling of the Work.

§ 3.1.3.2 The Construction Manager shall advise the Owner and Architect on proposed site use and improvements, selection of materials, building systems, and equipment. The Construction Manager shall also provide recommendations to the Owner and Architect, consistent with the Project requirements, on constructability; availability of materials and labor; time requirements for procurement, installation and construction; prefabrication; and factors related to construction cost including, but not limited to, costs of alternative designs or materials, preliminary budgets, life-cycle data, and possible cost reductions. The Construction Manager shall consult with the Architect regarding professional services to be provided by the Construction Manager during the Construction Phase.

§ 3.1.3.3 The Construction Manager shall assist the Owner and Architect in establishing building information modeling and digital data protocols for the Project, using AIA Document E203™–2013, Building Information Modeling and Digital Data Exhibit, to establish the protocols for the development, use, transmission, and exchange of digital data.

§ 3.1.4 Project Schedule

When Project requirements in Section 4.1.1 have been sufficiently identified, the Construction Manager shall prepare and periodically update a Project schedule for the Architect's review and the Owner's acceptance. The Construction Manager shall coordinate and integrate the Construction Manager's services, the Architect's services, other Owner consultants' services, and the Owner's responsibilities; and identify items that affect the Project's timely completion. The updated Project schedule shall include the following: submission of the Guaranteed Maximum Price proposal; components of the Work; times of commencement and completion required of each Subcontractor; ordering and delivery of products, including those that must be ordered in advance of construction; and the occupancy requirements of the Owner.

§ 3.1.5 Phased Construction

The Construction Manager, in consultation with the Architect, shall provide recommendations with regard to accelerated or fast-track scheduling, procurement, and sequencing for phased construction. The Construction Manager shall take into consideration cost reductions, cost information, constructability, provisions for temporary facilities, and procurement and construction scheduling issues.

§ 3.1.6 Cost Estimates

§ 3.1.6.1 Based on the preliminary design and other design criteria prepared by the Architect, the Construction Manager shall prepare, for the Architect's review and the Owner's approval, preliminary estimates of the Cost of the Work or the cost of program requirements using area, volume, or similar conceptual estimating techniques. If the Architect or Construction Manager suggest alternative materials and systems, the Construction Manager shall provide cost evaluations of those alternative materials and systems.

§ 3.1.6.2 As the Architect progresses with the preparation of the Schematic Design, Design Development and Construction Documents, the Construction Manager shall prepare and update, at appropriate intervals agreed to by the Owner, Construction Manager and Architect, an estimate of the Cost of the Work with increasing detail and refinement. The Construction Manager shall include in the estimate those costs to allow for the further development of the design, price escalation, and market conditions, until such time as the Owner and Construction Manager agree on a Guaranteed

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

Maximum Price for the Work. The estimate shall be provided for the Architect's review and the Owner's approval. The Construction Manager shall inform the Owner and Architect in the event that the estimate of the Cost of the Work exceeds the latest approved Project budget, and make recommendations for corrective action.

§ 3.1.6.3 If the Architect is providing cost estimating services as a Supplemental Service, and a discrepancy exists between the Construction Manager's cost estimates and the Architect's cost estimates, the Construction Manager and the Architect shall work together to reconcile the cost estimates.

§ 3.1.7 As the Architect progresses with the preparation of the Schematic Design, Design Development and Construction Documents, the Construction Manager shall consult with the Owner and Architect and make recommendations regarding constructability and schedules, for the Architect's review and the Owner's approval.

§ 3.1.8 The Construction Manager shall provide recommendations and information to the Owner and Architect regarding equipment, materials, services, and temporary Project facilities.

§ 3.1.9 The Construction Manager shall provide a staffing plan for Preconstruction Phase services for the Owner's review and approval.

§ 3.1.10 If the Owner identified a Sustainable Objective in Article 1, the Construction Manager shall fulfill its Preconstruction Phase responsibilities as required in AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, attached to this Agreement.

§ 3.1.11 Subcontractors and Suppliers

§ 3.1.11.1 If the Owner has provided requirements for subcontractor procurement in section 1.1.14, the Construction Manager shall provide a subcontracting plan, addressing the Owner's requirements, for the Owner's review and approval.

§ 3.1.11.2 The Construction Manager shall develop bidders' interest in the Project.

§ 3.1.11.3 The processes described in Article 9 shall apply if bid packages will be issued during the Preconstruction Phase.

§ 3.1.12 Procurement

The Construction Manager shall prepare, for the Architect's review and the Owner's acceptance, a procurement schedule for items that must be ordered in advance of construction. The Construction Manager shall expedite and coordinate the ordering and delivery of materials that must be ordered in advance of construction. If the Owner agrees to procure any items prior to the establishment of the Guaranteed Maximum Price, the Owner shall procure the items on terms and conditions acceptable to the Construction Manager. Upon the establishment of the Guaranteed Maximum Price, the Owner shall assign all contracts for these items to the Construction Manager and the Construction Manager shall thereafter accept responsibility for them.

§ 3.1.13 Compliance with Laws

The Construction Manager shall comply with applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities applicable to its performance under this Contract, and with equal employment opportunity programs, and other programs as may be required by governmental and quasi-governmental authorities.

§ 3.1.14 Other Preconstruction Services

Insert a description of any other Preconstruction Phase services to be provided by the Construction Manager, or reference an exhibit attached to this document

(Describe any other Preconstruction Phase services, such as providing cash flow projections, development of a project information management system, early selection or procurement of subcontractors, etc.)

§ 3.2 Guaranteed Maximum Price Proposal

§ 3.2.1 At a time to be mutually agreed upon by the Owner and the Construction Manager, the Construction Manager shall prepare a Guaranteed Maximum Price proposal for the Owner's and Architect's review, and the Owner's acceptance. The Guaranteed Maximum Price in the proposal shall be the sum of the Construction Manager's estimate of the Cost of the

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

Work, the Construction Manager's contingency described in Section 3.2.4, and the Construction Manager's Fee described in Section 6.1.2.

§ 3.2.2 To the extent that the Contract Documents are anticipated to require further development, the Guaranteed Maximum Price includes the costs attributable to such further development consistent with the Contract Documents and reasonably inferable therefrom. Such further development does not include changes in scope, systems, kinds and quality of materials, finishes, or equipment, all of which, if required, shall be incorporated by Change Order.

§ 3.2.3 The Construction Manager shall include with the Guaranteed Maximum Price proposal a written statement of its basis, which shall include the following:

.1 A list of the Drawings and Specifications, including all Addenda thereto, and the Conditions of the Contract;

.2 A list of the clarifications and assumptions made by the Construction Manager in the preparation of the Guaranteed Maximum Price proposal, including assumptions under Section 3.2.2;

.3 A statement of the proposed Guaranteed Maximum Price, including a statement of the estimated Cost of the Work organized by trade categories or systems, including allowances; the Construction Manager's contingency set forth in Section 3.2.4; and the Construction Manager's Fee;

.4 The anticipated date of Substantial Completion upon which the proposed Guaranteed Maximum Price is based; and

.5 A date by which the Owner must accept the Guaranteed Maximum Price.

§ 3.2.4 In preparing the Construction Manager's Guaranteed Maximum Price proposal, the Construction Manager shall include a contingency for the Construction Manager's exclusive use to cover those costs that are included in the Guaranteed Maximum Price but not otherwise allocated to another line item or included in a Change Order.

§ 3.2.5 The Construction Manager shall meet with the Owner and Architect to review the Guaranteed Maximum Price proposal. In the event that the Owner or Architect discover any inconsistencies or inaccuracies in the information presented, they shall promptly notify the Construction Manager, who shall make appropriate adjustments to the Guaranteed Maximum Price proposal, its basis, or both.

§ 3.2.6 If the Owner notifies the Construction Manager that the Owner has accepted the Guaranteed Maximum Price proposal in writing before the date specified in the Guaranteed Maximum Price proposal, the Guaranteed Maximum Price proposal shall be deemed effective without further acceptance from the Construction Manager. Following acceptance of a Guaranteed Maximum Price, the Owner and Construction Manager shall execute the Guaranteed Maximum Price Amendment amending this Agreement, a copy of which the Owner shall provide to the Architect. The Guaranteed Maximum Price Amendment shall set forth the agreed upon Guaranteed Maximum Price with the information and assumptions upon which it is based.

§ 3.2.7 The Construction Manager shall not incur any cost to be reimbursed as part of the Cost of the Work prior to the execution of the Guaranteed Maximum Price Amendment, unless the Owner provides prior written authorization for such costs.

§ 3.2.8 The Owner shall authorize preparation of revisions to the Contract Documents that incorporate the agreed-upon assumptions and clarifications contained in the Guaranteed Maximum Price Amendment. The Owner shall promptly furnish such revised Contract Documents to the Construction Manager. The Construction Manager shall notify the Owner and Architect of any inconsistencies between the agreed-upon assumptions and clarifications contained in the Guaranteed Maximum Price Amendment and the revised Contract Documents.

§ 3.2.9 The Construction Manager shall not include in the Guaranteed Maximum Price any taxes from which the Owner is exempt by virtue of its status as a governmental entity. In the event that the Contractor is required to pay or bear the burden of any new federal, state, or local tax, or if any rate increase of an existing tax (except a tax on net profits), as a result of any statute, court decision, written ruling, or regulation takes effect after the contract date, the Guaranteed Maximum Price shall be increased by the amount of the new tax, or tax increase.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 3.3 Construction Phase

§ 3.3.1 General

§ 3.3.1.1 For purposes of Section 8.1.2 of A201–2017, the date of commencement of the Work shall mean the date of commencement of the Construction Phase.

§ 3.3.1.2 The Construction Phase shall commence upon the Owner's execution of the Guaranteed Maximum Price Amendment or, prior to acceptance of the Guaranteed Maximum Price proposal, by written agreement of the parties. The written agreement shall set forth a description of the Work to be performed by the Construction Manager, and any insurance and bond requirements for Work performed prior to execution of the Guaranteed Maximum Price Amendment.

§ 3.3.1.3 Other than services normally associated with Construction Manager's performance of the General Conditions, Construction Manager shall not perform any portions of the Work unless it has been awarded such portion in accordance with the same procedures imposed upon all other trade contractors or subcontractors, and then, only if the Owner has determined that the Construction Manager's bid or proposed bid provides the best value for the Owner.

§ 3.3.2 Administration

§ 3.3.2.1 The Construction Manager shall schedule and conduct meetings to discuss such matters as procedures, progress, coordination, scheduling, and status of the Work. The Construction Manager shall prepare and promptly distribute minutes of the meetings to the Owner and Architect.

§ 3.3.2.2 Upon the execution of the Guaranteed Maximum Price Amendment, the Construction Manager shall prepare and submit to the Owner and Architect a construction schedule for the Work and a submittal schedule in accordance with Section 3.10 of A201–2017.

§ 3.3.2.3 Monthly Report

The Construction Manager shall record the progress of the Project. On a monthly basis, or otherwise as agreed to by the Owner, the Construction Manager shall submit written progress reports to the Owner and Architect, showing percentages of completion and other information required by the Owner.

§ 3.3.2.4 Daily Logs

The Construction Manager shall keep, and make available to the Owner and Architect, a daily log containing a record for each day of weather, portions of the Work in progress, number of workers on site, identification of equipment on site, problems that might affect progress of the work, accidents, injuries, and other information required by the Owner.

§ 3.3.2.5 Cost Control

The Construction Manager shall develop a system of cost control for the Work, including regular monitoring of actual costs for activities in progress and estimates for uncompleted tasks and proposed changes. The Construction Manager shall identify variances between actual and estimated costs and report the variances to the Owner and Architect, and shall provide this information in its monthly reports to the Owner and Architect, in accordance with Section 3.3.2.3 above.

ARTICLE 4 OWNER'S RESPONSIBILITIES

§ 4.1 Information and Services Required of the Owner

§ 4.1.1 The Owner shall provide information with reasonable promptness, regarding requirements for and limitations on the Project, including a written program which shall set forth the Owner's objectives, constraints, and criteria, including schedule, space requirements and relationships, flexibility and expandability, special equipment, systems, sustainability and site requirements.

§ 4.1.2 The Owner, upon written request from the Construction Manager, shall provide a statement that funds are available and have been authorized for the full contract amount for the construction of the Work in accordance with the requirements of Tex. Bus. and Com. Code, Section 35.521 (n)(3), if applicable. After execution of the Guaranteed Maximum Price Amendment, the Construction Manager may request such information as set forth in A201-2017 Section 2.2.

§ 4.1.3 The Owner shall establish and periodically update the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Article 7, (2) the Owner's other costs, and (3) reasonable contingencies related to all of these costs.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 4.1.4 Structural and Environmental Tests, Surveys and Reports. During the Preconstruction Phase, the Owner shall furnish the following information or services with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services. Except to the extent that the Construction Manager knows of, or with reasonable diligence should have discovered, any inaccuracy, the Construction Manager shall be entitled to rely on the accuracy of information and services furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

§ 4.1.4.1 The Owner shall provide or contract for, independently of the Construction Manager, the inspection services, the testing of construction materials engineering and the verification testing services necessary for acceptance of the Work by Owner.

§ 4.1.4.2 The Owner shall furnish surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a written legal description of the site. The surveys and legal information shall include, as applicable, grades and lines of streets, alleys, pavements and adjoining property and structures; designated wetlands; adjacent drainage; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and other necessary data with respect to existing buildings, other improvements and trees; and information concerning available utility services and lines, both public and private, above and below grade, including inverts and depths. All the information on the survey shall be referenced to a Project benchmark.

§ 4.1.4.3 The Owner, when such services are reasonably required by the Project and are requested by the Construction Manager, shall furnish services of geotechnical engineers, which may include test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

§ 4.1.5 During the Construction Phase, the Owner shall furnish information or services required of the Owner by the Contract Documents with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services.

§ 4.1.6 If the Owner identified a Sustainable Objective in Article 1, the Owner shall fulfill its responsibilities as required in AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, attached to this Agreement.

§ 4.2 Owner's Designated Representative

The Owner shall identify a representative authorized to act on behalf of the Owner with respect to the Project. The Owner's representative shall render decisions promptly and furnish information expeditiously, so as to avoid unreasonable delay in the services or Work of the Construction Manager. Except as otherwise provided in Section 4.2.1 of A201–2017, the Architect does not have such authority. The term "Owner" means the Owner or the Owner's authorized representative.

§ 4.2.1 Legal Requirements. The Owner shall furnish all legal and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests.

§ 4.3 Architect

The Owner shall retain an Architect to provide services, duties and responsibilities, including any additional services requested by the Construction Manager and approved by Owner that are necessary for the Preconstruction and Construction Phase services under this Agreement. Upon request of the Construction Manager, the Owner shall provide the Construction Manager with a copy of the scope of services in the executed agreement between the Owner and the Architect, and any further modifications to the Architect's scope of services in the agreement, from which compensation provisions may be deleted.

ARTICLE 5 COMPENSATION AND PAYMENTS FOR PRECONSTRUCTION PHASE SERVICES

§ 5.1 Compensation

§ 5.1.1 For the Construction Manager's Preconstruction Phase services described in Sections 3.1 and 3.2, the Owner shall compensate the Construction Manager as follows:

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

(Insert amount of, or basis for, compensation and include a list of reimbursable cost items, as applicable.)

Compensation shall be a stipulated sum of Twenty-Five Thousand Dollars ($25,000.00).

§ 5.1.2 The hourly billing rates for Preconstruction Phase services of the Construction Manager and the Construction Manager's Consultants and Subcontractors, if any, are set forth below.
(If applicable, attach an exhibit of hourly billing rates or insert them below.)

Individual or Position	Rate

§ 5.1.2.1 Hourly billing rates for Preconstruction Phase services include all costs to be paid or incurred by the Construction Manager, as required by law or collective bargaining agreements, for taxes, insurance, contributions, assessments and benefits and, for personnel not covered by collective bargaining agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, and shall remain unchanged unless the parties execute a Modification.

§ 5.1.3 If the Preconstruction Phase services covered by this Agreement have not been completed within three hundred (300) days of the date of this Agreement, through no fault of the Construction Manager, the Construction Manager's compensation for Preconstruction Phase services shall be equitably adjusted.

§ 5.2 Payments
§ 5.2.1 Unless otherwise agreed, payments for services shall be made monthly in proportion to services performed.

§ 5.2.2 Payments are due and payable thirty (30) days from the date the Construction Manager's invoice is received by Owner. Amounts unpaid after the date on which payment is due shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the place where the Project is located.
(Insert rate of monthly or annual interest agreed upon.)

The rate of interest computed in accordance with the provisions of the Texas Government Code, Section 2251.025.

ARTICLE 6 COMPENSATION FOR CONSTRUCTION PHASE SERVICES
§ 6.1 Contract Sum
§ 6.1.1 The Owner shall pay the Construction Manager the Contract Sum in current funds for the Construction Manager's performance of the Contract after execution of the Guaranteed Maximum Price Amendment. The Contract Sum is the Cost of the Work as defined in Article 7 plus the Construction Manager's Fee.

§ 6.1.2 The Construction Manager's Fee:
(State a lump sum, percentage of Cost of the Work or other provision for determining the Construction Manager's Fee.)

The fee shall be 2.45% of the Cost of the Work.

§ 6.1.3 The method of adjustment of the Construction Manager's Fee for changes in the Work:

If both Owner and Construction Manager agree that a material change in the scope of services has occurred, the parties will agree on an equitable adjustment in the Construction Manager's Fee.

§ 6.1.4 Limitations, if any, on a Subcontractor's overhead and profit for increases in the cost of its portion of the Work:

Those limitations set forth in Section 7.5 of AIA Document A201-2017 as modified by Owner.

§ 6.1.5 Rental rates for Construction Manager-owned equipment shall not exceed the standard rental rate paid at the place of the Project.

§ 6.1.6 Liquidated damages, if any:

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

(Insert terms and conditions for liquidated damages, if any.)

Provisions are described in the A201 – 2017 v4 (06-11-2020), General Conditions of the Contract for Construction, provided by Owner, attached hereto and incorporated herein for all purposes.

§ 6.1.7 Other:
(Insert provisions for bonus, cost savings or other incentives, if any, that might result in a change to the Contract Sum.)

§ 6.2 Guaranteed Maximum Price

The Construction Manager guarantees that the Contract Sum shall not exceed the Guaranteed Maximum Price set forth in the Guaranteed Maximum Price Amendment, subject to additions and deductions by Change Order as provided in the Contract Documents. Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Construction Manager without reimbursement by the Owner.

§ 6.3 Changes in the Work

§ 6.3.1 The Owner may, without invalidating the Contract, order changes in the Work consisting of additions, deletions or other revisions. The Owner shall issue such changes in writing. The Contract Time may be adjusted as a result of changes in the Work as agreed upon in writing by Owner.

§ 6.3.1.1 The Architect may order minor changes in the Work as provided in Article 7 of AIA Document A201–2017, General Conditions of the Contract for Construction.

§ 6.3.2 Adjustments to the Guaranteed Maximum Price on account of changes in the Work subsequent to the execution of the Guaranteed Maximum Price Amendment may be determined by any of the methods listed in Article 7 of AIA Document A201–2017, General Conditions of the Contract for Construction.

§ 6.3.3 Adjustments to subcontracts awarded on the basis of a stipulated sum shall be determined in accordance with Article 7 of A201–2017, as they refer to "cost" and "fee," and not by Articles 6 and 7 of this Agreement. Adjustments to subcontracts awarded with the Owner's prior written consent on the basis of cost plus a fee shall be calculated in accordance with the terms of those subcontracts.

§ 6.3.4 In calculating adjustments to the Guaranteed Maximum Price, the terms "cost" and "costs" as used in Article 7 of AIA Document A201–2017 shall mean the Cost of the Work as defined in Article 7 of this Agreement and the term "fee" shall mean the Construction Manager's Fee as defined in Section 6.1.2 of this Agreement.

§ 6.3.5 Intentionally Deleted.

ARTICLE 7 COST OF THE WORK FOR CONSTRUCTION PHASE

§ 7.1 Costs to Be Reimbursed

§ 7.1.1 The term Cost of the Work shall mean costs necessarily incurred by the Construction Manager in the proper performance of the Work. The Cost of the Work shall include only the items set forth in Sections 7.1 through 7.7.

§ 7.1.2 Where, pursuant to the Contract Documents, any cost is subject to the Owner's prior approval, the Construction Manager shall obtain such approval in writing prior to incurring the cost.

§ 7.1.3 Costs shall be at rates not higher than the standard rates paid at the place of the Project, except with prior approval of the Owner.

§ 7.2 Labor Costs

§ 7.2.1 Wages or salaries of construction workers directly employed by the Construction Manager to perform minor work at the site or, with the Owner's prior approval, at off-site workshops.

§ 7.2.2 Wages or salaries of the Construction Manager's supervisory and administrative personnel when stationed at the site and performing Work, with the Owner's prior approval.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 7.2.2.1 Wages or salaries of the Construction Manager's supervisory and administrative personnel when performing Work and stationed at a location other than the site, but only for that portion of time required for the Work, and limited to the personnel and activities listed below:
(Identify the personnel, type of activity and, if applicable, any agreed upon percentage of time to be devoted to the Work.)

§ 7.2.3 Wages and salaries of the Construction Manager's supervisory or administrative personnel engaged at factories, workshops or while traveling, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

§ 7.2.4 Costs paid or incurred by the Construction Manager, as required by law or collective bargaining agreements, for taxes, except taxes from which the Owner is exempt by virtue of its status as a governmental entity, insurance, contributions, assessments and benefits and, for personnel not covered by collective bargaining agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Sections 7.2.1 through 7.2.3.

§ 7.2.5 If agreed rates for labor costs, in lieu of actual costs, are provided in this Agreement, the rates shall remain unchanged throughout the duration of this Agreement, unless the parties execute a Modification.

§ 7.3 Subcontract Costs
Payments made by the Construction Manager to trade contractors, Subcontractors, or the Construction Manager (for portions of the Work for which Construction Manager was selected under Section 2.3.1.3) in accordance with the requirements of the trade contracts or subcontracts and this Agreement.

§ 7.4 Costs of Materials and Equipment Incorporated in the Completed Construction
§ 7.4.1 Costs, including transportation and storage at the site, of materials and equipment incorporated, or to be incorporated, in the completed construction.

§ 7.4.2 Costs of materials described in the preceding Section 7.4.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold by the Construction Manager. Any amounts realized from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

§ 7.5 Costs of Other Materials and Equipment, Temporary Facilities and Related Items
§ 7.5.1 Costs of transportation, storage, installation, dismantling, maintenance, and removal of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site and fully consumed in the performance of the Work. Costs of materials, supplies, temporary facilities, machinery, equipment, and tools, that are not fully consumed, shall be based on the cost or value of the item at the time it is first used on the Project site less the value of the item when it is no longer used at the Project site. Costs for items not fully consumed by the Construction Manager shall mean fair market value.

§ 7.5.2 Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site, and the costs of transportation, installation, dismantling, minor repairs, and removal of such temporary facilities, machinery, equipment, and hand tools. Rates and quantities shall be subject to the Owner's prior approval. The total rental cost of any such equipment may not exceed the purchase price of any comparable item.

§ 7.5.3 Costs of removal of debris from the site of the Work and its proper and legal disposal.

§ 7.5.4 Costs of the Construction Manager's site office, including general office equipment and supplies.

§ 7.5.5 Costs of materials and equipment suitably stored off the site at a mutually acceptable location, subject to the Owner's prior approval.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 7.6 Miscellaneous Costs

§ 7.6.1 Premiums for that portion of insurance and bonds required by the Contract Documents that can be directly attributed to this Contract.

§ 7.6.1.1 Intentionally Deleted.

§ 7.6.1.2 Costs for insurance through a captive insurer owned or controlled by the Construction Manager, with the Owner's prior approval.

§ 7.6.2 Sales, use, or similar taxes, imposed by a governmental authority, that are related to the Work and for which the Construction Manager is liable, except this does not include taxes from which the Owner is exempt by virtue of its status as a governmental entity.

§ 7.6.3 Fees and assessments for the building permit, and for other permits, licenses, and inspections, for which the Construction Manager is required by the Contract Documents to pay.

§ 7.6.4 Intentionally Deleted.

§ 7.6.5 Royalties and license fees paid for the use of a particular design, process, or product, required by the Contract Documents.

§ 7.6.5.1 Intentionally Deleted.

§ 7.6.6 Costs for communications services, electronic equipment, and software, directly related to the Work and located at the site, with the Owner's prior approval.

§ 7.6.7 Reasonable costs of document reproductions and delivery charges.

§ 7.6.8 Deposits lost for causes other than the Construction Manager's negligence or failure to fulfill a specific responsibility in the Contract Documents.

§ 7.6.9 Legal and mediation costs, including attorneys' fees, other than those arising from disputes between the Owner and Construction Manager, reasonably incurred by the Construction Manager after the execution of this Agreement in the performance of the Work and with the Owner's prior approval, which shall not be unreasonably withheld.

§ 7.6.10 Intentionally Deleted.

§ 7.6.11 Intentionally Deleted.

§ 7.7 Other Costs and Emergencies

§ 7.7.1 Other costs incurred in the performance of the Work, with the Owner's prior approval.

§ 7.7.2 Costs incurred in taking action to prevent threatened damage, injury, or loss, in case of an emergency affecting the safety of persons and property, as provided in Article 10 of AIA Document A201–2017.

§ 7.7.3 Costs of repairing or correcting damaged or nonconforming Work executed by the Construction Manager, Subcontractors, or suppliers, provided that such damaged or nonconforming Work was not caused by the negligence of, or failure to fulfill a specific responsibility by, the Construction Manager, and only to the extent that the cost of repair or correction is not recovered by the Construction Manager from insurance, sureties, Subcontractors, suppliers, or others.

§ 7.7.4 The costs described in Sections 7.1 through 7.7 shall be included in the Cost of the Work, notwithstanding any provision of AIA Document A201–2017 or other Conditions of the Contract which may require the Construction Manager to pay such costs, unless such costs are excluded by the provisions of Section 7.9.

§ 7.8 Related Party Transactions

§ 7.8.1 For purposes of this Section 7.8, the term "related party" shall mean (1) a parent, subsidiary, affiliate, or other entity having common ownership of, or sharing common management with, the Construction Manager; (2) any entity in

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

which any stockholder in, or management employee of, the Construction Manager holds an equity interest in excess of ten percent in the aggregate; (3) any entity which has the right to control the business or affairs of the Construction Manager; or (4) any person, or any member of the immediate family of any person, who has the right to control the business or affairs of the Construction Manager.

§ 7.8.2 If any of the costs to be reimbursed arise from a transaction between the Construction Manager and a related party, the Construction Manager shall notify the Owner of the specific nature of the contemplated transaction, including the identity of the related party and the anticipated cost to be incurred, before any such transaction is consummated or cost incurred. If the Owner, after such notification, authorizes the proposed transaction in writing, then the cost incurred shall be included as a cost to be reimbursed, and the Construction Manager shall procure the Work, equipment, goods, or service, from the related party, as a Subcontractor, according to the terms of Article 9. If the Owner fails to authorize the transaction in writing, the Construction Manager shall procure the Work, equipment, goods, or service from some person or entity other than a related party according to the terms of Article 9.

§ 7.9 Costs Not To Be Reimbursed

§ 7.9.1 The Cost of the Work shall not include the items listed below:

- **.1** Salaries and other compensation of the Construction Manager's personnel stationed at the Construction Manager's principal office or offices other than the site office, except as specifically provided in Section 7.2, or as may be provided in Article 14;
- **.2** Bonuses, profit sharing, incentive compensation, and any other discretionary payments, paid to anyone hired by the Construction Manager or paid to any Subcontractor or vendor, unless the Owner has provided prior approval;
- **.3** Expenses of the Construction Manager's principal office and offices other than the site office;
- **.4** Overhead and general expenses, except as may be expressly included in Sections 7.1 to 7.7;
- **.5** The Construction Manager's capital expenses, including interest on the Construction Manager's capital employed for the Work;
- **.6** Except as provided in Section 7.7.3 of this Agreement, costs due to the negligence of, or failure to fulfill a specific responsibility of the Contract by, the Construction Manager, Subcontractors, and suppliers, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable;
- **.7** Any cost not specifically and expressly described in Sections 7.1 to 7.7;
- **.8** Costs, other than costs included in Change Orders approved by the Owner, that would cause the Guaranteed Maximum Price to be exceeded; and
- **.9** Costs for services incurred during the Preconstruction Phase.

ARTICLE 8 DISCOUNTS, REBATES, AND REFUNDS

§ 8.1 Cash discounts obtained on payments made by the Construction Manager shall accrue to the Owner if (1) before making the payment, the Construction Manager included the amount to be paid, less such discount, in an Application for Payment and received payment from the Owner, or (2) the Owner has deposited funds with the Construction Manager with which to make payments; otherwise, cash discounts shall accrue to the Construction Manager. Trade discounts, rebates, refunds, and amounts received from sales of surplus materials and equipment shall accrue to the Owner, and the Construction Manager shall make provisions so that they can be obtained.

§ 8.2 Amounts that accrue to the Owner in accordance with the provisions of Section 8.1 shall be credited to the Owner as a deduction from the Cost of the Work.

ARTICLE 9 SUBCONTRACTS AND OTHER AGREEMENTS

§ 9.1 The Owner then has the right to review the Construction Manager's list of proposed subcontractors and suppliers in consultation with the Architect and, subject to Section 9.1.1, to object to any subcontractor or supplier. Any advice of the Architect, or approval or objection by the Owner, shall not relieve the Construction Manager of its responsibility to perform the Work in accordance with the Contract Documents. All portions of the Work, other than minor work, site clean-up, etc. ("General Conditions"), shall be performed by trade contractors or subcontractors, including Construction Manager, who have been selected using competitive bids or competitive sealed proposals in accordance with the policies and procedures approved by Owner. On all portions of the Work for which the Construction Manager does not submit a bid or proposal, the Construction Manager and the Owner shall receive and open all trade contractor and subcontractor bids or proposals in a manner that does not disclose the contents of the bid or proposal during the selection process. On any portion of the Work for which the Construction Manager submits a bid or proposal, the Owner shall receive and open the trade contractors, subcontractors and Construction Manager bids or proposals, but shall not disclose the contents of the

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

bids or proposals until the selection process therefor is completed. All bids or proposals shall be made public after the award of the contract or within seven (7) days after the date of final selection of bids or proposals, whichever is later.

The Construction Manager shall furnish to Owner and Architect for the Owner's approval prior to any public advertisement or solicitation for a portion of the Work the evaluation criteria that the Construction Manager proposes to use in recommending qualified trade contractors or subcontractors for each portion of the Work that will provide the best value for the Owner.

§ 9.1.1 When a specific subcontractor or supplier (1) is recommended to the Owner by the Construction Manager; (2) is qualified to perform that portion of the Work; (3) has submitted a bid that conforms to the requirements of the Contract Documents without reservations or exceptions, and (4) offers the best value to the Owner, but the Owner requires that another bid be accepted, then the Construction Manager may require that a Change Order be issued to adjust the Guaranteed Maximum Price by the difference between the bid of the person or entity recommended to the Owner by the Construction Manager and the amount of the subcontract or other agreement actually signed with the person or entity designated by the Owner.

§ 9.2 Subcontracts or other agreements shall conform to the applicable payment provisions of this Agreement, and shall not be awarded on the basis of cost plus a fee without the Owner's prior written approval. If a subcontract is awarded on the basis of cost plus a fee, the Construction Manager shall provide in the subcontract for the Owner to receive the same audit rights with regard to the Subcontractor as the Owner receives with regard to the Construction Manager in Article 10.

ARTICLE 10 ACCOUNTING RECORDS

The Construction Manager shall keep full and detailed records and accounts related to the Cost of the Work, and exercise such controls, as may be necessary for proper financial management under this Contract and to substantiate all costs incurred. The accounting and control systems shall be satisfactory to the Owner. The Owner and the Owner's auditors shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy, the Construction Manager's records and accounts, including complete documentation supporting accounting entries, books, job cost reports, correspondence, instructions, drawings, receipts, subcontracts, Subcontractor's proposals, Subcontractor's invoices, purchase orders, vouchers, memoranda, and other data relating to this Contract. The Construction Manager shall preserve these records for a period of three years after final payment, or for such longer period as may be required by law.

ARTICLE 11 PAYMENTS FOR CONSTRUCTION PHASE SERVICES

§ 11.1 Progress Payments

§ 11.1.1 Based upon Applications for Payment submitted to the Architect by the Construction Manager, and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum, to the Construction Manager, as provided below and elsewhere in the Contract Documents.

§ 11.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 11.1.3 Provided that an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment of the amount certified by the Architect to the Construction Manager not later than the 15th day of the next month. If an Application for Payment is received by the Architect after the application date fixed above, payment of the amount certified shall be made by the Owner not later than thirty (30) days after the Architect receives the Application for Payment.
(Federal, state or local laws may require payment within a certain period of time.)

§ 11.1.4 With each Application for Payment, the Construction Manager shall submit payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence required by the Owner or Architect to demonstrate that payments already made by the Construction Manager on account of the Cost of the Work equal or exceed progress payments already received by the Construction Manager, plus payrolls for the period covered by the present Application for Payment, less that portion of the progress payments attributable to the Construction Manager's Fee.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 11.1.5 Each Application for Payment shall be based on the most recent schedule of values submitted by the Construction Manager in accordance with the Contract Documents. The schedule of values shall allocate the entire Guaranteed Maximum Price among: (1) the various portions of the Work; (2) any contingency for costs that are included in the Guaranteed Maximum Price but not otherwise allocated to another line item or included in a Change Order; and (3) the Construction Manager's Fee.

§ 11.1.5.1 The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Architect may require. The schedule of values shall be used as a basis for reviewing the Construction Manager's Applications for Payment.

§ 11.1.5.2 The allocation of the Guaranteed Maximum Price under this Section 11.1.5 shall not constitute a separate guaranteed maximum price for the Cost of the Work of each individual line item in the schedule of values.

§ 11.1.5.3 When the Construction Manager allocates costs from a contingency to another line item in the schedule of values, the Construction Manager shall submit supporting documentation to the Architect.

§ 11.1.6 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment. The percentage of completion shall be the lesser of (1) the percentage of that portion of the Work which has actually been completed, or (2) the percentage obtained by dividing (a) the expense that has actually been incurred by the Construction Manager on account of that portion of the Work and for which the Construction Manager has made payment or intends to make payment prior to the next Application for Payment, by (b) the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values.

§ 11.1.7 In accordance with AIA Document A201–2017 and subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

§ 11.1.7.1 The amount of each progress payment shall first include:

.1 That portion of the Guaranteed Maximum Price properly allocable to completed Work as determined by multiplying the percentage of completion of each portion of the Work by the share of the Guaranteed Maximum Price allocated to that portion of the Work in the most recent schedule of values;

.2 That portion of the Guaranteed Maximum Price properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction or, if approved in writing in advance by the Owner, suitably stored off the site at a location agreed upon in writing;

.3 That portion of Construction Change Directives that the Architect determines, in the Architect's professional judgment, to be reasonably justified; and

.4 The Construction Manager's Fee, computed upon the Cost of the Work described in the preceding Sections 11.1.7.1.1 and 11.1.7.1.2 at the rate stated in Section 6.1.2 or, if the Construction Manager's Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum fee as the Cost of the Work included in Sections 11.1.7.1.1 and 11.1.7.1.2 bears to a reasonable estimate of the probable Cost of the Work upon its completion.

§ 11.1.7.2 The amount of each progress payment shall then be reduced by:

.1 The aggregate of any amounts previously paid by the Owner;

.2 The amount, if any, for Work that remains uncorrected and for which the Architect has previously withheld a Certificate for Payment as provided in Article 9 of AIA Document A201–2017;

.3 Any amount for which the Construction Manager does not intend to pay a Subcontractor or material supplier, unless the Work has been performed by others the Construction Manager intends to pay;

.4 For Work performed or defects discovered since the last payment application, any amount for which the Architect may withhold payment, or nullify a Certificate of Payment in whole or in part, as provided in Article 9 of AIA Document A201–2017;

.5 The shortfall, if any, indicated by the Construction Manager in the documentation required by Section 11.1.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner's auditors in such documentation; and

.6 Retainage withheld pursuant to Section 11.1.8.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 11.1.8 Retainage

§ 11.1.8.1 For each progress payment made prior to Substantial Completion of the Work, the Owner may withhold the following amount, as retainage, from the payment otherwise due:
(Insert a percentage or amount to be withheld as retainage from each Application for Payment. The amount of retainage may be limited by governing law.)

Five percent (5%) of the amount of any progress payment for the Cost of Work and Construction Manager's Fee

§ 11.1.8.1.1 The following items are not subject to retainage:
(Insert any items not subject to the withholding of retainage, such as general conditions, insurance, etc.)

§ 11.1.8.2 Reduction or limitation of retainage, if any, shall be as follows:
(If the retainage established in Section 11.1.8.1 is to be modified prior to Substantial Completion of the entire Work, insert provisions for such modification.)

§ 11.1.8.3 Except as set forth in this Section 11.1.8.3, upon Substantial Completion of the Work, the Construction Manager may submit an Application for Payment that includes the retainage withheld from prior Applications for Payment pursuant to this Section 11.1.8. The Application for Payment submitted at Substantial Completion shall not include retainage as follows:
(Insert any other conditions for release of retainage, such as upon completion of the Owner's audit and reconciliation, upon Substantial Completion.)

§ 11.1.9 If final completion of the Work is materially delayed through no fault of the Construction Manager, the Owner shall pay the Construction Manager any additional amounts in accordance with Article 9 of AIA Document A201–2017.

§ 11.1.10 Except with the Owner's prior written approval, the Construction Manager shall not make advance payments to suppliers for materials or equipment which have not been delivered and suitably stored at the site.

§ 11.1.11 The Owner and the Construction Manager shall agree upon a mutually acceptable procedure for review and approval of payments to Subcontractors. All subcontracts shall provide for a five percent (5%) retainage unless otherwise agreed in writing by Owner. The Construction Manager shall execute subcontracts in accordance with those agreements.

§ 11.1.12 In taking action on the Construction Manager's Applications for Payment the Architect shall be entitled to rely on the accuracy and completeness of the information furnished by the Construction Manager, and such action shall not be deemed to be a representation that (1) the Architect has made a detailed examination, audit, or arithmetic verification, of the documentation submitted in accordance with Section 11.1.4 or other supporting data; (2) that the Architect has made exhaustive or continuous on-site inspections; or (3) that the Architect has made examinations to ascertain how or for what purposes the Construction Manager has used amounts previously paid on account of the Contract. Such examinations, audits, and verifications, if required by the Owner, will be performed by the Owner's auditors acting in the sole interest of the Owner.

§ 11.2 Final Payment

§ 11.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Construction Manager when

- **.1** the Construction Manager has fully performed the Contract, except for the Construction Manager's responsibility to correct Work as provided in Article 12 of AIA Document A201–2017, and to satisfy other requirements, if any, which extend beyond final payment;
- **.2** the Construction Manager has submitted a final accounting for the Cost of the Work and a final Application for Payment; and
- **.3** a final Certificate for Payment has been issued by the Architect in accordance with Section 11.2.2.2.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 11.2.2 Within 30 days of the Owner's receipt of the Construction Manager's final accounting for the Cost of the Work, the Owner shall conduct an audit of the Cost of the Work or notify the Architect that it will not conduct an audit.

§ 11.2.2.1 If the Owner conducts an audit of the Cost of the Work, the Owner shall, within 10 days after completion of the audit, submit a written report based upon the auditors' findings to the Architect.

§ 11.2.2.2 Within seven days after receipt of the written report described in Section 11.2.2.1, or receipt of notice that the Owner will not conduct an audit, and provided that the other conditions of Section 11.2.1 have been met, the Architect will either issue to the Owner a final Certificate for Payment with a copy to the Construction Manager, or notify the Construction Manager and Owner in writing of the Architect's reasons for withholding a certificate as provided in Article 9 of AIA Document A201–2017. The time periods stated in this Section 11.2.2 supersede those stated in Article 9 of AIA Document A201–2017. The Architect is not responsible for verifying the accuracy of the Construction Manager's final accounting.

§ 11.2.2.3 If the Owner's auditors' report concludes that the Cost of the Work, as substantiated by the Construction Manager's final accounting, is less than claimed by the Construction Manager, the Construction Manager shall be entitled to proceed in accordance with Article 12 without a further decision of the Architect. Pending a final resolution of the disputed amount, the Owner shall pay the Construction Manager the amount certified in the Architect's final Certificate for Payment.

§ 11.2.3 The Owner's final payment to the Construction Manager shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment as follows:

The Construction Manager shall certify to the Owner that the facility, to the best of his knowledge, has been constructed in accordance with the Architect's construction documents. The certification shall be in a form which is acceptable to the Owner and Construction Manager.

§ 11.2.4 If, subsequent to final payment, and at the Owner's request, the Construction Manager incurs costs, described in Sections 7.1 through 7.7, and not excluded by Section 7.9, to correct defective or nonconforming Work, the Owner shall reimburse the Construction Manager for such costs, and the Construction Manager's Fee applicable thereto, on the same basis as if such costs had been incurred prior to final payment, but not in excess of the Guaranteed Maximum Price.

§ 11.3 Interest

Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.
(Insert rate of interest agreed upon, if any.)

The rate of interest computed in accordance with the provisions of the Texas Government Code, Section 2251.025.

ARTICLE 12 DISPUTE RESOLUTION

§ 12.1 Initial Decision Maker

§ 12.1.1 Any Claim between the Owner and Construction Manager shall be resolved in accordance with the provisions set forth in this Article 12 and Article 15 of A201–2017.

§ 12.1.2 The Owner will serve as the Initial Decision Maker.
(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Owner.)

§ 12.2 Binding Dispute Resolution

For any Claim subject to, but not resolved by mediation pursuant to Article 15 of AIA Document A201–2017, the method of binding dispute resolution shall be as follows:
(Check the appropriate box.)

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

[ ] Arbitration pursuant to Article 15 of AIA Document A201–2017

[X] Litigation in a court of competent jurisdiction

[ ] Other: *(Specify)*

If the Owner and Construction Manager do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.

ARTICLE 13 TERMINATION OR SUSPENSION

§ 13.1 Termination Prior to Execution of the Guaranteed Maximum Price Amendment

§ 13.1.1 If the Owner and the Construction Manager do not reach an agreement on the Guaranteed Maximum Price, the Owner may terminate this Agreement upon not less than seven days' written notice to the Construction Manager, and the Construction Manager may terminate this Agreement, upon not less than seven days' written notice to the Owner.

§ 13.1.2 In the event of termination of this Agreement pursuant to Section 13.1.1, the Construction Manager shall be compensated for Preconstruction Phase services and Work performed prior to receipt of a notice of termination, in accordance with the terms of this Agreement. In no event shall the Construction Manager's compensation under this Section exceed the compensation set forth in Section 5.1.

§ 13.1.3 Prior to the execution of the Guaranteed Maximum Price Amendment, the Owner may terminate this Agreement upon not less than seven days' written notice to the Construction Manager for the Owner's convenience and without cause, and the Construction Manager may terminate this Agreement, upon not less than seven days' written notice to the Owner, for the reasons set forth in Article 14 of A201–2017.

§ 13.1.4 In the event of termination of this Agreement pursuant to Section 13.1.3, the Construction Manager shall be equitably compensated for Preconstruction Phase services and Work performed prior to receipt of a notice of termination. In no event shall the Construction Manager's compensation under this Section exceed the compensation set forth in Section 5.1.

§ 13.1.5 If the Owner terminates the Contract pursuant to Section 13.1.3 after the commencement of the Construction Phase but prior to the execution of the Guaranteed Maximum Price Amendment, the Owner shall pay to the Construction Manager an amount calculated as follows, which amount shall be in addition to any compensation paid to the Construction Manager under Section 13.1.4:

.1 Take the Cost of the Work incurred by the Construction Manager to the date of termination;

.2 Add the Construction Manager's Fee computed upon the Cost of the Work to the date of termination at the rate stated in Section 6.1 or, if the Construction Manager's Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion; and

.3 Subtract the aggregate of previous payments made by the Owner for Construction Phase services.

§ 13.1.6 The Owner shall also pay the Construction Manager fair compensation, either by purchase or rental at the election of the Owner, for any equipment owned by the Construction Manager that the Owner elects to retain and that is not otherwise included in the Cost of the Work under Section 13.1.5.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Construction Manager shall, as a condition of receiving the payments referred to in this Article 13, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Construction Manager, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Construction Manager under such subcontracts or purchase orders. All Subcontracts, purchase orders and rental agreements entered into by the Construction Manager will contain provisions allowing for assignment to the Owner as described above.

§ 13.1.6.1 If the Owner accepts assignment of subcontracts, purchase orders or rental agreements as described above, the Owner will reimburse the Construction Manager for all costs arising under the subcontract, purchase order or rental

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

agreement, if those costs would have been reimbursable as Cost of the Work if the contract had not been terminated. If the Owner chooses not to accept assignment of any subcontract, purchase order or rental agreement that would have constituted a Cost of the Work had this agreement not been terminated, the Construction Manager will terminate the subcontract, purchase order or rental agreement and the Owner will pay the Construction Manager the costs which would have been reimbursable as Cost of Work.

§ 13.2 Termination or Suspension Following Execution of the Guaranteed Maximum Price Amendment
§ 13.2.1 Termination
The Contract may be terminated by the Owner or the Construction Manager as provided in Article 14 of AIA Document A201–2017.

§ 13.2.2 Termination by the Owner for Cause
§ 13.2.2.1 If the Owner terminates the Contract for cause as provided in Article 14 of AIA Document A201–2017, the amount, if any, to be paid to the Construction Manager under Article 14 of AIA Document A201–2017 shall not cause the Guaranteed Maximum Price to be exceeded, nor shall it exceed an amount calculated as follows:

.1 Take the Cost of the Work incurred by the Construction Manager to the date of termination;
.2 Add the Construction Manager's Fee, computed upon the Cost of the Work to the date of termination at the rate stated in Section 6.1 or, if the Construction Manager' Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion;
.3 Subtract the aggregate of previous payments made by the Owner; and
.4 Subtract the costs and damages incurred, or to be incurred, by the Owner under Article 14 of AIA Document A201–2017.

§ 13.2.2.2 The Owner shall also pay the Construction Manager fair compensation, either by purchase or rental at the election of the Owner, for any equipment owned by the Construction Manager that the Owner elects to retain and that is not otherwise included in the Cost of the Work under Section 13.2.2.1.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Construction Manager shall, as a condition of receiving the payments referred to in this Article 13, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Construction Manager, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Construction Manager under such subcontracts or purchase orders.

§ 13.2.3 Termination by the Owner for Convenience
If the Owner terminates the Contract for convenience in accordance with Article 14 of AIA Document A201–2017, then the Owner shall pay the Construction Manager a termination fee as follows:
(Insert the amount of or method for determining the fee, if any, payable to the Construction Manager following a termination for the Owner's convenience.)

§ 13.3 Suspension
The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2017.

ARTICLE 14 MISCELLANEOUS PROVISIONS
§ 14.1 Terms in this Agreement shall have the same meaning as those in A201–2017. Where reference is made in this Agreement to a provision of AIA Document A201–2017 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 14.2 Successors and Assigns
§ 14.2.1 The Owner and Construction Manager, respectively, bind themselves, their partners, successors, assigns and legal representatives to covenants, agreements, and obligations contained in the Contract Documents. Except as provided in Section 14.2.2 of this Agreement, and in Section 13.2.2 of A201–2017, neither party to the Contract shall assign the Contract as a whole without written consent of the other. If either party attempts to make an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Contract.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 14.2.2 The Owner may, without consent of the Construction Manager, assign the Contract to a lender providing construction financing for the Project, if the lender assumes the Owner's rights and obligations under the Contract Documents. The Construction Manager shall execute all consents reasonably required to facilitate the assignment.

§ 14.3 Insurance and Bonds

§ 14.3.1 Preconstruction Phase

The Construction Manager shall maintain the following insurance for the duration of the Preconstruction Services performed under this Agreement. If any of the requirements set forth below exceed the types and limits the Construction Manager normally maintains, the Owner shall reimburse the Construction Manager for any additional cost.

§ 14.3.1.1 Commercial General Liability with policy limits of not less than one million dollars ($ 1,000,000.00) for each occurrence and two million dollars ($ 2,000,000.00) in the aggregate for bodily injury and property damage.

§ 14.3.1.2 Automobile Liability covering vehicles owned, and non-owned vehicles used, by the Construction Manager with policy limits of not less than one million dollars ($ 1,000,000.00) per accident for bodily injury, death of any person, and property damage arising out of the ownership, maintenance and use of those motor vehicles, along with any other statutorily required automobile coverage.

§ 14.3.1.3 The Construction Manager may achieve the required limits and coverage for Commercial General Liability and Automobile Liability through a combination of primary and excess or umbrella liability insurance, provided that such primary and excess or umbrella liability insurance policies result in the same or greater coverage as the coverages required under Sections 14.3.1.1 and 14.3.1.2, and in no event shall any excess or umbrella liability insurance provide narrower coverage than the primary policy. The excess policy shall not require the exhaustion of the underlying limits only through the actual payment by the underlying insurers.

§ 14.3.1.4 Workers' Compensation at statutory limits and Employers Liability with policy limits not less than five hundred thousand dollars ($ 500,000.00) each accident, five hundred thousand dollars ($ 500,000.00) each employee, and five hundred thousand ($ 500,000.00) policy limit.

§ 14.3.1.5 Professional Liability covering negligent acts, errors and omissions in the performance of professional services, with policy limits of not less than one million dollars ($ 1,000,000.00) per claim and two million dollars ($ 2,000,000.00) in the aggregate.

§ 14.3.1.6 Other Insurance

(List below any other insurance coverage to be provided by the Construction Manager and any applicable limits.)

Coverage	Limits

§ 14.3.1.7 Additional Insured Obligations. To the fullest extent permitted by law, the Construction Manager shall cause the primary and excess or umbrella polices for Commercial General Liability and Automobile Liability to include the Owner as an additional insured for claims caused in whole or in part by the Construction Manager's negligent acts or omissions. The additional insured coverage shall be primary and non-contributory to any of the Owner's insurance policies and shall apply to both ongoing and completed operations.

§ 14.3.1.8 The Construction Manager shall provide certificates of insurance to the Owner that evidence compliance with the requirements in this Section 14.3.1.

§ 14.3.2 Construction Phase

After execution of the Guaranteed Maximum Price Amendment, the Owner and the Construction Manager shall purchase and maintain insurance as set forth in AIA Document A133™–2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price, Exhibit B, Insurance and Bonds, and elsewhere in the Contract Documents.

§ 14.3.2.1 The Construction Manager shall provide bonds as set forth in AIA Document A133™–2019 Exhibit B, and elsewhere in the Contract Documents.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 14.4 Notice in electronic format, pursuant to Article 1 of AIA Document A201–2017, may be given in accordance with AIA Document E203™–2013, Building Information Modeling and Digital Data Exhibit, if completed, or as otherwise set forth below:
(If other than in accordance with AIA Document E203–2013, insert requirements for delivering notice in electronic format such as name, title, and email address of the recipient and whether and how the system will be required to generate a read receipt for the transmission.)

§ 14.5 Other provisions:

In accordance with Texas Government Code, Chapter 2270, the undersigned avers that it does not boycott Israel and will not boycott Israel during the term of this Agreement.

ARTICLE 15 SCOPE OF THE AGREEMENT

§ 15.1 This Agreement represents the entire and integrated agreement between the Owner and the Construction Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Construction Manager.

§ 15.2 The following documents comprise the Agreement:

.1 This AIA Document A133™–2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price

.2 AIA Document A133™-2019, Exhibit A, Guaranteed Maximum Price Amendment, if executed

.3 AIA Document A133™–2019, Exhibit B, Insurance and Bonds, as modified and provided by Owner.

.4 AIA Document A201™–2017 v4 (06-11-2020), General Conditions of the Contract for Construction, as modified and provided by Owner.

.5 AIA Document E203™–2013, Building Information Modeling and Digital Data Exhibit, dated as indicated below:
(Insert the date of the E203-2013 incorporated into this Agreement.)

.6 Other Exhibits:
(Check all boxes that apply.)

[ ] AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, dated as indicated below:
(Insert the date of the E234-2019 incorporated into this Agreement.)

[**NONE**] Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages

.7 Other documents, if any, listed below:
(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201–2017 provides that the advertisement or invitation to bid, Instructions to Bidders, sample forms, the Construction Manager's bid or proposal, portions of Addenda relating to bidding or proposal requirements, and other information furnished by the Owner in anticipation of receiving bids or proposals, are not part of the Contract Documents unless enumerated in this Agreement. Any such documents should be listed here only if intended to be part of the Contract Documents.)

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

This Agreement is entered into as of the day and year first written above.

CITY OF SHERMAN, TEXAS, a Texas home-rule municipality	**THOS. S. BYRNE, INC.**
By: _____	**BY:** _____
OWNER *(Signature)*	**CONSTRUCTION MANAGER** *(Signature)*
Robby Hefton, City Manager	Matthew Avila
(Printed name and title)	Its: _____ *(Printed name and title)*

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

Additions and Deletions Report for

AIA® Document A133® – 2019

This Additions and Deletions Report, as defined on page 1 of the associated document, reproduces below all text the author has added to the standard form AIA document in order to complete it, as well as any text the author may have added to or deleted from the original AIA text. Added text is shown underlined. Deleted text is indicated with a horizontal line through the original AIA text.

Note: This Additions and Deletions Report is provided for information purposes only and is not incorporated into or constitute any part of the associated AIA document. This Additions and Deletions Report and its associated document were generated simultaneously by AIA software at 11:57:26 CT on 03/24/2023.

PAGE 1

A133 v1 (07-21-2020)

AGREEMENT made as of the ____day of _____in the year Two Thousand Twenty-Three (2023).

...

City of Sherman
220 W. Mulberry Street
Sherman, TX 75090
903-892-7208

...

Thos. S. Byrne, Inc. dba Byrne Construction Services
551 E. Berry Street
Ft. Worth, Tx 76110

...

ARBH File No.: 6262.0023 Sherman/City Hall
221 W. Mulberry
Sherman, Texas 75090
Construction of new City Hall facility.

...

M. Arthur Gensler Jr. & Associates, Inc.
5005 Greenville Avenue
Dallas, Tx 75206
214-273-7418

PAGE 2

.

...

The Owner's overall budget for the Cost of the Work is approximately: To be determined.

PAGE 3

Preconstruction Phase – 7 Months / Construction Phase – 14 Months

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

...

The date of commencement of construction shall be established by a Notice to Proceed issued by Owner.

...

To be Determined.

...

Zachary Flores
Executive Director of Public Safety
City of Sherman
220 W. Mulberry Street
Sherman, TX 75091
903-892-7305
zacharyf@cityofsherman.com

...

N/A
PAGE 4

To be determined

...

.2 ~~Civil Engineer:~~Intentionally Deleted:

...

Boundary and Topographic Survey
Construction Period Materials Testing
HVAC Test and Balance

...

Brian Nicodemus
M. Arthur Gensler Jr. & Associates, Inc.
5005 Greenville Avenue
Dallas, TX 75206
214-866-2473
brian_nicodemus@gensler.com

...

Matthew Avila
551 E. Berry Street
Fort Worth, TX 76110
mavila@tsbyrne.com
PAGE 6

The Construction Manager shall exercise reasonable care in performing its Preconstruction Services. The Owner and Architect shall be entitled to rely on, and shall not be responsible for, the accuracy, completeness, and timeliness of services and information furnished by the Construction Manager. The Construction Manager, however, does not warrant or guarantee estimates and schedules except as may be included as part of the Guaranteed Maximum Price.

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

The Construction Manager is not required to ascertain that the Drawings and Specifications are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Construction Manager shall promptly report in writing to the Architect and Owner any nonconformity discovered by or made known to the Construction Manager as a request for information in such form as the Architect may require.

...

When Project requirements in Section 4.1.1 have been sufficiently identified, the Construction Manager shall prepare and periodically update a Project schedule for the Architect's review and the Owner's acceptance. The Construction Manager shall ~~obtain the Architect's approval for the portion of the Project schedule relating to the performance of the Architect's services. The Project schedule shall~~ coordinate and integrate the Construction Manager's services, the Architect's services, other Owner consultants' services, and the Owner's responsibilities; and identify items that affect the Project's timely completion. The updated Project schedule shall include the following: submission of the Guaranteed Maximum Price proposal; components of the Work; times of commencement and completion required of each Subcontractor; ordering and delivery of products, including those that must be ordered in advance of construction; and the occupancy requirements of the Owner.

...

§ 3.1.6.1 Based on the preliminary design and other design criteria prepared by the Architect, the Construction Manager shall prepare, for the Architect's review and the Owner's approval, preliminary estimates of the Cost of the Work or the cost of program requirements using area, volume, or similar conceptual estimating techniques. If the Architect or Construction Manager ~~suggests~~ suggest alternative materials and systems, the Construction Manager shall provide cost evaluations of those alternative materials and systems.
PAGE 8

§ 3.2.9 The Construction Manager shall not include in the Guaranteed Maximum Price ~~all sales, consumer, use and similar taxes for the Work provided by the Construction Manager that are legally enacted, whether or not yet effective, at the time the Guaranteed Maximum Price Amendment is executed.~~any taxes from which the Owner is exempt by virtue of its status as a governmental entity. In the event that the Contractor is required to pay or bear the burden of any new federal, state, or local tax, or if any rate increase of an existing tax (except a tax on net profits), as a result of any statute, court decision, written ruling, or regulation takes effect after the contract date, the Guaranteed Maximum Price shall be increased by the amount of the new tax, or tax increase.
PAGE 9

§ 3.3.1.3 Other than services normally associated with Construction Manager's performance of the General Conditions, Construction Manager shall not perform any portions of the Work unless it has been awarded such portion in accordance with the same procedures imposed upon all other trade contractors or subcontractors, and then, only if the Owner has determined that the Construction Manager's bid or proposed bid provides the best value for the Owner.

...

§ 4.1.2 ~~Prior to the execution of the Guaranteed Maximum Price Amendment, the Construction Manager may request in writing that the Owner provide reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Contract.~~ The Owner, upon written request from the Construction Manager, shall provide a statement that funds are available and have been authorized for the full contract amount for the construction of the Work in accordance with the requirements of Tex. Bus. and Com. Code, Section 35.521 (n)(3), if applicable. After execution of the Guaranteed Maximum Price Amendment, the Construction Manager may request such information as set forth in A201-2017 Section 2.2.

§ 4.1.3 The Owner shall establish and periodically update the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Article 7, (2) the Owner's other costs, and (3) reasonable contingencies related to all of these costs.~~If the Owner significantly increases or decreases the Owner's budget for the Cost of the Work, the Owner shall notify the Construction Manager and Architect. The Owner and the Architect, in consultation with the Construction Manager, shall thereafter agree to a corresponding change in the Project's scope and quality.~~

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 4.1.4 Structural and Environmental Tests, Surveys and Reports. During the Preconstruction Phase, the Owner shall furnish the following information or services with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services. ~~The~~ Except to the extent that the Construction Manager knows of, or with reasonable diligence should have discovered, any inaccuracy, the Construction Manager shall be entitled to rely on the accuracy of information and services furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

§ 4.1.4.1 The Owner shall ~~furnish tests, inspections, and reports, required by law and as otherwise agreed to by the parties, such as structural, mechanical, and chemical tests, tests for air and water pollution, and tests for hazardous materials.~~provide or contract for, independently of the Construction Manager, the inspection services, the testing of construction materials engineering and the verification testing services necessary for acceptance of the Work by Owner.

PAGE 10

§ 4.1.4.3 The Owner, when such services are ~~requested,~~ reasonably required by the Project and are requested by the Construction Manager, shall furnish services of geotechnical engineers, which may include test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

...

§ 4.2.1 Legal Requirements. The Owner shall furnish all ~~legal, insurance~~ legal and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests.

...

The Owner shall retain an Architect to provide services, duties and ~~responsibilities as described in AIA Document B133™–2019, Standard Form of Agreement Between Owner and Architect, Construction Manager as Constructor Edition,~~ responsibilities, including any additional services requested by the Construction Manager and approved by Owner that are necessary for the Preconstruction and Construction Phase services under this Agreement. ~~The~~ Upon request of the Construction Manager, the Owner shall provide the Construction Manager with a copy of the scope of services in the executed agreement between the Owner and the Architect, and any further modifications to the Architect's scope of services in the ~~agreement.~~agreement, from which compensation provisions may be deleted.

PAGE 11

Compensation shall be a stipulated sum of Twenty-Five Thousand Dollars ($25,000.00).

...

§ 5.1.3 If the Preconstruction Phase services covered by this Agreement have not been completed within ~~( ) months~~ three hundred (300) days of the date of this Agreement, through no fault of the Construction Manager, the Construction Manager's compensation for Preconstruction Phase services shall be equitably adjusted.

...

§ 5.2.2 Payments are due and payable ~~upon presentation of the Construction Manager's invoice. Amounts unpaid ( ) days after the invoice date~~ thirty (30) days from the date the Construction Manager's invoice is received by Owner. Amounts unpaid after the date on which payment is due shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the ~~principal place of business of the Construction Manager.~~place where the Project is located.

...

~~% The~~ The rate of interest computed in accordance with the provisions of the Texas Government Code, Section 2251.025.

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

...

The fee shall be 2.45% of the Cost of the Work.

...

If both Owner and Construction Manager agree that a material change in the scope of services has occurred, the parties will agree on an equitable adjustment in the Construction Manager's Fee.

...

Those limitations set forth in Section 7.5 of AIA Document A201-2017 as modified by Owner.

§ 6.1.5 Rental rates for Construction Manager-owned equipment shall not exceed ~~percent (%) of~~ the standard rental rate paid at the place of the Project.

PAGE 12

Provisions are described in the A201 – 2017 v4 (06-11-2020), General Conditions of the Contract for Construction, provided by Owner, attached hereto and incorporated herein for all purposes.

...

§ 6.3.1 The Owner may, without invalidating the Contract, order changes in the Work ~~within the general scope of the Contract~~ consisting of additions, deletions or other revisions. The Owner shall issue such changes in writing. The ~~Construction Manager may be entitled to an equitable adjustment in the Contract Time~~ Contract Time may be adjusted as a result of changes in the ~~Work.~~Work as agreed upon in writing by Owner.

...

§ 6.3.5 ~~If no specific provision is made in Section 6.1.3 for adjustment of the Construction Manager's Fee in the case of changes in the Work, or if the extent of such changes is such, in the aggregate, that application of the adjustment provisions of Section 6.1.3 will cause substantial inequity to the Owner or Construction Manager, the Construction Manager's Fee shall be equitably adjusted on the same basis that was used to establish the Fee for the original Work, and the Guaranteed Maximum Price shall be adjusted accordingly.~~Intentionally Deleted.

...

§ 7.2.1 Wages or salaries of construction workers directly employed by the Construction Manager to perform ~~the construction of the Work~~ minor work at the site or, with the Owner's prior approval, at off-site workshops.

PAGE 13

§ 7.2.4 Costs paid or incurred by the Construction Manager, as required by law or collective bargaining agreements, for taxes, except taxes from which the Owner is exempt by virtue of its status as a governmental entity, insurance, contributions, assessments and benefits and, for personnel not covered by collective bargaining agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Sections 7.2.1 through 7.2.3.

...

Payments made by the Construction Manager to ~~Subcontractors~~ trade contractors, Subcontractors, or the Construction Manager (for portions of the Work for which Construction Manager was selected under Section 2.3.1.3) in accordance with the requirements of the trade contracts or subcontracts and this Agreement.

...

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 7.5.2 Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site, and the costs of transportation, installation, dismantling, minor repairs, and removal of such temporary facilities, machinery, equipment, and hand tools. Rates and quantities ~~of equipment owned by the Construction Manager, or a related party as defined in Section 7.8,~~ shall be subject to the Owner's prior approval. The total rental cost of any such equipment may not exceed the purchase price of any comparable item.

PAGE 14

§ 7.6.1.1 ~~Costs for self-insurance, for either full or partial amounts of the coverages required by the Contract Documents, with the Owner's prior approval.~~Intentionally Deleted.

...

§ 7.6.2 Sales, use, or similar taxes, imposed by a governmental authority, that are related to the Work and for which the Construction Manager is ~~liable.~~liable, except this does not include taxes from which the Owner is exempt by virtue of its status as a governmental entity.

...

§ 7.6.4 ~~Fees of laboratories for tests required by the Contract Documents; except those related to defective or nonconforming Work for which reimbursement is excluded under Article 13 of AIA Document A201–2017 or by other provisions of the Contract Documents, and which do not fall within the scope of Section 7.7.3.~~Intentionally Deleted.

...

§ 7.6.5.1 ~~The cost of defending suits or claims for infringement of patent rights arising from requirements of the Contract Documents, payments made in accordance with legal judgments against the Construction Manager resulting from such suits or claims, and payments of settlements made with the Owner's consent, unless the Construction Manager had reason to believe that the required design, process, or product was an infringement of a copyright or a patent, and the Construction Manager failed to promptly furnish such information to the Architect as required by Article 3 of AIA Document A201–2017. The costs of legal defenses, judgments, and settlements shall not be included in the Cost of the Work used to calculate the Construction Manager's Fee or subject to the Guaranteed Maximum Price.~~Intentionally Deleted.

...

§ 7.6.7 ~~Costs~~ Reasonable costs of document reproductions and delivery charges.

...

§ 7.6.9 ~~Legal, mediation and arbitration~~ Legal and mediation costs, including attorneys' fees, other than those arising from disputes between the Owner and Construction Manager, reasonably incurred by the Construction Manager after the execution of this Agreement in the performance of the Work and with the Owner's prior approval, which shall not be unreasonably withheld.

§ 7.6.10 ~~Expenses incurred in accordance with the Construction Manager's standard written personnel policy for relocation and temporary living allowances of the Construction Manager's personnel required for the Work, with the Owner's prior approval.~~Intentionally Deleted.

§ 7.6.11 ~~That portion of the reasonable expenses of the Construction Manager's supervisory or administrative personnel incurred while traveling in discharge of duties connected with the Work.~~Intentionally Deleted.

PAGE 15

§ 9.1 ~~Those portions of the Work that the Construction Manager does not customarily perform with the Construction Manager's own personnel shall be performed under subcontracts or other appropriate agreements with the Construction Manager. The Owner may designate specific persons from whom, or entities from which, the~~

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

~~Construction Manager shall obtain bids. The Construction Manager shall obtain bids from Subcontractors, and from suppliers of materials or equipment fabricated especially for the Work, who are qualified to perform that portion of the Work in accordance with the requirements of the Contract Documents.~~ The ~~Construction Manager shall deliver such bids to the Architect and~~ Owner ~~with an indication as to which bids the Construction Manager intends to accept. The Owner~~ then has the right to review the Construction Manager's list of proposed subcontractors and suppliers in consultation with the Architect and, subject to Section 9.1.1, to object to any subcontractor or supplier. Any advice of the Architect, or approval or objection by the Owner, shall not relieve the Construction Manager of its responsibility to perform the Work in accordance with the Contract Documents. ~~The Construction Manager shall not be required to contract with anyone to whom the Construction Manager has reasonable objection.~~All portions of the Work, other than minor work, site clean-up, etc. ("General Conditions"), shall be performed by trade contractors or subcontractors, including Construction Manager, who have been selected using competitive bids or competitive sealed proposals in accordance with the policies and procedures approved by Owner. On all portions of the Work for which the Construction Manager does not submit a bid or proposal, the Construction Manager and the Owner shall receive and open all trade contractor and subcontractor bids or proposals in a manner that does not disclose the contents of the bid or proposal during the selection process. On any portion of the Work for which the Construction Manager submits a bid or proposal, the Owner shall receive and open the trade contractors, subcontractors and Construction Manager bids or proposals, but shall not disclose the contents of the bids or proposals until the selection process therefor is completed. All bids or proposals shall be made public after the award of the contract or within seven (7) days after the date of final selection of bids or proposals, whichever is later.

The Construction Manager shall furnish to Owner and Architect for the Owner's approval prior to any public advertisement or solicitation for a portion of the Work the evaluation criteria that the Construction Manager proposes to use in recommending qualified trade contractors or subcontractors for each portion of the Work that will provide the best value for the Owner.

§ 9.1.1 When a specific subcontractor or supplier (1) is recommended to the Owner by the Construction Manager; (2) is qualified to perform that portion of the Work; ~~and~~ (3) has submitted a bid that conforms to the requirements of the Contract Documents without reservations or exceptions, and (4) offers the best value to the Owner, but the Owner requires that another bid be accepted, then the Construction Manager may require that a Change Order be issued to adjust the Guaranteed Maximum Price by the difference between the bid of the person or entity recommended to the Owner by the Construction Manager and the amount of the subcontract or other agreement actually signed with the person or entity designated by the Owner.

PAGE 16

§ 11.1.3 Provided that an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment of the amount certified by the Architect to the Construction Manager not later than the 15th day of the next month. If an Application for Payment is received by the Architect after the application date fixed above, payment of the amount certified shall be made by the Owner not later than thirty (30) days after the Architect receives the Application for Payment.

PAGE 18

Five percent (5%) of the amount of any progress payment for the Cost of Work and Construction Manager's Fee

...

§ 11.1.11 The Owner and the Construction Manager shall agree upon a mutually acceptable procedure for review and approval of payments to ~~Subcontractors, and the percentage of retainage held on Subcontracts, and the~~ Subcontractors. All subcontracts shall provide for a five percent (5%) retainage unless otherwise agreed in writing by Owner. The Construction Manager shall execute subcontracts in accordance with those agreements.

PAGE 19

§ 11.2.2.3 If the Owner's auditors' report concludes that the Cost of the Work, as substantiated by the Construction Manager's final accounting, is less than claimed by the Construction Manager, the Construction Manager shall be entitled to ~~request mediation of the disputed amount without seeking an initial decision pursuant to Article 15 of AIA Document A201–2017. A request for mediation shall be made by the Construction Manager within 30 days after the Construction Manager's receipt of a copy of the Architect's final Certificate for Payment. Failure to request mediation within this 30-day period shall result in the substantiated amount reported by the Owner's auditors becoming binding~~

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

~~on the Construction Manager.~~ proceed in accordance with Article 12 without a further decision of the Architect. Pending a final resolution of the disputed amount, the Owner shall pay the Construction Manager the amount certified in the Architect's final Certificate for Payment.

§ 11.2.3 The Owner's final payment to the Construction Manager shall be made no later than 30 days after the issuance of the Architect's final Certificate for ~~Payment, or~~ Payment as follows:

The Construction Manager shall certify to the Owner that the facility, to the best of his knowledge, has been constructed in accordance with the Architect's construction documents. The certification shall be in a form which is acceptable to the Owner and Construction Manager.

§ 11.2.4 If, subsequent to final payment, and at the Owner's request, the Construction Manager incurs costs, described in Sections 7.1 through 7.7, and not excluded by Section 7.9, to correct defective or nonconforming Work, the Owner shall reimburse the Construction Manager for such costs, and the Construction Manager's Fee applicable thereto, on the same basis as if such costs had been incurred prior to final payment, but not in excess of the Guaranteed Maximum Price. ~~If adjustments to the Contract Sum are provided for in Section 6.1.7, the amount of those adjustments shall be recalculated, taking into account any reimbursements made pursuant to this Section 11.2.4 in determining the net amount to be paid by the Owner to the Construction Manager.~~

...

~~%~~ The rate of interest computed in accordance with the provisions of the Texas Government Code, Section 2251.025.

...

§ 12.1.1 Any Claim between the Owner and Construction Manager shall be resolved in accordance with the provisions set forth in this Article 12 and Article 15 of A201–2017. ~~However, for Claims arising from or relating to the Construction Manager's Preconstruction Phase services, no decision by the Initial Decision Maker shall be required as a condition precedent to mediation or binding dispute resolution, and Section 12.1.2 of this Agreement shall not apply.~~

§ 12.1.2 The ~~Architect~~ Owner will serve as the Initial Decision ~~Maker pursuant to Article 15 of AIA Document A201–2017 for Claims arising from or relating to the Construction Manager's Construction Phase services, unless the parties appoint below another individual, not a party to the Agreement, to serve as the Initial Decision~~ Maker.
(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the ~~Architect.)~~Owner.)
PAGE 20

[**X**] Litigation in a court of competent jurisdiction

...

§ 13.1.6.1 If the Owner accepts assignment of subcontracts, purchase orders or rental agreements as described above, the Owner will reimburse ~~or indemnify~~ the Construction Manager for all costs arising under the subcontract, purchase order or rental agreement, if those costs would have been reimbursable as Cost of the Work if the contract had not been terminated. If the Owner chooses not to accept assignment of any subcontract, purchase order or rental agreement that would have constituted a Cost of the Work had this agreement not been terminated, the Construction Manager will terminate the subcontract, purchase order or rental agreement and the Owner will pay the Construction Manager the costs ~~necessarily incurred by the Construction Manager because of such termination.~~which would have been reimbursable as Cost of Work.
PAGE 21

The Work may be suspended by the Owner as provided in Article 14 of AIA Document ~~A201–2017; in such case, the Guaranteed Maximum Price and Contract Time shall be increased as provided in Article 14 of AIA Document A201–2017, except that the term "profit" shall be understood to mean the Construction Manager's Fee as described in Sections 6.1 and 6.3.5 of this Agreement.~~A201–2017.
PAGE 22

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

§ 14.3.1.1 Commercial General Liability with policy limits of not less than one million dollars ($ 1,000,000.00) for each occurrence and two million dollars ($ 2,000,000.00) in the aggregate for bodily injury and property damage.

§ 14.3.1.2 Automobile Liability covering vehicles owned, and non-owned vehicles used, by the Construction Manager with policy limits of not less than one million dollars ($ 1,000,000.00) per accident for bodily injury, death of any person, and property damage arising out of the ownership, maintenance and use of those motor vehicles, along with any other statutorily required automobile coverage.

...

§ 14.3.1.4 Workers' Compensation at statutory limits and Employers Liability with policy limits not less than five hundred thousand dollars ($ 500,000.00) each accident, five hundred thousand dollars ($ 500,000.00) each employee, and five hundred thousand ($ 500,000.00) policy limit.

§ 14.3.1.5 Professional Liability covering negligent acts, errors and omissions in the performance of professional services, with policy limits of not less than one million dollars ($ 1,000,000.00) per claim and two million dollars ($ 2,000,000.00) in the aggregate.

PAGE 23

In accordance with Texas Government Code, Chapter 2270, the undersigned avers that it does not boycott Israel and will not boycott Israel during the term of this Agreement.

...

.1 This AIA Document A133™–2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price

...

.3 AIA Document A133™–2019, Exhibit B, Insurance ~~and Bonds~~and Bonds, as modified and provided by Owner.

.4 AIA Document ~~A201™–2017,~~ A201™–2017 v4 (06-11-2020), General Conditions of the Contract for ~~Construction~~Construction, as modified and provided by Owner.

...

[**NONE**] Supplementary and other Conditions of the Contract:

PAGE 24

CITY OF SHERMAN, TEXAS, a Texas home-rule municipality	**THOS. S. BYRNE, INC.**
By:	**BY:**
...	
Robby Hefton, City Manager	Matthew Avila Its:

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

Certification of Document's Authenticity

AIA® Document D401™ – 2003

I, Christopher C. Zillmer/mls, hereby certify, to the best of my knowledge, information and belief, that I created the attached final document simultaneously with its associated Additions and Deletions Report and this certification at 11:57:26 CT on 03/24/2023 under Order No. 2114312451 from AIA Contract Documents software and that in preparing the attached final document I made no changes to the original text of AIA® Document A133™ – 2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price, other than those additions and deletions shown in the associated Additions and Deletions Report.

Christopher C. Zillmer/mls

(Signed)

(Title)

03/24/23

(Dated)

AIA Document D401 – 2003. Copyright © 1992 and 2003. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This document was produced at 11:57:26 CT on 03/24/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (2052473903)

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **F. 2.**

Meeting Date: 04/03/2023

Prepared By: Zachary Flores, Executive Director of Public Safety

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 7052

Awarding a Bid to and Authorizing Execution of an Agreement with Thos. S. Byrne, Inc. dba Byrne Construction Services, as Construction Manager-at-Risk, for Services in Connection with the Evaluation of Whether Renovations and Additions to Fire Station No. 1 are Appropriate

Issue:

Awarding services for Construction Manager-at-Risk for renovations and additions to Fire Station No. 1

Background:

During the Budget Workshop in June 2022, City Council approved a project for staff to move forward with renovations and additions for Fire Station No. 1. At the January 17, 2023 meeting, City Council approved the appointment of the Hidell and Associates architecture firm to study the cost and feasibility of these renovations and additions. Also, at the Janaury 17, 2023 meeting, City Council approved a request to advertise for a Construction Manager-at-Risk (CMAR) for this project, which resulted in four (4) responses. Based on specific scoring criteria included in the bid solicitation, City staff recommends awarding to Thos. S. Byrne, Inc. dba Byrne Construction Services (Byrne) of Fort Worth, Texas. As CMAR, Byrne will be responsible for estimating the total cost of the project (guaranteed maximum price "GMP") and will assume the risk of completing the project at the GMP. This Resolution does not authorize the renovations and additions to Station No. 1, rather it allows the City to continue working with Hidell and with Byrne to evaluate the scope and cost of this potential project. The results of this planning and evaluation work will be presented to the Council at the upcoming Budget Workshop for Council direction on whether to move forward with the renovations and additions to Fire Station No. 1 project.

Origination:

Management Services

Financial Consideration:

The Pre-Construction Phase fee for professional CMAR services will be $25,000.00. The Construction Phase fee for professional CMAR services will be 3.45% of the Construction Phase total cost. Funds are budgeted in the Capital Improvement Program Fund.

Staff Recommendation:

It is recommended that the contract with Byrne for professional CMAR services relating to renovations and additions to Fire Station No. 1 be approved.

Alternatives:

As may be directed by the City Council

Attachments

Resolution No. 7052

Bid Evaluation

AIA Contract_signed

RESOLUTION NO. 7052

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH THOS. S. BYRNE, INC. DBA BYRNE CONSTRUCTION SERVICES, AS CONSTRUCTION MANAGER-AT-RISK (CMAR), FOR SERVICES IN CONNECTION WITH THE EVALUATION OF WHETHER RENOVATIONS AND ADDITIONS TO FIRE STATION NO. 1 ARE APPROPRIATE; 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 to execute a contract with Thos. S. Byrne, Inc. dba Byrne Construction Services, of Fort Worth, Texas, as Construction Manager-at-Risk (CMAR) for services in connection with the evaluation of whether renovations and additions to Fire Station No. 1 are appropriate in accordance with all contract documents attached hereto and made a part hereof for all purposes. Any agreements related to the purchase must be approved by the City Attorney. Funds for this purchase are being committed out of the City of Sherman's fiscal year 2022-2023 budget.

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.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, on this the 3rd day of April 2023.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____ **BY:** _____
LINDA ASHBY, CITY CLERK **DAVID PLYLER, MAYOR**

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

BY: _____
RYAN PITTMAN, CITY ATTORNEY

Construction Manager-at-Risk for Station No. 1 Renovations & Additions RFP - Evaluation

Evaluation Criteria	Archer Construction and Design	AUI Partners, LLC	Byrne Construction	MDI, Inc. General Partners
CMAR Experience, including References (15 pts)	9.75	12.25	15	7.5
Necessary Resources Capabilities (5 pts)	2.75	5	5	3.75
Staff Qualifications & Experience (10 pts)	5	8.75	10	4.75
Past Performance w/ Texas Cities, Counties, Etc. (10 pts)	7.5	9.5	10	7.5
Construction Methodology & Technology Knowledge (5 pts)	4.25	4.25	5	4.25
Past Ability to Meet Project Schedules (10 pts)	7.75	8.25	10	7.75
Safety Record (Accurate/Verifiable) (5 pts)	4.75	4.75	5	4.75
Ability to Complete Projects within Budget (20 pts)	10.75	13.25	18.75	10.5
Respondent's Price - Based on Fee & General Conditions (20 pts)	11.25	18.75	15.25	15.75
Total Points Distributed	63.75	84.75	94	66.5

AIA® Document A133® – 2019

Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price

A133 v1 (07-21-2020)

AGREEMENT made as of the ___ day of _____ in the year Two Thousand Twenty-Three (2023).
(In words, indicate day, month, and year.)

BETWEEN the Owner:
(Name, legal status, address, and other information)

City of Sherman
220 W. Mulberry Street
Sherman, TX 75090
903-892-7208

and the Construction Manager:
(Name, legal status, address, and other information)

Thos. S. Byrne, Inc. dba Byrne Construction Services
551 E. Berry Street
Ft. Worth, TX 76110

for the following Project:
(Name, location, and detailed description)

ARBH File No. 6262.0021 City of Sherman/Renovation and Expansion of Sherman Fire Station No. 1
Fire Station No. 1
318 S. Travis Street
Sherman, Texas 75090

The goal of the renovation and expansion is to reconfigure the fire house to accommodate 10 crew, and a Battalion Chief, utilizing the existing bay configuration for apparatus storage. The facility will be renovated to include all required support spaces to promote health transitions from equipment to living quarters. The exterior façade shall be as required to achieve a cohesive design. The facility will be a single-story structure with approximately 10,800 sf of area under roof.

The Architect:
(Name, legal status, address, and other information)

Hidell and Associates Architects
3033 Kellway Dr. Suite 120
Carrollton, Texas 75006
Phone: 972-416-4666

ADDITIONS AND DELETIONS:
The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AIA Document A201™–2017, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

The Owner and Construction Manager agree as follows.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. “The American Institute of Architects,” “American Institute of Architects,” “AIA,” the AIA Logo, and “AIA Contract Documents” are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

TABLE OF ARTICLES

1 INITIAL INFORMATION

2 GENERAL PROVISIONS

3 CONSTRUCTION MANAGER'S RESPONSIBILITIES

4 OWNER'S RESPONSIBILITIES

5 COMPENSATION AND PAYMENTS FOR PRECONSTRUCTION PHASE SERVICES

6 COMPENSATION FOR CONSTRUCTION PHASE SERVICES

7 COST OF THE WORK FOR CONSTRUCTION PHASE

8 DISCOUNTS, REBATES, AND REFUNDS

9 SUBCONTRACTS AND OTHER AGREEMENTS

10 ACCOUNTING RECORDS

11 PAYMENTS FOR CONSTRUCTION PHASE SERVICES

12 DISPUTE RESOLUTION

13 TERMINATION OR SUSPENSION

14 MISCELLANEOUS PROVISIONS

15 SCOPE OF THE AGREEMENT

EXHIBIT A GUARANTEED MAXIMUM PRICE AMENDMENT
EXHIBIT B INSURANCE AND BONDS

ARTICLE 1 INITIAL INFORMATION

§ 1.1 This Agreement is based on the Initial Information set forth in this Section 1.1.
(For each item in this section, insert the information or a statement such as "not applicable" or "unknown at time of execution.")

§ 1.1.1 The Owner's program for the Project, as described in Section 4.1.1:
(Insert the Owner's program, identify documentation that establishes the Owner's program, or state the manner in which the program will be developed.)

Shall be developed as part of the basic scope of services.

§ 1.1.2 The Project's physical characteristics:
(Identify or describe pertinent information about the Project's physical characteristics, such as size; location; dimensions; geotechnical reports; site boundaries; topographic surveys; traffic and utility studies; availability of public and private utilities and services; legal description of the site, etc.)

Renovation and Addition of the existing single story facility.

§ 1.1.3 The Owner's budget for the Guaranteed Maximum Price, as defined in Article 6:
(Provide total and, if known, a line item breakdown.)

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

The Owner's overall budget for the Cost of the Work is Four Million Dollars (4,000,000.00), excluding the Architect's fee.

§ 1.1.4 The Owner's anticipated design and construction milestone dates:

.1 Design phase milestone dates, if any:

1. Design Phase – Approx. 20 Weeks
2. Bidding / Permit – Approx. 6 Weeks
3. Construction Phase – Approx. 50 Weeks

.2 Construction commencement date:

The date of commencement of construction shall be established by a Notice to Proceed issued by Owner.

.3 Substantial Completion date or dates:

To be Determined.

.4 Other milestone dates:

§ 1.1.5 The Owner's requirements for accelerated or fast-track scheduling, or phased construction, are set forth below:
(Identify any requirements for fast-track scheduling or phased construction.)

N/A

§ 1.1.6 The Owner's anticipated Sustainable Objective for the Project:
(Identify and describe the Owner's Sustainable Objective for the Project, if any.)

N/A

§ 1.1.6.1 If the Owner identifies a Sustainable Objective, the Owner and Construction Manager shall complete and incorporate AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, into this Agreement to define the terms, conditions and services related to the Owner's Sustainable Objective. If E234–2019 is incorporated into this agreement, the Owner and Construction Manager shall incorporate the completed E234–2019 into the agreements with the consultants and contractors performing services or Work in any way associated with the Sustainable Objective.

§ 1.1.7 Other Project information:
(Identify special characteristics or needs of the Project not provided elsewhere.)

§ 1.1.8 The Owner identifies the following representative in accordance with Section 4.2:
(List name, address, and other contact information.)

Zachary Flores
Executive Director of Public Safety
City of Sherman
220 W. Mulberry Street
Sherman, TX 75091
903-892-7305
zacharyf@cityofsherman.com

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 1.1.9 The persons or entities, in addition to the Owner's representative, who are required to review the Construction Manager's submittals to the Owner are as follows:
(List name, address and other contact information.)

N/A

§ 1.1.10 The Owner shall retain the following consultants and contractors:
(List name, legal status, address, and other contact information.)

.1 Geotechnical Engineer:

To be determined

.2 Intentionally Deleted:

.3 Other, if any:
(List any other consultants retained by the Owner, such as a Project or Program Manager.)

Boundary and Topographic Survey
Construction Period Materials Testing
HVAC Test and Balance

§ 1.1.11 The Architect's representative:
(List name, address, and other contact information.)

Aaron Babcock, Principal
Hidell and Associates Architects
3033 Kellway Dr. Suite 120
Carrollton, Texas 75006
Phone: 972-416-4666

§ 1.1.12 The Construction Manager identifies the following representative in accordance with Article 3:
(List name, address, and other contact information.)

Matthew Avila
551 E. Berry Street
Fort Worth, TX 76110
mavila@tsbyrne.com

§ 1.1.13 The Owner's requirements for the Construction Manager's staffing plan for Preconstruction Services, as required under Section 3.1.9:
(List any Owner-specific requirements to be included in the staffing plan.)

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 1.1.14 The Owner's requirements for subcontractor procurement for the performance of the Work:
(List any Owner-specific requirements for subcontractor procurement.)

§ 1.1.15 Other Initial Information on which this Agreement is based:

§ 1.2 The Owner and Construction Manager may rely on the Initial Information. Both parties, however, recognize that such information may materially change and, in that event, the Owner and the Construction Manager shall appropriately adjust the Project schedule, the Construction Manager's services, and the Construction Manager's compensation. The Owner shall adjust the Owner's budget for the Guaranteed Maximum Price and the Owner's anticipated design and construction milestones, as necessary, to accommodate material changes in the Initial Information.

§ 1.3 Neither the Owner's nor the Construction Manager's representative shall be changed without ten days' prior notice to the other party.

ARTICLE 2 GENERAL PROVISIONS

§ 2.1 The Contract Documents

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement, and Modifications issued after execution of this Agreement, all of which form the Contract and are as fully a part of the Contract as if attached to this Agreement or repeated herein. Upon the Owner's acceptance of the Construction Manager's Guaranteed Maximum Price proposal, the Contract Documents will also include the documents described in Section 3.2.3 and identified in the Guaranteed Maximum Price Amendment and revisions prepared by the Architect and furnished by the Owner as described in Section 3.2.8. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. If anything in the other Contract Documents, other than a Modification, is inconsistent with this Agreement, this Agreement shall govern. An enumeration of the Contract Documents, other than a Modification, appears in Article 15.

§ 2.2 Relationship of the Parties

The Construction Manager accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to cooperate with the Architect and exercise the Construction Manager's skill and judgment in furthering the interests of the Owner to furnish efficient construction administration, management services, and supervision; to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious and economical manner consistent with the Owner's interests. The Owner agrees to furnish or approve, in a timely manner, information required by the Construction Manager and to make payments to the Construction Manager in accordance with the requirements of the Contract Documents.

§ 2.3 General Conditions

§ 2.3.1 For the Preconstruction Phase, AIA Document A201™–2017, General Conditions of the Contract for Construction, shall apply as follows: Section 1.5, Ownership and Use of Documents; Section 1.7, Digital Data Use and Transmission; Section 1.8, Building Information Model Use and Reliance; Section 2.2.4, Confidential Information; Section 3.12.10, Professional Services; Section 10.3, Hazardous Materials; Section 13.1, Governing Law. The term "Contractor" as used in A201–2017 shall mean the Construction Manager.

§ 2.3.2 For the Construction Phase, the general conditions of the contract shall be as set forth in A201–2017, which document is incorporated herein by reference. The term "Contractor" as used in A201–2017 shall mean the Construction Manager.

ARTICLE 3 CONSTRUCTION MANAGER'S RESPONSIBILITIES

The Construction Manager's Preconstruction Phase responsibilities are set forth in Sections 3.1 and 3.2, and in the applicable provisions of A201-2017 referenced in Section 2.3.1. The Construction Manager's Construction Phase responsibilities are set forth in Section 3.3. The Owner and Construction Manager may agree, in consultation with the Architect, for the Construction Phase to commence prior to completion of the Preconstruction Phase, in which case, both

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

phases will proceed concurrently. The Construction Manager shall identify a representative authorized to act on behalf of the Construction Manager with respect to the Project.

§ 3.1 Preconstruction Phase

§ 3.1.1 Extent of Responsibility

The Construction Manager shall exercise reasonable care in performing its Preconstruction Services. The Owner and Architect shall be entitled to rely on, and shall not be responsible for, the accuracy, completeness, and timeliness of services and information furnished by the Construction Manager. The Construction Manager, however, does not warrant or guarantee estimates and schedules except as may be included as part of the Guaranteed Maximum Price. The Construction Manager is not required to ascertain that the Drawings and Specifications are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Construction Manager shall promptly report in writing to the Architect and Owner any nonconformity discovered by or made known to the Construction Manager as a request for information in such form as the Architect may require.

§ 3.1.2 The Construction Manager shall provide a preliminary evaluation of the Owner's program, schedule and construction budget requirements, each in terms of the other.

§ 3.1.3 Consultation

§ 3.1.3.1 The Construction Manager shall schedule and conduct meetings with the Architect and Owner to discuss such matters as procedures, progress, coordination, and scheduling of the Work.

§ 3.1.3.2 The Construction Manager shall advise the Owner and Architect on proposed site use and improvements, selection of materials, building systems, and equipment. The Construction Manager shall also provide recommendations to the Owner and Architect, consistent with the Project requirements, on constructability; availability of materials and labor; time requirements for procurement, installation and construction; prefabrication; and factors related to construction cost including, but not limited to, costs of alternative designs or materials, preliminary budgets, life-cycle data, and possible cost reductions. The Construction Manager shall consult with the Architect regarding professional services to be provided by the Construction Manager during the Construction Phase.

§ 3.1.3.3 The Construction Manager shall assist the Owner and Architect in establishing building information modeling and digital data protocols for the Project, using AIA Document E203™–2013, Building Information Modeling and Digital Data Exhibit, to establish the protocols for the development, use, transmission, and exchange of digital data.

§ 3.1.4 Project Schedule

When Project requirements in Section 4.1.1 have been sufficiently identified, the Construction Manager shall prepare and periodically update a Project schedule for the Architect's review and the Owner's acceptance. The Construction Manager shall coordinate and integrate the Construction Manager's services, the Architect's services, other Owner consultants' services, and the Owner's responsibilities; and identify items that affect the Project's timely completion. The updated Project schedule shall include the following: submission of the Guaranteed Maximum Price proposal; components of the Work; times of commencement and completion required of each Subcontractor; ordering and delivery of products, including those that must be ordered in advance of construction; and the occupancy requirements of the Owner.

§ 3.1.5 Phased Construction

The Construction Manager, in consultation with the Architect, shall provide recommendations with regard to accelerated or fast-track scheduling, procurement, and sequencing for phased construction. The Construction Manager shall take into consideration cost reductions, cost information, constructability, provisions for temporary facilities, and procurement and construction scheduling issues.

§ 3.1.6 Cost Estimates

§ 3.1.6.1 Based on the preliminary design and other design criteria prepared by the Architect, the Construction Manager shall prepare, for the Architect's review and the Owner's approval, preliminary estimates of the Cost of the Work or the cost of program requirements using area, volume, or similar conceptual estimating techniques. If the Architect or Construction Manager suggest alternative materials and systems, the Construction Manager shall provide cost evaluations of those alternative materials and systems.

§ 3.1.6.2 As the Architect progresses with the preparation of the Schematic Design, Design Development and Construction Documents, the Construction Manager shall prepare and update, at appropriate intervals agreed to by the

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

Owner, Construction Manager and Architect, an estimate of the Cost of the Work with increasing detail and refinement. The Construction Manager shall include in the estimate those costs to allow for the further development of the design, price escalation, and market conditions, until such time as the Owner and Construction Manager agree on a Guaranteed Maximum Price for the Work. The estimate shall be provided for the Architect's review and the Owner's approval. The Construction Manager shall inform the Owner and Architect in the event that the estimate of the Cost of the Work exceeds the latest approved Project budget, and make recommendations for corrective action.

§ 3.1.6.3 If the Architect is providing cost estimating services as a Supplemental Service, and a discrepancy exists between the Construction Manager's cost estimates and the Architect's cost estimates, the Construction Manager and the Architect shall work together to reconcile the cost estimates.

§ 3.1.7 As the Architect progresses with the preparation of the Schematic Design, Design Development and Construction Documents, the Construction Manager shall consult with the Owner and Architect and make recommendations regarding constructability and schedules, for the Architect's review and the Owner's approval.

§ 3.1.8 The Construction Manager shall provide recommendations and information to the Owner and Architect regarding equipment, materials, services, and temporary Project facilities.

§ 3.1.9 The Construction Manager shall provide a staffing plan for Preconstruction Phase services for the Owner's review and approval.

§ 3.1.10 If the Owner identified a Sustainable Objective in Article 1, the Construction Manager shall fulfill its Preconstruction Phase responsibilities as required in AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, attached to this Agreement.

§ 3.1.11 Subcontractors and Suppliers

§ 3.1.11.1 If the Owner has provided requirements for subcontractor procurement in section 1.1.14, the Construction Manager shall provide a subcontracting plan, addressing the Owner's requirements, for the Owner's review and approval.

§ 3.1.11.2 The Construction Manager shall develop bidders' interest in the Project.

§ 3.1.11.3 The processes described in Article 9 shall apply if bid packages will be issued during the Preconstruction Phase.

§ 3.1.12 Procurement

The Construction Manager shall prepare, for the Architect's review and the Owner's acceptance, a procurement schedule for items that must be ordered in advance of construction. The Construction Manager shall expedite and coordinate the ordering and delivery of materials that must be ordered in advance of construction. If the Owner agrees to procure any items prior to the establishment of the Guaranteed Maximum Price, the Owner shall procure the items on terms and conditions acceptable to the Construction Manager. Upon the establishment of the Guaranteed Maximum Price, the Owner shall assign all contracts for these items to the Construction Manager and the Construction Manager shall thereafter accept responsibility for them.

§ 3.1.13 Compliance with Laws

The Construction Manager shall comply with applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities applicable to its performance under this Contract, and with equal employment opportunity programs, and other programs as may be required by governmental and quasi-governmental authorities.

§ 3.1.14 Other Preconstruction Services

Insert a description of any other Preconstruction Phase services to be provided by the Construction Manager, or reference an exhibit attached to this document

(Describe any other Preconstruction Phase services, such as providing cash flow projections, development of a project information management system, early selection or procurement of subcontractors, etc.)

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 3.2 Guaranteed Maximum Price Proposal

§ 3.2.1 At a time to be mutually agreed upon by the Owner and the Construction Manager, the Construction Manager shall prepare a Guaranteed Maximum Price proposal for the Owner's and Architect's review, and the Owner's acceptance. The Guaranteed Maximum Price in the proposal shall be the sum of the Construction Manager's estimate of the Cost of the Work, the Construction Manager's contingency described in Section 3.2.4, and the Construction Manager's Fee described in Section 6.1.2.

§ 3.2.2 To the extent that the Contract Documents are anticipated to require further development, the Guaranteed Maximum Price includes the costs attributable to such further development consistent with the Contract Documents and reasonably inferable therefrom. Such further development does not include changes in scope, systems, kinds and quality of materials, finishes, or equipment, all of which, if required, shall be incorporated by Change Order.

§ 3.2.3 The Construction Manager shall include with the Guaranteed Maximum Price proposal a written statement of its basis, which shall include the following:

.1 A list of the Drawings and Specifications, including all Addenda thereto, and the Conditions of the Contract;

.2 A list of the clarifications and assumptions made by the Construction Manager in the preparation of the Guaranteed Maximum Price proposal, including assumptions under Section 3.2.2;

.3 A statement of the proposed Guaranteed Maximum Price, including a statement of the estimated Cost of the Work organized by trade categories or systems, including allowances; the Construction Manager's contingency set forth in Section 3.2.4; and the Construction Manager's Fee;

.4 The anticipated date of Substantial Completion upon which the proposed Guaranteed Maximum Price is based; and

.5 A date by which the Owner must accept the Guaranteed Maximum Price.

§ 3.2.4 In preparing the Construction Manager's Guaranteed Maximum Price proposal, the Construction Manager shall include a contingency for the Construction Manager's exclusive use to cover those costs that are included in the Guaranteed Maximum Price but not otherwise allocated to another line item or included in a Change Order.

§ 3.2.5 The Construction Manager shall meet with the Owner and Architect to review the Guaranteed Maximum Price proposal. In the event that the Owner or Architect discover any inconsistencies or inaccuracies in the information presented, they shall promptly notify the Construction Manager, who shall make appropriate adjustments to the Guaranteed Maximum Price proposal, its basis, or both.

§ 3.2.6 If the Owner notifies the Construction Manager that the Owner has accepted the Guaranteed Maximum Price proposal in writing before the date specified in the Guaranteed Maximum Price proposal, the Guaranteed Maximum Price proposal shall be deemed effective without further acceptance from the Construction Manager. Following acceptance of a Guaranteed Maximum Price, the Owner and Construction Manager shall execute the Guaranteed Maximum Price Amendment amending this Agreement, a copy of which the Owner shall provide to the Architect. The Guaranteed Maximum Price Amendment shall set forth the agreed upon Guaranteed Maximum Price with the information and assumptions upon which it is based.

§ 3.2.7 The Construction Manager shall not incur any cost to be reimbursed as part of the Cost of the Work prior to the execution of the Guaranteed Maximum Price Amendment, unless the Owner provides prior written authorization for such costs.

§ 3.2.8 The Owner shall authorize preparation of revisions to the Contract Documents that incorporate the agreed-upon assumptions and clarifications contained in the Guaranteed Maximum Price Amendment. The Owner shall promptly furnish such revised Contract Documents to the Construction Manager. The Construction Manager shall notify the Owner and Architect of any inconsistencies between the agreed-upon assumptions and clarifications contained in the Guaranteed Maximum Price Amendment and the revised Contract Documents.

§ 3.2.9 The Construction Manager shall not include in the Guaranteed Maximum Price any taxes from which the Owner is exempt by virtue of its status as a governmental entity. In the event that the Contractor is required to pay or bear the burden of any new federal, state, or local tax, or if any rate increase of an existing tax (except a tax on net profits), as a result of any statute, court decision, written ruling, or regulation takes effect after the contract date, the Guaranteed Maximum Price shall be increased by the amount of the new tax, or tax increase.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 3.3 Construction Phase

§ 3.3.1 General

§ 3.3.1.1 For purposes of Section 8.1.2 of A201–2017, the date of commencement of the Work shall mean the date of commencement of the Construction Phase.

§ 3.3.1.2 The Construction Phase shall commence upon the Owner's execution of the Guaranteed Maximum Price Amendment or, prior to acceptance of the Guaranteed Maximum Price proposal, by written agreement of the parties. The written agreement shall set forth a description of the Work to be performed by the Construction Manager, and any insurance and bond requirements for Work performed prior to execution of the Guaranteed Maximum Price Amendment.

§ 3.3.1.3 Other than services normally associated with Construction Manager's performance of the General Conditions, Construction Manager shall not perform any portions of the Work unless it has been awarded such portion in accordance with the same procedures imposed upon all other trade contractors or subcontractors, and then, only if the Owner has determined that the Construction Manager's bid or proposed bid provides the best value for the Owner.

§ 3.3.2 Administration

§ 3.3.2.1 The Construction Manager shall schedule and conduct meetings to discuss such matters as procedures, progress, coordination, scheduling, and status of the Work. The Construction Manager shall prepare and promptly distribute minutes of the meetings to the Owner and Architect.

§ 3.3.2.2 Upon the execution of the Guaranteed Maximum Price Amendment, the Construction Manager shall prepare and submit to the Owner and Architect a construction schedule for the Work and a submittal schedule in accordance with Section 3.10 of A201–2017.

§ 3.3.2.3 Monthly Report

The Construction Manager shall record the progress of the Project. On a monthly basis, or otherwise as agreed to by the Owner, the Construction Manager shall submit written progress reports to the Owner and Architect, showing percentages of completion and other information required by the Owner.

§ 3.3.2.4 Daily Logs

The Construction Manager shall keep, and make available to the Owner and Architect, a daily log containing a record for each day of weather, portions of the Work in progress, number of workers on site, identification of equipment on site, problems that might affect progress of the work, accidents, injuries, and other information required by the Owner.

§ 3.3.2.5 Cost Control

The Construction Manager shall develop a system of cost control for the Work, including regular monitoring of actual costs for activities in progress and estimates for uncompleted tasks and proposed changes. The Construction Manager shall identify variances between actual and estimated costs and report the variances to the Owner and Architect, and shall provide this information in its monthly reports to the Owner and Architect, in accordance with Section 3.3.2.3 above.

ARTICLE 4 OWNER'S RESPONSIBILITIES

§ 4.1 Information and Services Required of the Owner

§ 4.1.1 The Owner shall provide information with reasonable promptness, regarding requirements for and limitations on the Project, including a written program which shall set forth the Owner's objectives, constraints, and criteria, including schedule, space requirements and relationships, flexibility and expandability, special equipment, systems, sustainability and site requirements.

§ 4.1.2 The Owner, upon written request from the Construction Manager, shall provide a statement that funds are available and have been authorized for the full contract amount for the construction of the Work in accordance with the requirements of Tex. Bus. and Com. Code, Section 35.521 (n)(3), if applicable. After execution of the Guaranteed Maximum Price Amendment, the Construction Manager may request such information as set forth in A201-2017 Section 2.2.

§ 4.1.3 The Owner shall establish and periodically update the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Article 7, (2) the Owner's other costs, and (3) reasonable contingencies related to all of these costs.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 4.1.4 Structural and Environmental Tests, Surveys and Reports. During the Preconstruction Phase, the Owner shall furnish the following information or services with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services. Except to the extent that the Construction Manager knows of, or with reasonable diligence should have discovered, any inaccuracy, the Construction Manager shall be entitled to rely on the accuracy of information and services furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

§ 4.1.4.1 The Owner shall provide or contract for, independently of the Construction Manager, the inspection services, the testing of construction materials engineering and the verification testing services necessary for acceptance of the Work by Owner.

§ 4.1.4.2 The Owner shall furnish surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a written legal description of the site. The surveys and legal information shall include, as applicable, grades and lines of streets, alleys, pavements and adjoining property and structures; designated wetlands; adjacent drainage; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and other necessary data with respect to existing buildings, other improvements and trees; and information concerning available utility services and lines, both public and private, above and below grade, including inverts and depths. All the information on the survey shall be referenced to a Project benchmark.

§ 4.1.4.3 The Owner, when such services are reasonably required by the Project and are requested by the Construction Manager, shall furnish services of geotechnical engineers, which may include test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

§ 4.1.5 During the Construction Phase, the Owner shall furnish information or services required of the Owner by the Contract Documents with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services.

§ 4.1.6 If the Owner identified a Sustainable Objective in Article 1, the Owner shall fulfill its responsibilities as required in AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, attached to this Agreement.

§ 4.2 Owner's Designated Representative

The Owner shall identify a representative authorized to act on behalf of the Owner with respect to the Project. The Owner's representative shall render decisions promptly and furnish information expeditiously, so as to avoid unreasonable delay in the services or Work of the Construction Manager. Except as otherwise provided in Section 4.2.1 of A201–2017, the Architect does not have such authority. The term "Owner" means the Owner or the Owner's authorized representative.

§ 4.2.1 Legal Requirements. The Owner shall furnish all legal and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests.

§ 4.3 Architect

The Owner shall retain an Architect to provide services, duties and responsibilities, including any additional services requested by the Construction Manager and approved by Owner that are necessary for the Preconstruction and Construction Phase services under this Agreement. Upon request of the Construction Manager, the Owner shall provide the Construction Manager with a copy of the scope of services in the executed agreement between the Owner and the Architect, and any further modifications to the Architect's scope of services in the agreement, from which compensation provisions may be deleted.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

ARTICLE 5 COMPENSATION AND PAYMENTS FOR PRECONSTRUCTION PHASE SERVICES

§ 5.1 Compensation

§ 5.1.1 For the Construction Manager's Preconstruction Phase services described in Sections 3.1 and 3.2, the Owner shall compensate the Construction Manager as follows:
(Insert amount of, or basis for, compensation and include a list of reimbursable cost items, as applicable.)

Compensation shall be a stipulated sum of Twenty-Five Thousand Dollars ($25,000.00).

§ 5.1.2 The hourly billing rates for Preconstruction Phase services of the Construction Manager and the Construction Manager's Consultants and Subcontractors, if any, are set forth below.
(If applicable, attach an exhibit of hourly billing rates or insert them below.)

Individual or Position	Rate

§ 5.1.2.1 Hourly billing rates for Preconstruction Phase services include all costs to be paid or incurred by the Construction Manager, as required by law or collective bargaining agreements, for taxes, insurance, contributions, assessments and benefits and, for personnel not covered by collective bargaining agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, and shall remain unchanged unless the parties execute a Modification.

§ 5.1.3 If the Preconstruction Phase services covered by this Agreement have not been completed within three hundred (300) days of the date of this Agreement, through no fault of the Construction Manager, the Construction Manager's compensation for Preconstruction Phase services shall be equitably adjusted.

§ 5.2 Payments

§ 5.2.1 Unless otherwise agreed, payments for services shall be made monthly in proportion to services performed.

§ 5.2.2 Payments are due and payable thirty (30) days from the date the Construction Manager's invoice is received by Owner. Amounts unpaid after the date on which payment is due shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the place where the Project is located.
(Insert rate of monthly or annual interest agreed upon.)

The rate of interest computed in accordance with the provisions of the Texas Government Code, Section 2251.025.

ARTICLE 6 COMPENSATION FOR CONSTRUCTION PHASE SERVICES

§ 6.1 Contract Sum

§ 6.1.1 The Owner shall pay the Construction Manager the Contract Sum in current funds for the Construction Manager's performance of the Contract after execution of the Guaranteed Maximum Price Amendment. The Contract Sum is the Cost of the Work as defined in Article 7 plus the Construction Manager's Fee.

§ 6.1.2 The Construction Manager's Fee:
(State a lump sum, percentage of Cost of the Work or other provision for determining the Construction Manager's Fee.)

The fee shall be 3.45% of the Cost of the Work.

§ 6.1.3 The method of adjustment of the Construction Manager's Fee for changes in the Work:

If both Owner and Construction Manager agree that a material change in the scope of services has occurred, the parties will agree on an equitable adjustment in the Construction Manager's Fee.

§ 6.1.4 Limitations, if any, on a Subcontractor's overhead and profit for increases in the cost of its portion of the Work:

Those limitations set forth in Section 7.5 of AIA Document A201-2017 as modified by Owner.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 6.1.5 Rental rates for Construction Manager-owned equipment shall not exceed the standard rental rate paid at the place of the Project.

§ 6.1.6 Liquidated damages, if any:
(Insert terms and conditions for liquidated damages, if any.)

Provisions are described in the A201 – 2017 v4 (06-11-2020), General Conditions of the Contract for Construction, provided by Owner, attached hereto and incorporated herein for all purposes.

§ 6.1.7 Other:
(Insert provisions for bonus, cost savings or other incentives, if any, that might result in a change to the Contract Sum.)

§ 6.2 Guaranteed Maximum Price

The Construction Manager guarantees that the Contract Sum shall not exceed the Guaranteed Maximum Price set forth in the Guaranteed Maximum Price Amendment, subject to additions and deductions by Change Order as provided in the Contract Documents. Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Construction Manager without reimbursement by the Owner.

§ 6.3 Changes in the Work

§ 6.3.1 The Owner may, without invalidating the Contract, order changes in the Work consisting of additions, deletions or other revisions. The Owner shall issue such changes in writing. The Contract Time may be adjusted as a result of changes in the Work as agreed upon in writing by Owner.

§ 6.3.1.1 The Architect may order minor changes in the Work as provided in Article 7 of AIA Document A201–2017, General Conditions of the Contract for Construction.

§ 6.3.2 Adjustments to the Guaranteed Maximum Price on account of changes in the Work subsequent to the execution of the Guaranteed Maximum Price Amendment may be determined by any of the methods listed in Article 7 of AIA Document A201–2017, General Conditions of the Contract for Construction.

§ 6.3.3 Adjustments to subcontracts awarded on the basis of a stipulated sum shall be determined in accordance with Article 7 of A201–2017, as they refer to "cost" and "fee," and not by Articles 6 and 7 of this Agreement. Adjustments to subcontracts awarded with the Owner's prior written consent on the basis of cost plus a fee shall be calculated in accordance with the terms of those subcontracts.

§ 6.3.4 In calculating adjustments to the Guaranteed Maximum Price, the terms "cost" and "costs" as used in Article 7 of AIA Document A201–2017 shall mean the Cost of the Work as defined in Article 7 of this Agreement and the term "fee" shall mean the Construction Manager's Fee as defined in Section 6.1.2 of this Agreement.

§ 6.3.5 Intentionally Deleted.

ARTICLE 7 COST OF THE WORK FOR CONSTRUCTION PHASE

§ 7.1 Costs to Be Reimbursed

§ 7.1.1 The term Cost of the Work shall mean costs necessarily incurred by the Construction Manager in the proper performance of the Work. The Cost of the Work shall include only the items set forth in Sections 7.1 through 7.7.

§ 7.1.2 Where, pursuant to the Contract Documents, any cost is subject to the Owner's prior approval, the Construction Manager shall obtain such approval in writing prior to incurring the cost.

§ 7.1.3 Costs shall be at rates not higher than the standard rates paid at the place of the Project, except with prior approval of the Owner.

§ 7.2 Labor Costs

§ 7.2.1 Wages or salaries of construction workers directly employed by the Construction Manager to perform minor work at the site or, with the Owner's prior approval, at off-site workshops.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 7.2.2 Wages or salaries of the Construction Manager's supervisory and administrative personnel when stationed at the site and performing Work, with the Owner's prior approval.

§ 7.2.2.1 Wages or salaries of the Construction Manager's supervisory and administrative personnel when performing Work and stationed at a location other than the site, but only for that portion of time required for the Work, and limited to the personnel and activities listed below:
(Identify the personnel, type of activity and, if applicable, any agreed upon percentage of time to be devoted to the Work.)

§ 7.2.3 Wages and salaries of the Construction Manager's supervisory or administrative personnel engaged at factories, workshops or while traveling, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

§ 7.2.4 Costs paid or incurred by the Construction Manager, as required by law or collective bargaining agreements, for taxes, except taxes from which the Owner is exempt by virtue of its status as a governmental entity, insurance, contributions, assessments and benefits and, for personnel not covered by collective bargaining agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Sections 7.2.1 through 7.2.3.

§ 7.2.5 If agreed rates for labor costs, in lieu of actual costs, are provided in this Agreement, the rates shall remain unchanged throughout the duration of this Agreement, unless the parties execute a Modification.

§ 7.3 Subcontract Costs
Payments made by the Construction Manager to trade contractors, Subcontractors, or the Construction Manager (for portions of the Work for which Construction Manager was selected under Section 2.3.1.3) in accordance with the requirements of the trade contracts or subcontracts and this Agreement.

§ 7.4 Costs of Materials and Equipment Incorporated in the Completed Construction
§ 7.4.1 Costs, including transportation and storage at the site, of materials and equipment incorporated, or to be incorporated, in the completed construction.

§ 7.4.2 Costs of materials described in the preceding Section 7.4.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold by the Construction Manager. Any amounts realized from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

§ 7.5 Costs of Other Materials and Equipment, Temporary Facilities and Related Items
§ 7.5.1 Costs of transportation, storage, installation, dismantling, maintenance, and removal of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site and fully consumed in the performance of the Work. Costs of materials, supplies, temporary facilities, machinery, equipment, and tools, that are not fully consumed, shall be based on the cost or value of the item at the time it is first used on the Project site less the value of the item when it is no longer used at the Project site. Costs for items not fully consumed by the Construction Manager shall mean fair market value.

§ 7.5.2 Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site, and the costs of transportation, installation, dismantling, minor repairs, and removal of such temporary facilities, machinery, equipment, and hand tools. Rates and quantities shall be subject to the Owner's prior approval. The total rental cost of any such equipment may not exceed the purchase price of any comparable item.

§ 7.5.3 Costs of removal of debris from the site of the Work and its proper and legal disposal.

§ 7.5.4 Costs of the Construction Manager's site office, including general office equipment and supplies.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 7.5.5 Costs of materials and equipment suitably stored off the site at a mutually acceptable location, subject to the Owner's prior approval.

§ 7.6 Miscellaneous Costs

§ 7.6.1 Premiums for that portion of insurance and bonds required by the Contract Documents that can be directly attributed to this Contract.

§ 7.6.1.1 Intentionally Deleted.

§ 7.6.1.2 Costs for insurance through a captive insurer owned or controlled by the Construction Manager, with the Owner's prior approval.

§ 7.6.2 Sales, use, or similar taxes, imposed by a governmental authority, that are related to the Work and for which the Construction Manager is liable, except this does not include taxes from which the Owner is exempt by virtue of its status as a governmental entity.

§ 7.6.3 Fees and assessments for the building permit, and for other permits, licenses, and inspections, for which the Construction Manager is required by the Contract Documents to pay.

§ 7.6.4 Intentionally Deleted.

§ 7.6.5 Royalties and license fees paid for the use of a particular design, process, or product, required by the Contract Documents.

§ 7.6.5.1 Intentionally Deleted.

§ 7.6.6 Costs for communications services, electronic equipment, and software, directly related to the Work and located at the site, with the Owner's prior approval.

§ 7.6.7 Reasonable costs of document reproductions and delivery charges.

§ 7.6.8 Deposits lost for causes other than the Construction Manager's negligence or failure to fulfill a specific responsibility in the Contract Documents.

§ 7.6.9 Legal and mediation costs, including attorneys' fees, other than those arising from disputes between the Owner and Construction Manager, reasonably incurred by the Construction Manager after the execution of this Agreement in the performance of the Work and with the Owner's prior approval, which shall not be unreasonably withheld.

§ 7.6.10 Intentionally Deleted.

§ 7.6.11 Intentionally Deleted.

§ 7.7 Other Costs and Emergencies

§ 7.7.1 Other costs incurred in the performance of the Work, with the Owner's prior approval.

§ 7.7.2 Costs incurred in taking action to prevent threatened damage, injury, or loss, in case of an emergency affecting the safety of persons and property, as provided in Article 10 of AIA Document A201–2017.

§ 7.7.3 Costs of repairing or correcting damaged or nonconforming Work executed by the Construction Manager, Subcontractors, or suppliers, provided that such damaged or nonconforming Work was not caused by the negligence of, or failure to fulfill a specific responsibility by, the Construction Manager, and only to the extent that the cost of repair or correction is not recovered by the Construction Manager from insurance, sureties, Subcontractors, suppliers, or others.

§ 7.7.4 The costs described in Sections 7.1 through 7.7 shall be included in the Cost of the Work, notwithstanding any provision of AIA Document A201–2017 or other Conditions of the Contract which may require the Construction Manager to pay such costs, unless such costs are excluded by the provisions of Section 7.9.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 7.8 Related Party Transactions

§ 7.8.1 For purposes of this Section 7.8, the term "related party" shall mean (1) a parent, subsidiary, affiliate, or other entity having common ownership of, or sharing common management with, the Construction Manager; (2) any entity in which any stockholder in, or management employee of, the Construction Manager holds an equity interest in excess of ten percent in the aggregate; (3) any entity which has the right to control the business or affairs of the Construction Manager; or (4) any person, or any member of the immediate family of any person, who has the right to control the business or affairs of the Construction Manager.

§ 7.8.2 If any of the costs to be reimbursed arise from a transaction between the Construction Manager and a related party, the Construction Manager shall notify the Owner of the specific nature of the contemplated transaction, including the identity of the related party and the anticipated cost to be incurred, before any such transaction is consummated or cost incurred. If the Owner, after such notification, authorizes the proposed transaction in writing, then the cost incurred shall be included as a cost to be reimbursed, and the Construction Manager shall procure the Work, equipment, goods, or service, from the related party, as a Subcontractor, according to the terms of Article 9. If the Owner fails to authorize the transaction in writing, the Construction Manager shall procure the Work, equipment, goods, or service from some person or entity other than a related party according to the terms of Article 9.

§ 7.9 Costs Not To Be Reimbursed

§ 7.9.1 The Cost of the Work shall not include the items listed below:

- **.1** Salaries and other compensation of the Construction Manager's personnel stationed at the Construction Manager's principal office or offices other than the site office, except as specifically provided in Section 7.2, or as may be provided in Article 14;
- **.2** Bonuses, profit sharing, incentive compensation, and any other discretionary payments, paid to anyone hired by the Construction Manager or paid to any Subcontractor or vendor, unless the Owner has provided prior approval;
- **.3** Expenses of the Construction Manager's principal office and offices other than the site office;
- **.4** Overhead and general expenses, except as may be expressly included in Sections 7.1 to 7.7;
- **.5** The Construction Manager's capital expenses, including interest on the Construction Manager's capital employed for the Work;
- **.6** Except as provided in Section 7.7.3 of this Agreement, costs due to the negligence of, or failure to fulfill a specific responsibility of the Contract by, the Construction Manager, Subcontractors, and suppliers, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable;
- **.7** Any cost not specifically and expressly described in Sections 7.1 to 7.7;
- **.8** Costs, other than costs included in Change Orders approved by the Owner, that would cause the Guaranteed Maximum Price to be exceeded; and
- **.9** Costs for services incurred during the Preconstruction Phase.

ARTICLE 8 DISCOUNTS, REBATES, AND REFUNDS

§ 8.1 Cash discounts obtained on payments made by the Construction Manager shall accrue to the Owner if (1) before making the payment, the Construction Manager included the amount to be paid, less such discount, in an Application for Payment and received payment from the Owner, or (2) the Owner has deposited funds with the Construction Manager with which to make payments; otherwise, cash discounts shall accrue to the Construction Manager. Trade discounts, rebates, refunds, and amounts received from sales of surplus materials and equipment shall accrue to the Owner, and the Construction Manager shall make provisions so that they can be obtained.

§ 8.2 Amounts that accrue to the Owner in accordance with the provisions of Section 8.1 shall be credited to the Owner as a deduction from the Cost of the Work.

ARTICLE 9 SUBCONTRACTS AND OTHER AGREEMENTS

§ 9.1 The Owner then has the right to review the Construction Manager's list of proposed subcontractors and suppliers in consultation with the Architect and, subject to Section 9.1.1, to object to any subcontractor or supplier. Any advice of the Architect, or approval or objection by the Owner, shall not relieve the Construction Manager of its responsibility to perform the Work in accordance with the Contract Documents. All portions of the Work, other than minor work, site clean-up, etc. ("General Conditions"), shall be performed by trade contractors or subcontractors, including Construction Manager, who have been selected using competitive bids or competitive sealed proposals in accordance with the policies and procedures approved by Owner. On all portions of the Work for which the Construction Manager does not submit a bid or proposal, the Construction Manager and the Owner shall receive and open all trade contractor and subcontractor

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

bids or proposals in a manner that does not disclose the contents of the bid or proposal during the selection process. On any portion of the Work for which the Construction Manager submits a bid or proposal, the Owner shall receive and open the trade contractors, subcontractors and Construction Manager bids or proposals, but shall not disclose the contents of the bids or proposals until the selection process therefor is completed. All bids or proposals shall be made public after the award of the contract or within seven (7) days after the date of final selection of bids or proposals, whichever is later.

The Construction Manager shall furnish to Owner and Architect for the Owner's approval prior to any public advertisement or solicitation for a portion of the Work the evaluation criteria that the Construction Manager proposes to use in recommending qualified trade contractors or subcontractors for each portion of the Work that will provide the best value for the Owner.

§ 9.1.1 When a specific subcontractor or supplier (1) is recommended to the Owner by the Construction Manager; (2) is qualified to perform that portion of the Work; (3) has submitted a bid that conforms to the requirements of the Contract Documents without reservations or exceptions, and (4) offers the best value to the Owner, but the Owner requires that another bid be accepted, then the Construction Manager may require that a Change Order be issued to adjust the Guaranteed Maximum Price by the difference between the bid of the person or entity recommended to the Owner by the Construction Manager and the amount of the subcontract or other agreement actually signed with the person or entity designated by the Owner.

§ 9.2 Subcontracts or other agreements shall conform to the applicable payment provisions of this Agreement, and shall not be awarded on the basis of cost plus a fee without the Owner's prior written approval. If a subcontract is awarded on the basis of cost plus a fee, the Construction Manager shall provide in the subcontract for the Owner to receive the same audit rights with regard to the Subcontractor as the Owner receives with regard to the Construction Manager in Article 10.

ARTICLE 10 ACCOUNTING RECORDS

The Construction Manager shall keep full and detailed records and accounts related to the Cost of the Work, and exercise such controls, as may be necessary for proper financial management under this Contract and to substantiate all costs incurred. The accounting and control systems shall be satisfactory to the Owner. The Owner and the Owner's auditors shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy, the Construction Manager's records and accounts, including complete documentation supporting accounting entries, books, job cost reports, correspondence, instructions, drawings, receipts, subcontracts, Subcontractor's proposals, Subcontractor's invoices, purchase orders, vouchers, memoranda, and other data relating to this Contract. The Construction Manager shall preserve these records for a period of three years after final payment, or for such longer period as may be required by law.

ARTICLE 11 PAYMENTS FOR CONSTRUCTION PHASE SERVICES

§ 11.1 Progress Payments

§ 11.1.1 Based upon Applications for Payment submitted to the Architect by the Construction Manager, and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum, to the Construction Manager, as provided below and elsewhere in the Contract Documents.

§ 11.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 11.1.3 Provided that an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment of the amount certified by the Architect to the Construction Manager not later than the 15th day of the next month. If an Application for Payment is received by the Architect after the application date fixed above, payment of the amount certified shall be made by the Owner not later than thirty (30) days after the Architect receives the Application for Payment.
(Federal, state or local laws may require payment within a certain period of time.)

§ 11.1.4 With each Application for Payment, the Construction Manager shall submit payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence required by the Owner or Architect to demonstrate that payments already made by the Construction Manager on account of the Cost of the Work equal or exceed progress

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

payments already received by the Construction Manager, plus payrolls for the period covered by the present Application for Payment, less that portion of the progress payments attributable to the Construction Manager's Fee.

§ 11.1.5 Each Application for Payment shall be based on the most recent schedule of values submitted by the Construction Manager in accordance with the Contract Documents. The schedule of values shall allocate the entire Guaranteed Maximum Price among: (1) the various portions of the Work; (2) any contingency for costs that are included in the Guaranteed Maximum Price but not otherwise allocated to another line item or included in a Change Order; and (3) the Construction Manager's Fee.

§ 11.1.5.1 The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Architect may require. The schedule of values shall be used as a basis for reviewing the Construction Manager's Applications for Payment.

§ 11.1.5.2 The allocation of the Guaranteed Maximum Price under this Section 11.1.5 shall not constitute a separate guaranteed maximum price for the Cost of the Work of each individual line item in the schedule of values.

§ 11.1.5.3 When the Construction Manager allocates costs from a contingency to another line item in the schedule of values, the Construction Manager shall submit supporting documentation to the Architect.

§ 11.1.6 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment. The percentage of completion shall be the lesser of (1) the percentage of that portion of the Work which has actually been completed, or (2) the percentage obtained by dividing (a) the expense that has actually been incurred by the Construction Manager on account of that portion of the Work and for which the Construction Manager has made payment or intends to make payment prior to the next Application for Payment, by (b) the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values.

§ 11.1.7 In accordance with AIA Document A201–2017 and subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

§ 11.1.7.1 The amount of each progress payment shall first include:

.1 That portion of the Guaranteed Maximum Price properly allocable to completed Work as determined by multiplying the percentage of completion of each portion of the Work by the share of the Guaranteed Maximum Price allocated to that portion of the Work in the most recent schedule of values;

.2 That portion of the Guaranteed Maximum Price properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction or, if approved in writing in advance by the Owner, suitably stored off the site at a location agreed upon in writing;

.3 That portion of Construction Change Directives that the Architect determines, in the Architect's professional judgment, to be reasonably justified; and

.4 The Construction Manager's Fee, computed upon the Cost of the Work described in the preceding Sections 11.1.7.1.1 and 11.1.7.1.2 at the rate stated in Section 6.1.2 or, if the Construction Manager's Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum fee as the Cost of the Work included in Sections 11.1.7.1.1 and 11.1.7.1.2 bears to a reasonable estimate of the probable Cost of the Work upon its completion.

§ 11.1.7.2 The amount of each progress payment shall then be reduced by:

.1 The aggregate of any amounts previously paid by the Owner;

.2 The amount, if any, for Work that remains uncorrected and for which the Architect has previously withheld a Certificate for Payment as provided in Article 9 of AIA Document A201–2017;

.3 Any amount for which the Construction Manager does not intend to pay a Subcontractor or material supplier, unless the Work has been performed by others the Construction Manager intends to pay;

.4 For Work performed or defects discovered since the last payment application, any amount for which the Architect may withhold payment, or nullify a Certificate of Payment in whole or in part, as provided in Article 9 of AIA Document A201–2017;

.5 The shortfall, if any, indicated by the Construction Manager in the documentation required by Section 11.1.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner's auditors in such documentation; and

.6 Retainage withheld pursuant to Section 11.1.8.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 11.1.8 Retainage

§ 11.1.8.1 For each progress payment made prior to Substantial Completion of the Work, the Owner may withhold the following amount, as retainage, from the payment otherwise due:
(Insert a percentage or amount to be withheld as retainage from each Application for Payment. The amount of retainage may be limited by governing law.)

Five percent (5%) of the amount of any progress payment for the Cost of Work and Construction Manager's Fee

§ 11.1.8.1.1 The following items are not subject to retainage:
(Insert any items not subject to the withholding of retainage, such as general conditions, insurance, etc.)

§ 11.1.8.2 Reduction or limitation of retainage, if any, shall be as follows:
(If the retainage established in Section 11.1.8.1 is to be modified prior to Substantial Completion of the entire Work, insert provisions for such modification.)

§ 11.1.8.3 Except as set forth in this Section 11.1.8.3, upon Substantial Completion of the Work, the Construction Manager may submit an Application for Payment that includes the retainage withheld from prior Applications for Payment pursuant to this Section 11.1.8. The Application for Payment submitted at Substantial Completion shall not include retainage as follows:
(Insert any other conditions for release of retainage, such as upon completion of the Owner's audit and reconciliation, upon Substantial Completion.)

§ 11.1.9 If final completion of the Work is materially delayed through no fault of the Construction Manager, the Owner shall pay the Construction Manager any additional amounts in accordance with Article 9 of AIA Document A201–2017.

§ 11.1.10 Except with the Owner's prior written approval, the Construction Manager shall not make advance payments to suppliers for materials or equipment which have not been delivered and suitably stored at the site.

§ 11.1.11 The Owner and the Construction Manager shall agree upon a mutually acceptable procedure for review and approval of payments to Subcontractors. All subcontracts shall provide for a five percent (5%) retainage unless otherwise agreed in writing by Owner. The Construction Manager shall execute subcontracts in accordance with those agreements.

§ 11.1.12 In taking action on the Construction Manager's Applications for Payment the Architect shall be entitled to rely on the accuracy and completeness of the information furnished by the Construction Manager, and such action shall not be deemed to be a representation that (1) the Architect has made a detailed examination, audit, or arithmetic verification, of the documentation submitted in accordance with Section 11.1.4 or other supporting data; (2) that the Architect has made exhaustive or continuous on-site inspections; or (3) that the Architect has made examinations to ascertain how or for what purposes the Construction Manager has used amounts previously paid on account of the Contract. Such examinations, audits, and verifications, if required by the Owner, will be performed by the Owner's auditors acting in the sole interest of the Owner.

§ 11.2 Final Payment

§ 11.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Construction Manager when

- **.1** the Construction Manager has fully performed the Contract, except for the Construction Manager's responsibility to correct Work as provided in Article 12 of AIA Document A201–2017, and to satisfy other requirements, if any, which extend beyond final payment;
- **.2** the Construction Manager has submitted a final accounting for the Cost of the Work and a final Application for Payment; and
- **.3** a final Certificate for Payment has been issued by the Architect in accordance with Section 11.2.2.2.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 11.2.2 Within 30 days of the Owner's receipt of the Construction Manager's final accounting for the Cost of the Work, the Owner shall conduct an audit of the Cost of the Work or notify the Architect that it will not conduct an audit.

§ 11.2.2.1 If the Owner conducts an audit of the Cost of the Work, the Owner shall, within 10 days after completion of the audit, submit a written report based upon the auditors' findings to the Architect.

§ 11.2.2.2 Within seven days after receipt of the written report described in Section 11.2.2.1, or receipt of notice that the Owner will not conduct an audit, and provided that the other conditions of Section 11.2.1 have been met, the Architect will either issue to the Owner a final Certificate for Payment with a copy to the Construction Manager, or notify the Construction Manager and Owner in writing of the Architect's reasons for withholding a certificate as provided in Article 9 of AIA Document A201–2017. The time periods stated in this Section 11.2.2 supersede those stated in Article 9 of AIA Document A201–2017. The Architect is not responsible for verifying the accuracy of the Construction Manager's final accounting.

§ 11.2.2.3 If the Owner's auditors' report concludes that the Cost of the Work, as substantiated by the Construction Manager's final accounting, is less than claimed by the Construction Manager, the Construction Manager shall be entitled to proceed in accordance with Article 12 without a further decision of the Architect. Pending a final resolution of the disputed amount, the Owner shall pay the Construction Manager the amount certified in the Architect's final Certificate for Payment.

§ 11.2.3 The Owner's final payment to the Construction Manager shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment as follows:

The Construction Manager shall certify to the Owner that the facility, to the best of his knowledge, has been constructed in accordance with the Architect's construction documents. The certification shall be in a form which is acceptable to the Owner and Construction Manager.

§ 11.2.4 If, subsequent to final payment, and at the Owner's request, the Construction Manager incurs costs, described in Sections 7.1 through 7.7, and not excluded by Section 7.9, to correct defective or nonconforming Work, the Owner shall reimburse the Construction Manager for such costs, and the Construction Manager's Fee applicable thereto, on the same basis as if such costs had been incurred prior to final payment, but not in excess of the Guaranteed Maximum Price.

§ 11.3 Interest

Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.
(Insert rate of interest agreed upon, if any.)

The rate of interest computed in accordance with the provisions of the Texas Government Code, Section 2251.025.

ARTICLE 12 DISPUTE RESOLUTION

§ 12.1 Initial Decision Maker

§ 12.1.1 Any Claim between the Owner and Construction Manager shall be resolved in accordance with the provisions set forth in this Article 12 and Article 15 of A201–2017.

§ 12.1.2 The Owner will serve as the Initial Decision Maker.
(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Owner.)

§ 12.2 Binding Dispute Resolution

For any Claim subject to, but not resolved by mediation pursuant to Article 15 of AIA Document A201–2017, the method of binding dispute resolution shall be as follows:

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

(Check the appropriate box.)

[ ] Arbitration pursuant to Article 15 of AIA Document A201–2017

[X] Litigation in a court of competent jurisdiction

[ ] Other: *(Specify)*

If the Owner and Construction Manager do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.

ARTICLE 13 TERMINATION OR SUSPENSION

§ 13.1 Termination Prior to Execution of the Guaranteed Maximum Price Amendment

§ 13.1.1 If the Owner and the Construction Manager do not reach an agreement on the Guaranteed Maximum Price, the Owner may terminate this Agreement upon not less than seven days' written notice to the Construction Manager, and the Construction Manager may terminate this Agreement, upon not less than seven days' written notice to the Owner.

§ 13.1.2 In the event of termination of this Agreement pursuant to Section 13.1.1, the Construction Manager shall be compensated for Preconstruction Phase services and Work performed prior to receipt of a notice of termination, in accordance with the terms of this Agreement. In no event shall the Construction Manager's compensation under this Section exceed the compensation set forth in Section 5.1.

§ 13.1.3 Prior to the execution of the Guaranteed Maximum Price Amendment, the Owner may terminate this Agreement upon not less than seven days' written notice to the Construction Manager for the Owner's convenience and without cause, and the Construction Manager may terminate this Agreement, upon not less than seven days' written notice to the Owner, for the reasons set forth in Article 14 of A201–2017.

§ 13.1.4 In the event of termination of this Agreement pursuant to Section 13.1.3, the Construction Manager shall be equitably compensated for Preconstruction Phase services and Work performed prior to receipt of a notice of termination. In no event shall the Construction Manager's compensation under this Section exceed the compensation set forth in Section 5.1.

§ 13.1.5 If the Owner terminates the Contract pursuant to Section 13.1.3 after the commencement of the Construction Phase but prior to the execution of the Guaranteed Maximum Price Amendment, the Owner shall pay to the Construction Manager an amount calculated as follows, which amount shall be in addition to any compensation paid to the Construction Manager under Section 13.1.4:

.1 Take the Cost of the Work incurred by the Construction Manager to the date of termination;

.2 Add the Construction Manager's Fee computed upon the Cost of the Work to the date of termination at the rate stated in Section 6.1 or, if the Construction Manager's Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion; and

.3 Subtract the aggregate of previous payments made by the Owner for Construction Phase services.

§ 13.1.6 The Owner shall also pay the Construction Manager fair compensation, either by purchase or rental at the election of the Owner, for any equipment owned by the Construction Manager that the Owner elects to retain and that is not otherwise included in the Cost of the Work under Section 13.1.5.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Construction Manager shall, as a condition of receiving the payments referred to in this Article 13, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Construction Manager, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Construction Manager under such subcontracts or purchase orders. All Subcontracts, purchase orders and rental agreements entered into by the Construction Manager will contain provisions allowing for assignment to the Owner as described above.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 13.1.6.1 If the Owner accepts assignment of subcontracts, purchase orders or rental agreements as described above, the Owner will reimburse the Construction Manager for all costs arising under the subcontract, purchase order or rental agreement, if those costs would have been reimbursable as Cost of the Work if the contract had not been terminated. If the Owner chooses not to accept assignment of any subcontract, purchase order or rental agreement that would have constituted a Cost of the Work had this agreement not been terminated, the Construction Manager will terminate the subcontract, purchase order or rental agreement and the Owner will pay the Construction Manager the costs which would have been reimbursable as Cost of Work.

§ 13.2 Termination or Suspension Following Execution of the Guaranteed Maximum Price Amendment

§ 13.2.1 Termination

The Contract may be terminated by the Owner or the Construction Manager as provided in Article 14 of AIA Document A201–2017.

§ 13.2.2 Termination by the Owner for Cause

§ 13.2.2.1 If the Owner terminates the Contract for cause as provided in Article 14 of AIA Document A201–2017, the amount, if any, to be paid to the Construction Manager under Article 14 of AIA Document A201–2017 shall not cause the Guaranteed Maximum Price to be exceeded, nor shall it exceed an amount calculated as follows:

.1 Take the Cost of the Work incurred by the Construction Manager to the date of termination;

.2 Add the Construction Manager's Fee, computed upon the Cost of the Work to the date of termination at the rate stated in Section 6.1 or, if the Construction Manager' Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion;

.3 Subtract the aggregate of previous payments made by the Owner; and

.4 Subtract the costs and damages incurred, or to be incurred, by the Owner under Article 14 of AIA Document A201–2017.

§ 13.2.2.2 The Owner shall also pay the Construction Manager fair compensation, either by purchase or rental at the election of the Owner, for any equipment owned by the Construction Manager that the Owner elects to retain and that is not otherwise included in the Cost of the Work under Section 13.2.2.1.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Construction Manager shall, as a condition of receiving the payments referred to in this Article 13, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Construction Manager, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Construction Manager under such subcontracts or purchase orders.

§ 13.2.3 Termination by the Owner for Convenience

If the Owner terminates the Contract for convenience in accordance with Article 14 of AIA Document A201–2017, then the Owner shall pay the Construction Manager a termination fee as follows:

(Insert the amount of or method for determining the fee, if any, payable to the Construction Manager following a termination for the Owner's convenience.)

§ 13.3 Suspension

The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2017.

ARTICLE 14 MISCELLANEOUS PROVISIONS

§ 14.1 Terms in this Agreement shall have the same meaning as those in A201–2017. Where reference is made in this Agreement to a provision of AIA Document A201–2017 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 14.2 Successors and Assigns

§ 14.2.1 The Owner and Construction Manager, respectively, bind themselves, their partners, successors, assigns and legal representatives to covenants, agreements, and obligations contained in the Contract Documents. Except as provided in Section 14.2.2 of this Agreement, and in Section 13.2.2 of A201–2017, neither party to the Contract shall assign the Contract as a whole without written consent of the other. If either party attempts to make an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Contract.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 14.2.2 The Owner may, without consent of the Construction Manager, assign the Contract to a lender providing construction financing for the Project, if the lender assumes the Owner's rights and obligations under the Contract Documents. The Construction Manager shall execute all consents reasonably required to facilitate the assignment.

§ 14.3 Insurance and Bonds

§ 14.3.1 Preconstruction Phase

The Construction Manager shall maintain the following insurance for the duration of the Preconstruction Services performed under this Agreement. If any of the requirements set forth below exceed the types and limits the Construction Manager normally maintains, the Owner shall reimburse the Construction Manager for any additional cost.

§ 14.3.1.1 Commercial General Liability with policy limits of not less than one million dollars ($ 1,000,000.00) for each occurrence and two million dollars ($ 2,000,000.00) in the aggregate for bodily injury and property damage.

§ 14.3.1.2 Automobile Liability covering vehicles owned, and non-owned vehicles used, by the Construction Manager with policy limits of not less than one million dollars ($ 1,000,000.00) per accident for bodily injury, death of any person, and property damage arising out of the ownership, maintenance and use of those motor vehicles, along with any other statutorily required automobile coverage.

§ 14.3.1.3 The Construction Manager may achieve the required limits and coverage for Commercial General Liability and Automobile Liability through a combination of primary and excess or umbrella liability insurance, provided that such primary and excess or umbrella liability insurance policies result in the same or greater coverage as the coverages required under Sections 14.3.1.1 and 14.3.1.2, and in no event shall any excess or umbrella liability insurance provide narrower coverage than the primary policy. The excess policy shall not require the exhaustion of the underlying limits only through the actual payment by the underlying insurers.

§ 14.3.1.4 Workers' Compensation at statutory limits and Employers Liability with policy limits not less than five hundred thousand dollars ($ 500,000.00) each accident, five hundred thousand dollars ($ 500,000.00) each employee, and five hundred thousand ($ 500,000.00) policy limit.

§ 14.3.1.5 Professional Liability covering negligent acts, errors and omissions in the performance of professional services, with policy limits of not less than one million dollars ($ 1,000,000.00) per claim and two million dollars ($ 2,000,000.00) in the aggregate.

§ 14.3.1.6 Other Insurance

(List below any other insurance coverage to be provided by the Construction Manager and any applicable limits.)

Coverage	Limits

§ 14.3.1.7 Additional Insured Obligations. To the fullest extent permitted by law, the Construction Manager shall cause the primary and excess or umbrella polices for Commercial General Liability and Automobile Liability to include the Owner as an additional insured for claims caused in whole or in part by the Construction Manager's negligent acts or omissions. The additional insured coverage shall be primary and non-contributory to any of the Owner's insurance policies and shall apply to both ongoing and completed operations.

§ 14.3.1.8 The Construction Manager shall provide certificates of insurance to the Owner that evidence compliance with the requirements in this Section 14.3.1.

§ 14.3.2 Construction Phase

After execution of the Guaranteed Maximum Price Amendment, the Owner and the Construction Manager shall purchase and maintain insurance as set forth in AIA Document A133™–2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price, Exhibit B, Insurance and Bonds, and elsewhere in the Contract Documents.

§ 14.3.2.1 The Construction Manager shall provide bonds as set forth in AIA Document A133™–2019 Exhibit B, and elsewhere in the Contract Documents.

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 14.4 Notice in electronic format, pursuant to Article 1 of AIA Document A201–2017, may be given in accordance with AIA Document E203™–2013, Building Information Modeling and Digital Data Exhibit, if completed, or as otherwise set forth below:
(If other than in accordance with AIA Document E203–2013, insert requirements for delivering notice in electronic format such as name, title, and email address of the recipient and whether and how the system will be required to generate a read receipt for the transmission.)

§ 14.5 Other provisions:

In accordance with Texas Government Code, Chapter 2270, the undersigned avers that it does not boycott Israel and will not boycott Israel during the term of this Agreement.

ARTICLE 15 SCOPE OF THE AGREEMENT

§ 15.1 This Agreement represents the entire and integrated agreement between the Owner and the Construction Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Construction Manager.

§ 15.2 The following documents comprise the Agreement:

.1 This AIA Document A133™–2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price

.2 AIA Document A133™-2019, Exhibit A, Guaranteed Maximum Price Amendment, if executed

.3 AIA Document A133™–2019, Exhibit B, Insurance and Bonds, as modified and provided by Owner.

.4 AIA Document A201™–2017 v4 (06-11-2020), General Conditions of the Contract for Construction, as modified and provided by Owner.

.5 AIA Document E203™–2013, Building Information Modeling and Digital Data Exhibit, dated as indicated below:
(Insert the date of the E203-2013 incorporated into this Agreement.)

.6 Other Exhibits:
(Check all boxes that apply.)

[**N/A**] AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, dated as indicated below:
(Insert the date of the E234-2019 incorporated into this Agreement.)

[**NONE**] Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages

.7 Other documents, if any, listed below:
(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201–2017 provides that the advertisement or invitation to bid, Instructions to Bidders, sample forms, the Construction Manager's bid or proposal, portions of Addenda relating to bidding or proposal requirements, and other information furnished by the Owner in anticipation of receiving bids or proposals, are not part of the Contract Documents unless enumerated in this Agreement. Any such documents should be listed here only if intended to be part of the Contract Documents.)

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

This Agreement is entered into as of the day and year first written above.

CITY OF SHERMAN, TEXAS, a Texas home-rule municipality	**THOS. S. BYRNE, INC.**
By:	**BY:**
OWNER *(Signature)*	**CONSTRUCTION MANAGER** *(Signature)*
Robby Hefton, City Manager	Matthew Avila
(Printed name and title)	Its: _____
	(Printed name and title)

AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

Additions and Deletions Report for

AIA® Document A133® – 2019

This Additions and Deletions Report, as defined on page 1 of the associated document, reproduces below all text the author has added to the standard form AIA document in order to complete it, as well as any text the author may have added to or deleted from the original AIA text. Added text is shown underlined. Deleted text is indicated with a horizontal line through the original AIA text.

Note: This Additions and Deletions Report is provided for information purposes only and is not incorporated into or constitute any part of the associated AIA document. This Additions and Deletions Report and its associated document were generated simultaneously by AIA software at 14:09:12 CT on 03/28/2023.

PAGE 1

A133 v1 (07-21-2020)

AGREEMENT made as of the ____day of _____in the year Two Thousand Twenty-Three (2023).

...

City of Sherman
220 W. Mulberry Street
Sherman, TX 75090
903-892-7208

...

Thos. S. Byrne, Inc. dba Byrne Construction Services
551 E. Berry Street
Ft. Worth, TX 76110

...

ARBH File No. 6262.0021 City of Sherman/Renovation and Expansion of Sherman Fire Station No. 1
Fire Station No. 1
318 S. Travis Street
Sherman, Texas 75090

The goal of the renovation and expansion is to reconfigure the fire house to accommodate 10 crew, and a Battalion Chief, utilizing the existing bay configuration for apparatus storage. The facility will be renovated to include all required support spaces to promote health transitions from equipment to living quarters. The exterior façade shall be as required to achieve a cohesive design. The facility will be a single-story structure with approximately 10,800 sf of area under roof.

...

Hidell and Associates Architects
3033 Kellway Dr. Suite 120
Carrollton, Texas 75006
Phone: 972-416-4666

PAGE 3

Shall be developed as part of the basic scope of services.

...

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are registered trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

Renovation and Addition of the existing single story facility.

PAGE 4

The Owner's overall budget for the Cost of the Work is Four Million Dollars (4,000,000.00), excluding the Architect's fee.

...

1. Design Phase – Approx. 20 Weeks
2. Bidding / Permit – Approx. 6 Weeks
3. Construction Phase – Approx. 50 Weeks

...

The date of commencement of construction shall be established by a Notice to Proceed issued by Owner.

...

To be Determined.

...

N/A

...

N/A

...

Zachary Flores
Executive Director of Public Safety
City of Sherman
220 W. Mulberry Street
Sherman, TX 75091
903-892-7305
zacharyf@cityofsherman.com

PAGE 5

N/A

...

To be determined

...

.2 ~~Civil Engineer:~~Intentionally Deleted:

...

Boundary and Topographic Survey
Construction Period Materials Testing
HVAC Test and Balance

...

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

Aaron Babcock, Principal
Hidell and Associates Architects
3033 Kellway Dr. Suite 120
Carrollton, Texas 75006
Phone: 972-416-4666

...

Matthew Avila
551 E. Berry Street
Fort Worth, TX 76110
mavila@tsbyrne.com
PAGE 7

The Construction Manager shall exercise reasonable care in performing its Preconstruction Services. The Owner and Architect shall be entitled to rely on, and shall not be responsible for, the accuracy, completeness, and timeliness of services and information furnished by the Construction Manager. The Construction Manager, however, does not warrant or guarantee estimates and schedules except as may be included as part of the Guaranteed Maximum Price. The Construction Manager is not required to ascertain that the Drawings and Specifications are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Construction Manager shall promptly report in writing to the Architect and Owner any nonconformity discovered by or made known to the Construction Manager as a request for information in such form as the Architect may require.

...

When Project requirements in Section 4.1.1 have been sufficiently identified, the Construction Manager shall prepare and periodically update a Project schedule for the Architect's review and the Owner's acceptance. The Construction Manager shall ~~obtain the Architect's approval for the portion of the Project schedule relating to the performance of the Architect's services. The Project schedule shall~~ coordinate and integrate the Construction Manager's services, the Architect's services, other Owner consultants' services, and the Owner's responsibilities; and identify items that affect the Project's timely completion. The updated Project schedule shall include the following: submission of the Guaranteed Maximum Price proposal; components of the Work; times of commencement and completion required of each Subcontractor; ordering and delivery of products, including those that must be ordered in advance of construction; and the occupancy requirements of the Owner.

...

§ 3.1.6.1 Based on the preliminary design and other design criteria prepared by the Architect, the Construction Manager shall prepare, for the Architect's review and the Owner's approval, preliminary estimates of the Cost of the Work or the cost of program requirements using area, volume, or similar conceptual estimating techniques. If the Architect or Construction Manager ~~suggests~~ suggest alternative materials and systems, the Construction Manager shall provide cost evaluations of those alternative materials and systems.
PAGE 9

§ 3.2.9 The Construction Manager shall not include in the Guaranteed Maximum Price ~~all sales, consumer, use and similar taxes for the Work provided by the Construction Manager that are legally enacted, whether or not yet effective, at the time the Guaranteed Maximum Price Amendment is executed.~~any taxes from which the Owner is exempt by virtue of its status as a governmental entity. In the event that the Contractor is required to pay or bear the burden of any new federal, state, or local tax, or if any rate increase of an existing tax (except a tax on net profits), as a result of any statute, court decision, written ruling, or regulation takes effect after the contract date, the Guaranteed Maximum Price shall be increased by the amount of the new tax, or tax increase.
PAGE 10

§ 3.3.1.3 Other than services normally associated with Construction Manager's performance of the General Conditions, Construction Manager shall not perform any portions of the Work unless it has been awarded such portion

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

in accordance with the same procedures imposed upon all other trade contractors or subcontractors, and then, only if the Owner has determined that the Construction Manager's bid or proposed bid provides the best value for the Owner.

...

§ 4.1.2 ~~Prior to the execution of the Guaranteed Maximum Price Amendment, the Construction Manager may request in writing that the Owner provide reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Contract.~~ The Owner, upon written request from the Construction Manager, shall provide a statement that funds are available and have been authorized for the full contract amount for the construction of the Work in accordance with the requirements of Tex. Bus. and Com. Code, Section 35.521 (n)(3), if applicable. After execution of the Guaranteed Maximum Price Amendment, the Construction Manager may request such information as set forth in A201-2017 Section 2.2.

§ 4.1.3 The Owner shall establish and periodically update the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Article 7, (2) the Owner's other costs, and (3) reasonable contingencies related to all of these costs.~~If the Owner significantly increases or decreases the Owner's budget for the Cost of the Work, the Owner shall notify the Construction Manager and Architect. The Owner and the Architect, in consultation with the Construction Manager, shall thereafter agree to a corresponding change in the Project's scope and quality.~~

§ 4.1.4 Structural and Environmental Tests, Surveys and Reports. During the Preconstruction Phase, the Owner shall furnish the following information or services with reasonable promptness. The Owner shall also furnish any other information or services under the Owner's control and relevant to the Construction Manager's performance of the Work with reasonable promptness after receiving the Construction Manager's written request for such information or services. ~~The~~ Except to the extent that the Construction Manager knows of, or with reasonable diligence should have discovered, any inaccuracy, the Construction Manager shall be entitled to rely on the accuracy of information and services furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

§ 4.1.4.1 The Owner shall ~~furnish tests, inspections, and reports, required by law and as otherwise agreed to by the parties, such as structural, mechanical, and chemical tests, tests for air and water pollution, and tests for hazardous materials.~~provide or contract for, independently of the Construction Manager, the inspection services, the testing of construction materials engineering and the verification testing services necessary for acceptance of the Work by Owner.

PAGE 11

§ 4.1.4.3 The Owner, when such services are ~~requested,~~ reasonably required by the Project and are requested by the Construction Manager, shall furnish services of geotechnical engineers, which may include test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

...

§ 4.2.1 Legal Requirements. The Owner shall furnish all ~~legal, insurance~~ legal and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests.

...

The Owner shall retain an Architect to provide services, duties and ~~responsibilities as described in AIA Document B133™–2019, Standard Form of Agreement Between Owner and Architect, Construction Manager as Constructor Edition,~~ responsibilities, including any additional services requested by the Construction Manager and approved by Owner that are necessary for the Preconstruction and Construction Phase services under this Agreement. ~~The~~ Upon request of the Construction Manager, the Owner shall provide the Construction Manager with a copy of the scope of services in the executed agreement between the Owner and the Architect, and any further modifications to the Architect's scope of services in the ~~agreement.~~agreement, from which compensation provisions may be deleted.

PAGE 12

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

Compensation shall be a stipulated sum of Twenty-Five Thousand Dollars ($25,000.00).

...

§ 5.1.3 If the Preconstruction Phase services covered by this Agreement have not been completed within ~~( ) months~~ three hundred (300) days of the date of this Agreement, through no fault of the Construction Manager, the Construction Manager's compensation for Preconstruction Phase services shall be equitably adjusted.

...

§ 5.2.2 Payments are due and payable ~~upon presentation of the Construction Manager's invoice. Amounts unpaid ( ) days after the invoice date~~ thirty (30) days from the date the Construction Manager's invoice is received by Owner. Amounts unpaid after the date on which payment is due shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the ~~principal place of business of the Construction Manager.~~place where the Project is located.

...

~~% of~~ The rate of interest computed in accordance with the provisions of the Texas Government Code, Section 2251.025.

...

The fee shall be 3.45% of the Cost of the Work.

...

If both Owner and Construction Manager agree that a material change in the scope of services has occurred, the parties will agree on an equitable adjustment in the Construction Manager's Fee.

...

Those limitations set forth in Section 7.5 of AIA Document A201-2017 as modified by Owner.

§ 6.1.5 Rental rates for Construction Manager-owned equipment shall not exceed ~~percent (%) of~~ the standard rental rate paid at the place of the Project.

PAGE 13

Provisions are described in the A201 – 2017 v4 (06-11-2020), General Conditions of the Contract for Construction, provided by Owner, attached hereto and incorporated herein for all purposes.

...

§ 6.3.1 The Owner may, without invalidating the Contract, order changes in the Work ~~within the general scope of the Contract~~ consisting of additions, deletions or other revisions. The Owner shall issue such changes in writing. The ~~Construction Manager may be entitled to an equitable adjustment in the Contract Time~~ Contract Time may be adjusted as a result of changes in the ~~Work.~~Work as agreed upon in writing by Owner.

...

§ 6.3.5 ~~If no specific provision is made in Section 6.1.3 for adjustment of the Construction Manager's Fee in the case of changes in the Work, or if the extent of such changes is such, in the aggregate, that application of the adjustment provisions of Section 6.1.3 will cause substantial inequity to the Owner or Construction Manager, the Construction Manager's Fee shall be equitably adjusted on the same basis that was used to establish the Fee for the original Work, and the Guaranteed Maximum Price shall be adjusted accordingly.~~Intentionally Deleted.

...

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

§ 7.2.1 Wages or salaries of construction workers directly employed by the Construction Manager to perform ~~the construction of the Work~~ minor work at the site or, with the Owner's prior approval, at off-site workshops.
PAGE 14

§ 7.2.4 Costs paid or incurred by the Construction Manager, as required by law or collective bargaining agreements, for taxes, except taxes from which the Owner is exempt by virtue of its status as a governmental entity, insurance, contributions, assessments and benefits and, for personnel not covered by collective bargaining agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Sections 7.2.1 through 7.2.3.

...

Payments made by the Construction Manager to ~~Subcontractors~~ trade contractors, Subcontractors, or the Construction Manager (for portions of the Work for which Construction Manager was selected under Section 2.3.1.3) in accordance with the requirements of the trade contracts or subcontracts and this Agreement.

...

§ 7.5.2 Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by the Construction Manager at the site, and the costs of transportation, installation, dismantling, minor repairs, and removal of such temporary facilities, machinery, equipment, and hand tools. Rates and quantities ~~of equipment owned by the Construction Manager, or a related party as defined in Section 7.8,~~ shall be subject to the Owner's prior approval. The total rental cost of any such equipment may not exceed the purchase price of any comparable item.
PAGE 15

§ 7.6.1.1 ~~Costs for self-insurance, for either full or partial amounts of the coverages required by the Contract Documents, with the Owner's prior approval.~~Intentionally Deleted.

...

§ 7.6.2 Sales, use, or similar taxes, imposed by a governmental authority, that are related to the Work and for which the Construction Manager is ~~liable.~~liable, except this does not include taxes from which the Owner is exempt by virtue of its status as a governmental entity.

...

§ 7.6.4 ~~Fees of laboratories for tests required by the Contract Documents; except those related to defective or nonconforming Work for which reimbursement is excluded under Article 13 of AIA Document A201–2017 or by other provisions of the Contract Documents, and which do not fall within the scope of Section 7.7.3.~~Intentionally Deleted.

...

§ 7.6.5.1 ~~The cost of defending suits or claims for infringement of patent rights arising from requirements of the Contract Documents, payments made in accordance with legal judgments against the Construction Manager resulting from such suits or claims, and payments of settlements made with the Owner's consent, unless the Construction Manager had reason to believe that the required design, process, or product was an infringement of a copyright or a patent, and the Construction Manager failed to promptly furnish such information to the Architect as required by Article 3 of AIA Document A201–2017. The costs of legal defenses, judgments, and settlements shall not be included in the Cost of the Work used to calculate the Construction Manager's Fee or subject to the Guaranteed Maximum Price.~~Intentionally Deleted.

...

§ 7.6.7 ~~Costs~~ Reasonable costs of document reproductions and delivery charges.

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

...

§ 7.6.9 ~~Legal, mediation and arbitration~~ Legal and mediation costs, including attorneys' fees, other than those arising from disputes between the Owner and Construction Manager, reasonably incurred by the Construction Manager after the execution of this Agreement in the performance of the Work and with the Owner's prior approval, which shall not be unreasonably withheld.

§ 7.6.10 ~~Expenses incurred in accordance with the Construction Manager's standard written personnel policy for relocation and temporary living allowances of the Construction Manager's personnel required for the Work, with the Owner's prior approval.~~Intentionally Deleted.

§ 7.6.11 ~~That portion of the reasonable expenses of the Construction Manager's supervisory or administrative personnel incurred while traveling in discharge of duties connected with the Work.~~Intentionally Deleted.

PAGE 16

§ 9.1 ~~Those portions of the Work that the Construction Manager does not customarily perform with the Construction Manager's own personnel shall be performed under subcontracts or other appropriate agreements with the Construction Manager. The Owner may designate specific persons from whom, or entities from which, the Construction Manager shall obtain bids. The Construction Manager shall obtain bids from Subcontractors, and from suppliers of materials or equipment fabricated especially for the Work, who are qualified to perform that portion of the Work in accordance with the requirements of the Contract Documents.~~ The ~~Construction Manager shall deliver such bids to the Architect and~~ Owner ~~with an indication as to which bids the Construction Manager intends to accept. The Owner~~ then has the right to review the Construction Manager's list of proposed subcontractors and suppliers in consultation with the Architect and, subject to Section 9.1.1, to object to any subcontractor or supplier. Any advice of the Architect, or approval or objection by the Owner, shall not relieve the Construction Manager of its responsibility to perform the Work in accordance with the Contract Documents. ~~The Construction Manager shall not be required to contract with anyone to whom the Construction Manager has reasonable objection.~~All portions of the Work, other than minor work, site clean-up, etc. ("General Conditions"), shall be performed by trade contractors or subcontractors, including Construction Manager, who have been selected using competitive bids or competitive sealed proposals in accordance with the policies and procedures approved by Owner. On all portions of the Work for which the Construction Manager does not submit a bid or proposal, the Construction Manager and the Owner shall receive and open all trade contractor and subcontractor bids or proposals in a manner that does not disclose the contents of the bid or proposal during the selection process. On any portion of the Work for which the Construction Manager submits a bid or proposal, the Owner shall receive and open the trade contractors, subcontractors and Construction Manager bids or proposals, but shall not disclose the contents of the bids or proposals until the selection process therefor is completed. All bids or proposals shall be made public after the award of the contract or within seven (7) days after the date of final selection of bids or proposals, whichever is later.

The Construction Manager shall furnish to Owner and Architect for the Owner's approval prior to any public advertisement or solicitation for a portion of the Work the evaluation criteria that the Construction Manager proposes to use in recommending qualified trade contractors or subcontractors for each portion of the Work that will provide the best value for the Owner.

§ 9.1.1 When a specific subcontractor or supplier (1) is recommended to the Owner by the Construction Manager; (2) is qualified to perform that portion of the Work; ~~and~~ (3) has submitted a bid that conforms to the requirements of the Contract Documents without reservations or exceptions, and (4) offers the best value to the Owner, but the Owner requires that another bid be accepted, then the Construction Manager may require that a Change Order be issued to adjust the Guaranteed Maximum Price by the difference between the bid of the person or entity recommended to the Owner by the Construction Manager and the amount of the subcontract or other agreement actually signed with the person or entity designated by the Owner.

PAGE 17

§ 11.1.3 Provided that an Application for Payment is received by the Architect not later than the 25th day of a month, the Owner shall make payment of the amount certified by the Architect to the Construction Manager not later than the 15th day of the next month. If an Application for Payment is received by the Architect after the application date fixed

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

above, payment of the amount certified shall be made by the Owner not later than thirty (30) days after the Architect receives the Application for Payment.

PAGE 19

Five percent (5%) of the amount of any progress payment for the Cost of Work and Construction Manager's Fee

...

§ 11.1.11 The Owner and the Construction Manager shall agree upon a mutually acceptable procedure for review and approval of payments to ~~Subcontractors, and the percentage of retainage held on Subcontracts, and the~~ Subcontractors. All subcontracts shall provide for a five percent (5%) retainage unless otherwise agreed in writing by Owner. The Construction Manager shall execute subcontracts in accordance with those agreements.

PAGE 20

§ 11.2.2.3 If the Owner's auditors' report concludes that the Cost of the Work, as substantiated by the Construction Manager's final accounting, is less than claimed by the Construction Manager, the Construction Manager shall be entitled to ~~request mediation of the disputed amount without seeking an initial decision pursuant to Article 15 of AIA Document A201–2017. A request for mediation shall be made by the Construction Manager within 30 days after the Construction Manager's receipt of a copy of the Architect's final Certificate for Payment. Failure to request mediation within this 30-day period shall result in the substantiated amount reported by the Owner's auditors becoming binding on the Construction Manager.~~ proceed in accordance with Article 12 without a further decision of the Architect. Pending a final resolution of the disputed amount, the Owner shall pay the Construction Manager the amount certified in the Architect's final Certificate for Payment.

§ 11.2.3 The Owner's final payment to the Construction Manager shall be made no later than 30 days after the issuance of the Architect's final Certificate for ~~Payment, or~~ Payment as follows:

The Construction Manager shall certify to the Owner that the facility, to the best of his knowledge, has been constructed in accordance with the Architect's construction documents. The certification shall be in a form which is acceptable to the Owner and Construction Manager.

§ 11.2.4 If, subsequent to final payment, and at the Owner's request, the Construction Manager incurs costs, described in Sections 7.1 through 7.7, and not excluded by Section 7.9, to correct defective or nonconforming Work, the Owner shall reimburse the Construction Manager for such costs, and the Construction Manager's Fee applicable thereto, on the same basis as if such costs had been incurred prior to final payment, but not in excess of the Guaranteed Maximum Price. ~~If adjustments to the Contract Sum are provided for in Section 6.1.7, the amount of those adjustments shall be recalculated, taking into account any reimbursements made pursuant to this Section 11.2.4 in determining the net amount to be paid by the Owner to the Construction Manager.~~

...

~~%~~ The rate of interest computed in accordance with the provisions of the Texas Government Code, Section 2251.025.

...

§ 12.1.1 Any Claim between the Owner and Construction Manager shall be resolved in accordance with the provisions set forth in this Article 12 and Article 15 of A201–2017. ~~However, for Claims arising from or relating to the Construction Manager's Preconstruction Phase services, no decision by the Initial Decision Maker shall be required as a condition precedent to mediation or binding dispute resolution, and Section 12.1.2 of this Agreement shall not apply.~~

§ 12.1.2 The ~~Architect~~ Owner will serve as the Initial Decision ~~Maker pursuant to Article 15 of AIA Document A201–2017 for Claims arising from or relating to the Construction Manager's Construction Phase services, unless the parties appoint below another individual, not a party to the Agreement, to serve as the Initial Decision~~ Maker.
(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the ~~Architect.)~~ Owner.)

PAGE 21

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

[X] Litigation in a court of competent jurisdiction

PAGE 22

§ 13.1.6.1 If the Owner accepts assignment of subcontracts, purchase orders or rental agreements as described above, the Owner will reimburse ~~or indemnify~~ the Construction Manager for all costs arising under the subcontract, purchase order or rental agreement, if those costs would have been reimbursable as Cost of the Work if the contract had not been terminated. If the Owner chooses not to accept assignment of any subcontract, purchase order or rental agreement that would have constituted a Cost of the Work had this agreement not been terminated, the Construction Manager will terminate the subcontract, purchase order or rental agreement and the Owner will pay the Construction Manager the costs ~~necessarily incurred by the Construction Manager because of such termination.~~which would have been reimbursable as Cost of Work.

...

The Work may be suspended by the Owner as provided in Article 14 of AIA Document ~~A201–2017; in such case, the Guaranteed Maximum Price and Contract Time shall be increased as provided in Article 14 of AIA Document A201–2017, except that the term "profit" shall be understood to mean the Construction Manager's Fee as described in Sections 6.1 and 6.3.5 of this Agreement.~~A201–2017.

PAGE 23

§ 14.3.1.1 Commercial General Liability with policy limits of not less than one million dollars ($ 1,000,000.00) for each occurrence and two million dollars ($ 2,000,000.00) in the aggregate for bodily injury and property damage.

§ 14.3.1.2 Automobile Liability covering vehicles owned, and non-owned vehicles used, by the Construction Manager with policy limits of not less than one million dollars ($ 1,000,000.00) per accident for bodily injury, death of any person, and property damage arising out of the ownership, maintenance and use of those motor vehicles, along with any other statutorily required automobile coverage.

...

§ 14.3.1.4 Workers' Compensation at statutory limits and Employers Liability with policy limits not less than five hundred thousand dollars ($ 500,000.00) each accident, five hundred thousand dollars ($ 500,000.00) each employee, and five hundred thousand ($ 500,000.00) policy limit.

§ 14.3.1.5 Professional Liability covering negligent acts, errors and omissions in the performance of professional services, with policy limits of not less than one million dollars ($ 1,000,000.00) per claim and two million dollars ($ 2,000,000.00) in the aggregate.

PAGE 24

In accordance with Texas Government Code, Chapter 2270, the undersigned avers that it does not boycott Israel and will not boycott Israel during the term of this Agreement.

...

.1 This AIA Document A133™–2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price

...

.3 AIA Document A133™–2019, Exhibit B, Insurance ~~and Bonds~~and Bonds, as modified and provided by Owner.

.4 AIA Document ~~A201™–2017,~~ A201™–2017 v4 (06-11-2020), General Conditions of the Contract for ~~Construction~~Construction, as modified and provided by Owner.

...

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

[**N/A**] AIA Document E234™–2019, Sustainable Projects Exhibit, Construction Manager as Constructor Edition, dated as indicated below:

...

[**NONE**] Supplementary and other Conditions of the Contract:

PAGE 25

CITY OF SHERMAN, TEXAS, a Texas home-rule municipality	**THOS. S. BYRNE, INC.**
By:	**BY:**
...	
Robby Hefton, City Manager	Matthew Avila Its:

Additions and Deletions Report for AIA Document A133 – 2019. Copyright © 1991, 2003, 2009, and 2019>. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This draft was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

Certification of Document's Authenticity

AIA® Document D401™ – 2003

I, Christopher C. Zillmer/mls, hereby certify, to the best of my knowledge, information and belief, that I created the attached final document simultaneously with its associated Additions and Deletions Report and this certification at 14:09:12 CT on 03/28/2023 under Order No. 2114312451 from AIA Contract Documents software and that in preparing the attached final document I made no changes to the original text of AIA® Document A133™ – 2019, Standard Form of Agreement Between Owner and Construction Manager as Constructor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price, other than those additions and deletions shown in the associated Additions and Deletions Report.

Christopher C. Zillmer/mls

(Signed)

(Title)

03-28-23

(Dated)

AIA Document D401 – 2003. Copyright © 1992 and 2003. All rights reserved. "The American Institute of Architects," "American Institute of Architects," "AIA," the AIA Logo, and "AIA Contract Documents" are trademarks of The American Institute of Architects. This document was produced at 14:09:12 CT on 03/28/2023 under Order No.2114312451 which expires on 05/14/2023, is not for resale, is licensed for one-time use only, and may only be used in accordance with the AIA Contract Documents® Terms of Service. To report copyright violations, e-mail docinfo@aiacontracts.com.
User Notes: (1853451095)

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **F. 3.**

Meeting Date: 04/03/2023

Prepared By: Clint Philpott, Assistant City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 7053

Determining a Public Necessisty to Acquire by Eminent Domain Certain Property Interests for Public Use, Including Permanent Water Easements and Temporary Construction Easements for the Construction, Expansion, Access, Repair and Maintenance of Public Water and Other Utility Improvements, from the Location Shown in Exhibit "A", As Deemed Necessary by the City Manager or His Designee; Giving Notice of an Official Determination to Acquire Certain Property Interests for Public Use by Eminent Domain for such Uses; Authorizing the City Manager of the City of Sherman, Texas to Establish Procedures for Acquiring the Easement, Offering to Acquire the Easements, Voluntarily, from the Landowner(s) through the Making of Bona Fide Offers and Appropriating Funds.

Issue:

To consider granting authority to negotiate for property rights for public use, including the construction, expansion, access, repair and maintenance of public water and other utility improvements, for the 36" water pipe line project.

Background:

It is the intent of the City to acquire the necessary easements for the purpose of, among other things, the construction, access, repair and maintenance of the public 36-inch West Water Extension Project. The project is over 14 miles long, along the west side of Sherman near FM 691 south to Shepherd Rd. The project includes numerous easements along the alignment shown. In order to keep the land acquisition process on schedule, staff is asking City Council to give authority to the City Manager to make Bona Fide Offers, work toward the voluntary conveyance of the necessary easements and, only if required, to move forward with the eminent domain process. We will work diligently with all property owners to ensure eminent domain is only used as a last resort in acquiring any easement for this project.

Origination:

City Manager's Office

Financial Consideration:

Property acquisition costs, along with costs for appraisals, surveys, maps and basement acquisition services.

Staff Recommendation:

Staff recommends approval.

Alternatives:

As may be directed by the Council

Attachments

Resolution No. 7053

Exhibit A

RESOLUTION NO. 7053

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DETERMINING A PUBLIC NECESSITY TO ACQUIRE BY EMINENT DOMAIN CERTAIN PROPERTY INTERESTS FOR PUBLIC USE, INCLUDING PERMANENT WATER EASEMENTS AND TEMPORARY CONSTRUCTION EASEMENTS FOR THE CONSTRUCTION, EXPANSION, ACCESS, REPAIR AND MAINTENANCE OF PUBLIC WATER AND OTHER UTILITY IMPROVEMENTS, FROM LOCATION SHOWN IN EXHIBIT "A", AS DEEMED NECESSARY BY THE CITY MANAGER OR HIS DESIGNEE; GIVING NOTICE OF AN OFFICIAL DETERMINATION TO ACQUIRE CERTAIN PROPERTY INTERESTS FOR PUBLIC USE BY EMINENT DOMAIN FOR SUCH USES; AUTHORIZING THE CITY MANAGER OF THE CITY OF SHERMAN, TEXAS, TO ESTABLISH PROCEDURES FOR ACQUIRING THE EASEMENTS, OFFERING TO ACQUIRE THE EASEMENTS, VOLUNTARILY, FROM THE LANDOWNER(S) THROUGH THE MAKING OF BONA FIDE OFFERS; APPROPRIATING FUNDS; PROVIDING FOR REPEALING, SAVINGS AND SEVERABILITY CLAUSES; AND PROVIDING FOR AN EFFECTIVE DATE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the City Council of the City of Sherman, Texas ("City Council") finds that there is a public necessity for the acquisition, by eminent domain, of permanent water easements and temporary construction easements and related improvements (collectively, "Easements"), on those certain properties depicted in Exhibit A, attached hereto and incorporated herein for all purposes, identifying the general area to be covered by the Project (hereinafter defined) and/or the general route in red that will be used by Sherman ("Property") for the Project (hereinafter defined); and

WHEREAS, it is the intent of the City of Sherman, Texas ("Sherman") to acquire the necessary Easements on the Property for the purpose of, among other things, the construction, access, repair, maintenance and replacement of water facilities, utilizing temporary construction easements, and related improvements, which are necessary for the 36-inch West Sherman Water Main Project (collectively, the "Project"); and

WHEREAS, the City Council finds that the description of the Property to be acquired by eminent domain for the Project complies with Chapter 2206 of the Texas Government Code, as amended ("Chapter 2206"), in that the same provides property owner(s) in and around the area or along the route reasonable notice that the owners' properties may be subject to condemnation proceedings during the planning or construction of the Project; and

WHEREAS, the City Council finds that the Project is necessary for public use; and

WHEREAS, it is necessary to establish procedures for determining the establishment and approval of just compensation for the Easements to be acquired by eminent domain for the Project; and

WHEREAS, there may be improvements located on some of the Property acquired for this Project and such improvements may be required to be moved prior to the beginning of this Project; and

WHEREAS, the City Manager, or his designee ("City Manager"), is authorized to make a bona fide offer, as defined by and in compliance with Section 21.0113 of the Texas Property Code ("Bona Fide Offer"), to acquire the Easements on the Property for public use, voluntarily, from the subject landowner(s) prior to moving forward with acquisition by eminent domain; and

WHEREAS, the City Council has investigated and determined that the passage of this Resolution complies with Chapter 2206 and other applicable laws.

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

SECTION 1: Findings Incorporated. The findings set forth above are incorporated into the body of this Resolution as if fully set forth herein.

SECTION 2: Acquisition of Property. The City Council hereby determines that there is a public necessity for, and the public welfare and convenience will be served by, the acquisition, by eminent domain, of the Easements on the Property, and it is Sherman's intent to acquire the Easements for public use as described and depicted in Exhibit A, attached hereto, specifically for the purpose of, among other things, the construction, access, repair, maintenance and replacement of water facilities, and related improvements, necessary for the Project.

SECTION 3: Authority of City Manager/Bona Fide Offer. The City Manager is hereby authorized to contract, on behalf of the City Council, with professional appraisers for appraisal services and with attorneys for preparation of title opinion(s) needed by Sherman from time to time in connection with the acquisition of the Easements on the Property for the purpose of, among other things, the construction, access, repair, maintenance and replacement of water facilities, and related improvements, necessary for the Project. The City Council hereby ratifies any contracts entered into, prior to the effective date of this Resolution, by the City Manager with professional appraisers for appraisal services and with attorneys for preparation of title opinion(s) needed for the acquisition of the Easements on the Property. To this end, the City Manager shall first make a Bona Fide Offer to acquire the Easements on the Property from the subject landowner(s), voluntarily. Should the landowner fail to provide the Easement, voluntarily, through said Bona Fide Offer, the City Manager is authorized to move forward with acquiring the Easements on the Property by eminent domain.

SECTION 4: Determination of Just Compensation. The City Manager is hereby authorized and directed to examine and rely on the independent appraisal reports, and other information, to make a determination as to the establishment and approval of a fair market value offer and the just compensation for the Easements on the Property for the purpose of making the Bona Fide Offer. After such consideration, the City Manager shall establish and approve the

amount determined to be just compensation for acquisition of said Easements and shall have the authority to execute any and all documents necessary to complete the acquisition of same.

SECTION 5: Authority to Make an Offer. Upon establishment and approval by the City Manager of the amount of just compensation for the acquisition of the Easements on the Property, the City Manager is authorized to send a written Bona Fide Offer to the landowner(s) of said Property for the acquisition of said Easements at the full amount determined and established to be just compensation therefore, and to negotiate with said landowner on behalf of Sherman to acquire the Easements voluntarily.

SECTION 6: Authority to Execute Documents. The City Manager is hereby authorized to execute all documents necessary to acquire the Easements on the Property needed for the Project, on behalf of Sherman, whether by purchase or eminent domain. The City Council hereby ratifies any documents executed, prior to the effective date of this Resolution, by the City Manager which were necessary for the acquisition of the Easements on the Property for the Project.

SECTION 7: Disposal of Improvements. The City Manager is hereby authorized to sell such surplus improvements, if any, located on the Easements acquired in connection with this Project, should they interfere with the intended use and enjoyment of said Easements.

SECTION 8: Eminent Domain Authorized. Should the City Manager be unable to acquire the Easements, voluntarily, from the landowner(s), through the making of the Bona Fide Offer, the City Manager is authorized to instruct the law firm of Abernathy, Roeder, Boyd & Hullett, P.C., to commence eminent domain proceedings for the acquisition of the Easements for the Project.

SECTION 9: Source of Funds. The amount to be paid, if any, for acquiring the Property for the Project will be appropriated from any lawful source.

SECTION 10: Savings/Repealing. All provisions of any resolution in conflict with this Resolution are hereby repealed to the extent they are in conflict. Any remaining portion of conflicting resolutions shall remain in full force and effect.

SECTION 11: Severability. Should any section, subsection, sentence, clause or phrase of this Resolution be declared unconstitutional or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Resolution shall remain in full force and effect. The City Council hereby declares that it would have passed this Resolution, and each section, subsection, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, and phrases be declared unconstitutional or invalid.

SECTION 12: Public Notice. The City Council finds that the meeting at which this Resolution was introduced and passed was open to the public and that public notice of the time, place and purpose of said meeting was given all as required by law.

SECTION 13: Effective Date. This Resolution shall take effect immediately from and after its passage.

INTRODUCED on this the 3rd day of April 2023.

ADOPTED on this the 3rd day of April 2023.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

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

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

WRIGHT RD
GOSNELL ST
AIRPORT DR
KING AVE
DINN ST
GRAYSON DR
MARRETT AVE
OLMSTEAD DR
KING AVE
MCCULLUM AVE
FM 691
PRESTON RD
OLD PERRIN RD
FM 1417
LA CIMA RD
TRAVIS ST
2
2.1
WHITE WAY RD
4
5
5.01
KREAGER RD
HIGH COUNTRY RD
MOUNTAIN CLIMB RD
10
9
8
REYNOLDS LN
13
12
PLAINVIEW RD
82
82
20
20.01
LAMBERTH RD
21
20.02
CARRIAGE CIR
SHADY OAKS LN
24
23
MEADOWLAKE DR
25
26.04
26.01
26.03
26.02
CARRIAGE ESTATES RD
NORWOOD DR
MONTCLAIRE DR
LAVENDER DR
29
FM 1417
31
WASHINGTON ST
SAND CREEK CIR
34
35
36
FRIENDSHIP RD
56
ELLIOTT RD
39
CASE RD
40

FIGURE

CITY OF SHERMAN

36" WEST WATER MAIN
PROJECT MAP
2023-03-30

Sherman
CLASSIC TOWN. BROAD HORIZON.

FREESE AND NICHOLS

0 1,000 2,000
SCALE IN FEET

Created By Freese and Nichols, Inc.
Job No.: SHM22330
Location: H:\W_WW_PLANNING\00_WORKING\CW_Working\ROE MAP.aprx
Updated: Thursday, March 30, 2023 3:57 PM
User Name: 03812

FIGURE
CITY OF SHERMAN
36" WEST WATER MAIN
PROJECT MAP
2023-03-30

Sherman
CLASSIC TOWN. BROAD HORIZON.

FREESE AND NICHOLS

0 1,250 2,500
SCALE IN FEET

Created By Freese and Nichols, Inc.
Job No.: SHM22330
Location: H:\W_WW_PLANNING\00_WORKING\CW_Working\ROE MAP.aprx
Updated: Thursday, March 30, 2023 3:50 PM
User Name: 03812

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **F. 4.**

Meeting Date: 04/03/2023

Prepared By: Nate Strauch, Community & Support Services Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 7054

Authorizing Execution of an Agreement with the Finley Cultural Center under the City of Sherman's Central Business District Historic Building Restoration and Improvement Grant Program for Improvements to 500 N Elm Street

Issue:

An agreement with the Finley Cultural Center for a Building Restoration and Improvement Grant for improvements to a historically significant, Central Business District property at 500 North Elm Street

Background:

The Downtown Building Improvement Grant is designed to stimulate substantial, visible, and permanent improvements to historically significant buildings and to spur interest in vacant and underutilized buildings of historical value in the downtown TIRZ. Grants under the program are awarded at the City Council's sole discretion, in the maximum amount of $50,000 per project, per year.

This application is a project to restore the historic structure established in approximately 1953 and located at 500 North Elm Street in Downtown Sherman. The project will replace the roof of the 11,244-square-foot structure. The expected qualified costs for the proposed renovation work are approximately $79,900. The project qualifies for a matching grant of $19,975.

Origination:

Community and Support Services Manager Nate Strauch

Financial Consideration:

The project is eligible for a DBIG grant in the amount of $19,975.

Staff Recommendation:

As the application meets the requirements of the program, it is recommended that the City Council consider an award to the Finley Cultural Center in the amount of $19,975.

Alternatives:

As directed by Council

Attachments

Resolution No. 7054
Grant Application
Aerial Location Map

RESOLUTION NO. 7054

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH THE FINLEY CULTURAL CENTER UNDER THE CITY OF SHERMAN'S CENTRAL BUSINESS DISTRICT HISTORIC BUILDING RESTORATION AND IMPROVEMENT GRANT PROGRAM FOR IMPROVEMENTS TO 500 N ELM STREET; 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 an agreement with the Finley Cultural Center for improvements to 500 N. Elm Street under the City of Sherman's Central Business District Historic Building Restoration and Improvement Grant Program, in accordance with all contract documents attached hereto and made a part hereof for all purposes.

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

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 3rd day of April 2023.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

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

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

Sherman
CLASSIC TOWN. BROAD HORIZON.

CITY OF SHERMAN
City Manager's Office
220 West Mulberry Street
Sherman, Texas 75090
Tele: (903) 892-7201 Fax: (903) 892-7355

FOR OFFICE USE ONLY

File #_____

Assessment Role Number _____ Assessed Property Value _____

Property Address _____

Date Application Received _____ Date Application Completed _____

CENTRAL BUSINESS DISTRICT HISTORIC BUILDING RESTORATION AND IMPROVEMENT GRANT PROGRAM

Application

The information requested below will be used to process your application under the terms and conditions of the City of Sherman's Historic Building Restoration and Improvement Grant (Forgivable Loan) Program.

I. Applicant Information

1. Applicant(s) name: Finley Cultural Center by Whitney Farris
   Mailing address: 500 N. Elm St
   City: Sherman State: Tx Zip: 75090

2. Applicant's daytime telephone number: 214-505-6363
   Cell # (____) _____ Facsimile # (____) _____
   E-mail address: Whitney.Farris@hotmail.com

3. Status of applicant (please check one)
   ____ Property owner with vacant facility
   _X_ Property owner with tenant business
   ____ Property owner/operator of existing business on property
   ____ Property tenant with property owner consent

4. Owner of property is a/an (please check one)
   ____ Individual
   ____ Partnership (attach copy of Partnership Agreement)
   ____ Corporation/profit (attach copy of Articles of Incorporation)
   _X_ Corporation/nonprofit (attach list of officers and directors)
   ____ Trust (attach copy of Trust Agreement)
   ____ Other

5. Length of ownership: 59 years
   Date purchased: 1/4/1964

II. Property Information

1. Address of property to be improved: 500 N Elm St. Sherman, TX 75090

2. Legal description of subject property: G-0743 MCANAIR JB, 82.5 x 136.3 11244. 75SQ FT, Theatre 87

3. Tax Assessor Parcel Number(s): 161698

4. Year built: 1953 Square footage: 11,244.75

5. Is this a National Register building? Yes___ No ✓ (check one)
   Is this a building of known historical significance? Yes ✓ No___ (check one)

6. What are the current types of businesses occupying the building? Sherman Community Players - Finley Theater and Sherman Service League

7. Name and phone number of tenant(s), if applicable: Sherman Community Players, Pam Sanza 903-893-8525, Megan Rubio 903-821-5010
   (Attach additional names/numbers, if needed)

8. Use of building after construction: Theater and Community Event Space

9. Number of parking spaces provided: 4 Proposed: Ø Total: 4

10. Current zoning: Commercial

11. Is a zoning amendment required? Yes___ No ✓ (check one)

12. Attach architectural and elevation renderings.

III. Project Description

1. Description of Proposed Improvements. Please provide a detailed description of your proposed improvements. Attach a copy of your architectural or design plans. Identify the materials to be used, such as the type of paint or stain (i.e., exterior latex, color, etc.). Include details of new signs or awnings, etc. Provide color photos of the subject property and those adjacent prior to and after the improvements are made.

   Please note: Applicants should carefully review the "City of Sherman Central Business District Historic Building Restoration and Improvement Grant Program Guidelines and Policies", and discuss all proposed improvements with the City of Sherman's

recommended that Applicants discuss their proposed improvements and any questions regarding the submission requirements with the Developmental Services Department and the City Manager's Office prior to completing the application form.

Description: 1. Replace gutters and paint to match building trim
2. Repaint currently painted building accents including doors and railings. We do not intend to paint brick or any new, currently unpainted surface. This project is intended to "freshen up" the building, not materially change it in any way.
3. Replace Roof

☐ **Designs Attached** ☐ **Before Picture(s) Attached**

2. How many jobs will be **retained** once the project is completed? 25

7 Full-time positions 1 Part-time positions

3. How many **new positions** will result from this project? 0

_____ Full-time positions _____ Part-time positions

IV. Work Estimates

Please attach two (2) independent contractor estimates for each component of the proposed improvement. Please note that grant/forgivable loan funding shall be based on the lowest bid. Eligible costs shall be the cost of materials, equipment, and contracted labor to complete eligible improvements. Professional fees such as architects, engineers, and solicitors are not eligible costs. Labor provided by the Applicant or tenant of the building is not an eligible cost.

1. Name/Company and Phone Number of Preferred Contractor:
Banks Construction
903-271-2321
Amount: 72,900.72

2. Name/Company and Phone Number of Second Contractor:
Property Roofing / Maverick Painting
214/901-8474 + 214/826-7696
Amount: 103,640

3. Additional Estimates/Comments: (Please attach additional quotes, as required)
Other bids available upon Request

4. Total estimated costs of your improvements: 79,900.72

5. Estimated completion date for your improvements? within 30 days of approval

V. Historic Significance

The City's Program for improving the historic buildings of downtown Sherman is being funded through the City's Hotel/Motel Tax revenues, which require that this money may be spent only on historic buildings that would tend to attract tourists. Many factors may indicate a building's historic significance such as age, architectural design, building use, events or significant people. Some of this may be proved through deeds, pictures, books, newspaper articles and the like. Attach to this application all matters that would prove your claim that this is a historic building.

VI. Signature of Owner/Authorized Agent – Affidavit or Sworn Declaration

I/We, Finley Cultural Center, of the City of Sherman, County of Grayson, State of Texas, make oath and say (or solemnly declare) that the information contained in this application is true and that the information contained in the documents that accompany this application in respect of the application is true.

I/We hereby authorize inspections of my/our property to be improved.

I/We acknowledge that any work carried out prior to written confirmation of grant approval may not be eligible.

I/We acknowledge receiving, understanding, and accepting the terms and conditions of the City of Sherman Central Business District Historic Building Restoration and Improvement Grant Program.

Sworn to (or declared before me), Jennifer Becherer & Whitney Farris, a Notary Public in and for the State of Texas, on this the 18th day of January, 2023.

Jennifer Becherer
Applicant

Whitney Farris
Co-Applicant

Property Owner (if different from Applicant)

Cathy A. Windle
Notary Public, State of Texas
My Commission Expires: 6-3-2024

Cathy A Windle
Notary Public, State of Texas
Comm. Expires 06-03-2024
Notary ID 1048620-8

The Finley Cultural Center is home to two local non-profits, Sherman Community Players and the Sherman Service League. The building hosts thousands of citizens and visitors each year as Sherman Community Players produces five plays or musicals each season. In addition, Sherman Service League hosts numerous meetings and special events in the Finley 502 event space.

The Finley Cultural Center Board requests this grant to make critical repairs and much needed improvements to this important building to ensure it is available for public enjoyment for years to come.

The Finley Cultural Center Board of Directors has approved the bid for Banks Construction to:

1. Replace the roof. The current roof was installed in 1982 and must be replaced.
2. Replace gutters and downspouts.
3. Repaint the building.

current

proposed

Banks Construction Corporation

2506 W. Morton St.
Denison, TX 75020

Estimate

Date	Estimate #
10/24/2022	2022-1024

Name / Address
Finley Cultural Center 500 N. Elm Street Sherman, Texas 75090

Estimates are valid for 10 days

Project

Description	Qty	Rate	Total
Gutters:			
Remove and replace 352 ft. of 6" gutters and downspouts		2,613.60	2,613.60T
Replace four (4) collector box gutters and 120 ft. of downspouts		2,079.00	2,079.00
Roof:			
Install 4x8 1/2" red board to existing roof; Install Firestone TPO 60 ml overlay, includes all flashing, sealing all penetrations, complete TPO roof system		62,167.50	62,167.50
Paint:			
Repaint exterior of ~~Theatrics~~ Finley building, includes painting doors, railings and back windows		12,825.00	12,825.00

Subtotal	$79,685.10
Sales Tax (8.25%)	$215.62
Total	$79,900.72

Accepted:_____

Property

General Construction - Roofing - Concrete

BUDGET

ATTN: Jennifer Becherer
500 N. Elm Street, Sherman, TX 75090
jkbecherer@verizon.net

Date: **Wednesday, January 19, 2022**

RE: Budget for TPO Roof Layover at Finley Cultural Center - Finley Playhouse

	Description - Scope of Work	
1	Mobilize, Stage Roofing Materials Remove existing debris and clean existing roof surface Mechanically fasten 1 layer of 1" Insulation Board over existing roof surface Mechanically fasten 60 mil TPO membrane over 1" Insulation Board Flash and terminate all roof penetrations and roof drains	$ 85,200.00
2	Install new commercial gutter system and downspouts	$ 7,500.00
3	Replace double steel exterior doors. Install new counter flashing into block wall to prevent leaks.	$ 7,880.00

$92,700

PROJECT NOTES:
Total includes all materials, labor, equipment, insurance, taxes, permit, disposal.
~~Total includes an annual inspection and a 10 year no leak warranty.~~
50% due upon acceptance of proposal and material order. 50% due upon completion.

We appreciate the opportunity to provide this budget!

Please note the new TPO roof is only a budget. Current material lead times are approx. 6 months and suppliers will not commit to a price until material ships. We highly recommend filing an insurance claim for roof replacement. Our insurance claim advisor informed us that there multiple storms in the area and the most recent storm being 5/10/2021. We will assist every step of the way during the claim process.

Bub Moore
214-901-8474

Maverick Painting, Inc.
534 Savanna Hill Ln., Rockwall, Texas 75032
Main Office Phone: 214-826-7696 Fax: 214/826-4439

September 23, 2021

Proposal

Finley Theater

Attn: Jennifer Becherer/Josh Harris
Honey McGee Theater

PAINTING

We propose to provide labor and materials for painting services on this project per the scope delineated herein for the sum of:

Ten Thousand Nine Hundred and Forty Dollars $10,940.00

Included:

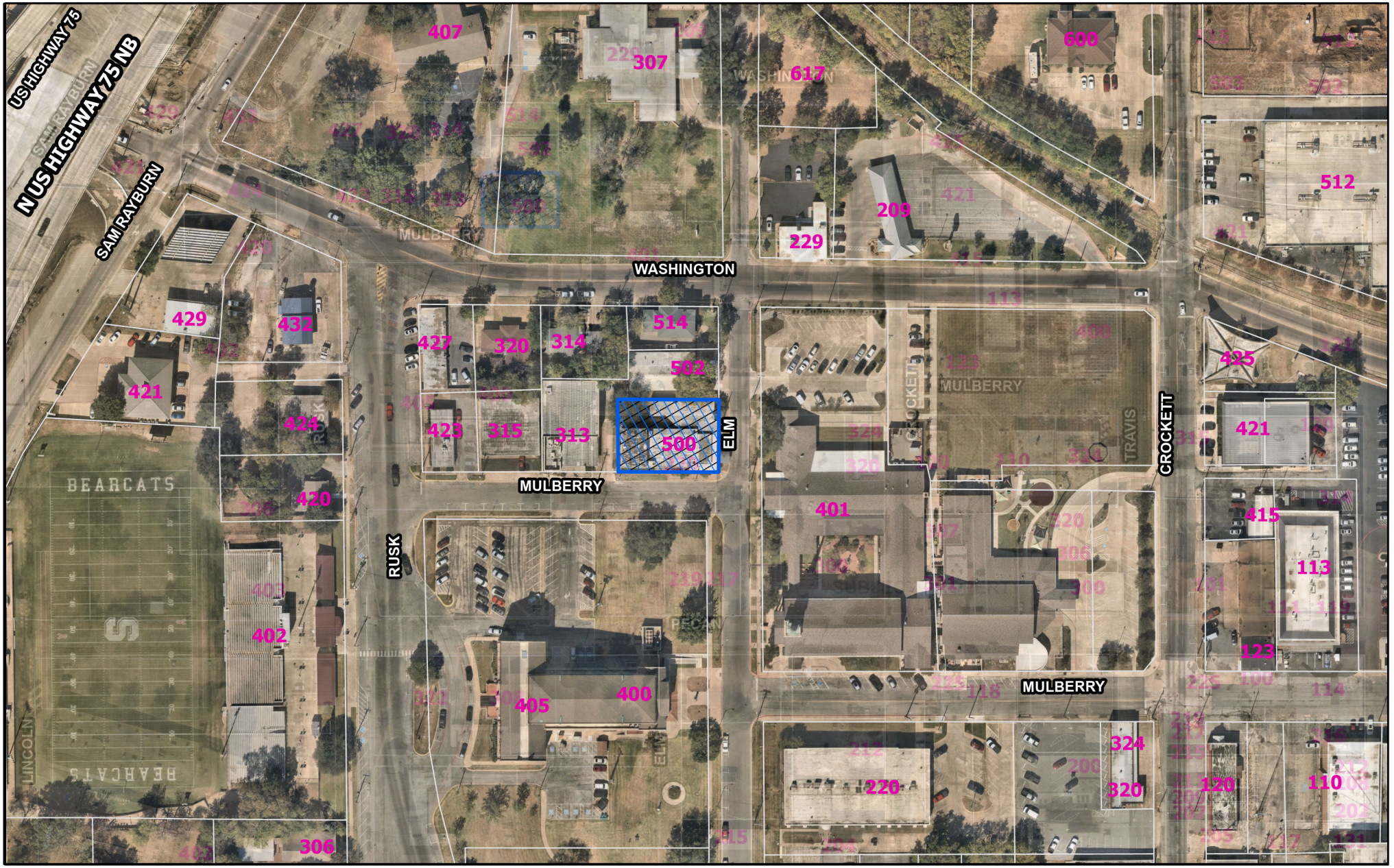
1. Power wash exterior of theatre.
2. Paint exterior walls.
3. Paint downspouts.
4. Paint window frame, handrail.
5. Clean up for this trade.
6. All work to be performed during business hours.

Excluded:

1. Sales tax.
2. Any work on temporary partitions.
3. Acoustical ceiling finishes.
4. No painting or staining of doors or frames.
5. All work on any material outside the limits of construction as indicated on plans.
6. Faces and interiors at air registers and returns.
7. Joint treatment above ceiling level at all unrated partitions.
8. Clean up other than that directly associated with the scope of this proposal.
9. All floor coatings and coverings unless noted in inclusions above.
10. All demolition; unless noted in inclusions above.
11. Preparation and finish of wood, millwork or doors; unless noted above.

PRICING IS VALID FOR THIRTY (30) DAYS FROM PROPOSAL DATE ABOVE

Misty Lloyd
MAVERICK PAINTING, INC.



dlagrone H:\ENGINEER\GIS\ArcGIS Pro Projects\Planning\Public Notification_Dwight.aprx

Sherman
CLASSIC TOWN. BROAD HORIZON.

City of Sherman, Texas
Development Services Department

CITY OF SHERMAN

500 N Elm St

N
W E
S

Date: 2/3/2023 3:11 PM

Scale: 1:2,400

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **F. 5.**

Meeting Date: 04/03/2023

Prepared By: Rob Rae, Director of Development Services

Approved By: Robby Hefton, City Manager

Caption:

**** RESOLUTION NO. 7055***

Awarding a Bid to and Authorizing Execution of a Contract with Tyler Technologies, Inc., a Delaware corporation, for Municipal Permit Software Services

Issue:

To consider awarding a bid to and executing a contract with Tyler Technologies, Inc., a Delaware corporation, for the purchase of Municipal Permit Software Services

Background:

With the increased demand in construction and building permits, the Development Services department is recommending new permit software to handle this increased demand. The proposed new software will provide a better user experience for contractors and residents in the City of Sherman. This new platform will reduce the amount of staff time that is dedicated to walk-up service and troubleshooting for the current software. The expected cost for Tyler Technologies, Inc., a Delaware corporation, will be $342,457.00 (including travel expenses) as a one-time set-up fee and an annual fee of $88,208.00 for software licensing based on the anticipated users in the Development Services department.

Origination:

Development Services

Financial Consideration:

Funding is available through the General Fund reserves.

Staff Recommendation:

Staff recommends awarding a bid to and authorizing execution of a contract with Tyler Technologies, Inc., a Delaware corporation, for Municipal Permit Software Services

Alternatives:

As may be directed by the City Council

Attachments

Resolution No. 7055
Service Agreement

RESOLUTION NO. 7055

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A CONTRACT WITH TYLER TECHNOLOGIES, INC., A DELAWARE CORPORATION, FOR MUNICIPAL PERMIT SOFTWARE SERVICES; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

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

SECTION 1. That the City Manager be and is hereby authorized and directed to execute a contract with Tyler Technologies, Inc., a Delaware corporation, for the purchase of Community Development Software for a total purchase price of Three Hundred Forty-Two, Four Hundred and Fifty-Seven Dollars and No Cents ($342,457.00) as a one-time set-up fee and an annual fee of Eighty Eight Thousand, Two Hundred Eight Dollars and No Cents ($88,208.00) for software licensing based on the anticipated users in the Development Services department. Any agreements related to the purchase must be approved by the City Attorney. Funding is available through the general fund reserves.

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.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 3rd day of April, 2023.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

BY: _____
DAVID PLYLER, MAYOR

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

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

CONTRACT FOR MUNICIPAL PERMIT SOFTWARE SERVICES

This Contract for Municipal Permit Software Services ("Contract") is made and entered into by and between the **City of Sherman, Texas**, a home-rule municipality ("City"), and **Tyler Technologies, Inc.** a Delaware corporation ("Tyler" or "Contractor"). City and Tyler are at times collectively referred to herein as the "parties" or individually as the "party."

WHEREAS, City desires to obtain Municipal Permit Software Services from Tyler via cooperative purchasing agreement through Sourcewell Contract No. 090320-TTI; and

WHEREAS, Tyler has offered to provide the services as described in the Contract Documents, attached hereto and incorporated herein for all purposes ("Contract Documents"); and

WHEREAS, Tyler has represented to City that Tyler specializes in providing such services and agrees to deliver such services to the City as requested; and

WHEREAS, based on Tyler's representations and warranties, including those set forth in the Contract Documents, City has selected Tyler to provide the services described herein ("Project") under the terms and conditions of this Contract.

NOW, THEREFORE, in consideration of the following mutual agreements and covenants, it is understood and agreed by and between the parties as follows:

1. Contract Documents.
The Contract Documents, as that term is used herein, shall mean and include the following documents:

   a. This signed Contract;
   b. The Software as a Service Agreement and its corresponding Exhibits attached hereto as Attachment 1;
   c. Affidavit of No Prohibited Interest, attached hereto as Attachment 2; and
   d. Conflict of Interest Questionnaire, attached hereto as Attachment 3.

2. Precedence of Terms.
To the extent that Attachment 1, Attachment 2 or Attachment 3 are in conflict with provisions of this Contract or each other, the provisions of this Contract, then the provisions of Attachment 1, Attachment 2 or Attachment 3 shall prevail in the order noted above. The apparent silence of the Contract Documents as to any detail or to the apparent omission from the Contract Documents of a detailed description concerning any point shall be regarded as meaning that only the best commercial practices are to prevail.

3. Conflict Disclosure Requirements.
Contractor acknowledges and agrees that it is aware of, and will abide by, the no prohibited interest requirement of the City Charter. Contractor shall execute and deliver to City the Affidavit of No Prohibited Interest, attached hereto as Attachment 2 and incorporated herein for all purposes, no later than the Effective Date of this Contract (hereinafter defined). Contractor acknowledges and agrees that the existence of a prohibited interest

during the term of this Contract will render this Contract voidable. Contractor further acknowledges and agrees that it also is aware of, and will abide by, the vendor disclosure requirements set forth in Chapter 176 of the Texas Local Government Code, as amended. In this connection, Contractor shall execute and deliver to City the Conflict of Interest Questionnaire, Form CIQ, attached hereto as Attachment 3 and incorporated herein for all purposes, no later than the Effective Date of this Contract.

4. Certifications Required by Texas Law.
In accordance with Chapter 2270 of the Texas Government Code (to the extent applicable), Contractor hereby certifies that Contractor does not boycott Israel and will not boycott Israel during the term of any contract with City, including during the term of this Contract. In accordance with Chapter 809 of the Texas Government Code (to the extent applicable), Contractor hereby certifies that Contractor does not boycott energy companies and will not boycott energy companies during the term of any contract with City, including during the term of this Contract. In accordance with Chapter 2274 of the Texas Government Code (to the extent applicable), Contractor hereby certifies that Contractor does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of any contract with City, including during the term of this Contract. The foregoing terms have the meanings ascribed to them in the referenced statutes if defined therein.

5. Compliance with Laws; Standard of Care.
Contractor shall comply with all federal, state and local laws, statutes, ordinances, regulations and policies, as they exist, may be amended or in the future arising, applicable to Contractor and its work to be performed under this Contract. Contractor shall ensure that its officers, agents, representatives, employees, licensees, invitees and other parties performing services for or on behalf of Contractor under this Contract comply with all applicable laws, statutes, ordinances, regulations and policies. If Contractor observes or is notified that the work under this Contract is at variance with applicable laws, statutes, ordinances, regulations and policies, Contractor shall immediately notify City in writing. Contractor shall perform the Services in accordance with the prevailing standard of care by exercising the skill and care ordinarily utilized by professionals performing the same or similar services under the same or similar circumstances in the State of Texas.

6. No Waiver of Immunity.
The parties acknowledge and agree that, in executing and performing this Contract, City has not waived, nor shall be deemed to have waived, any defense or immunity, including governmental, sovereign and official immunity, that would otherwise be available to it against claims arising in the exercise of governmental powers and functions. By entering into this Contract, the parties do not create any obligations, express or implied, other than those set forth herein.

7. Savings/Severability.
In the event that a term, condition or provision of this Contract is determined to be invalid, illegal, void, unenforceable or unlawful by a court of competent jurisdiction, then that term, condition or provision shall be deleted and the remainder of the Contract shall remain in

full force and effect as if such invalid, illegal, void, unenforceable or unlawful provision had never been included in this Contract.

8. Consideration.
This Contract is executed by the parties without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.

9. [Reserved].

10. Independent Contractor.
Contractor covenants and agrees that Contractor is an independent contractor and not an officer, agent, servant or employee of City; that Contractor shall have exclusive control of and exclusive right to control the details of the work performed hereunder and all persons performing the same; that the doctrine of respondent superior shall not apply as between City and Contractor; and that nothing herein shall be construed as creating a partnership or joint enterprise between City and Contractor.

11. Incorporation of Recitals.
The representations, covenants and recitations set forth in the foregoing recitals of this Contract are true and correct and are hereby incorporated into the body of this Contract and adopted as findings of City and the authorized representative of Contractor.

12. Duty to Facilitate Compliance with Public Information Act.

a. The obligations in this Section apply if this Contract (1) has a stated expenditure of at least $1 million in public funds for the purchase of goods or services by the City; or (2) results in the expenditure of at least $1 million in public funds for the purchase of goods or services by the City in a fiscal year of the Sherman City Council.

b. If this Contract is described in subsection (a) above, Contractor shall comply with the following obligations, which are set forth in Subchapter J, Chapter 552, Texas Government Code:

(1) reserve all contracting information related to the contract or bid as provided by the records retention requirements applicable to the City for the duration of this Contract;

(2) promptly provide to the City any contracting information related to this Contract that is in the custody or possession of the contractor or bidder on request of the City; and

(3) on completion of this Contract, either: (1) provide at no cost to the City all contracting information related to this Contract that is in the custody or possession of Contractor; or (2) preserve the contracting information related to this Contract as provided by the records retention requirements applicable to the City.

c. As used in this provision, the term "contracting information" shall have the same meaning as that term is defined in Section 552.003, Texas Government Code.

d. The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Contract and the Contractor agrees that this Contract can be terminated if the Contractor knowingly or intentionally fails to comply with a requirement of that subchapter

13. Multiple Counterparts.
This Contract may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. An electronic mail and/or facsimile signature will also be deemed to constitute an original if properly executed and delivered to the other party.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties have executed this Contract and caused this Agreement to be effective when all the parties have signed it. The date this Contract is signed by the last party to sign it (as indicated by the date associated with that party's signature below) will be deemed the effective date of this Contract ("Effective Date").

Tyler Technologies Inc.,
a Delaware Corporation

By: _____

Date: 3/13/23

City of Sherman, Texas,
a home-rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

_____
Linda Ashby, City Secretary

APPROVED AS TO FORM:
Abernathy, Roeder, Boyd & Hullett, P.C.

_____
Ryan D. Pittman, City Attorney

Tyler Technologies, Inc.
a Delaware corporation

By: _____
Printed Name: Robert Kennedy-Jensen
Title: Group General Counsel
Date: 3/13/23

STATE OF Maine §
§
COUNTY OF Cumberland §

BEFORE ME, the undersigned authority, on this day personally appeared Robert Kennedy-Jensen, known to me to be one of the persons whose names are subscribed to the foregoing instrument; he acknowledged to me that he is the Group General Counsel and duly authorized representative for Tyler Technologies, Inc., a Delaware Corporation, and that he executed said instrument for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13th day of March, 2023.

JESSICA J. DOWNS
Notary Public-Maine
My Commission Expires
November 21, 2023

_____
Notary Public in and for the State of Maine
My Commission Expires: Nov. 21, 2023

Attachment 1
Software as a Service Agreement

[90 pages attached hereto]

SOFTWARE AS A SERVICE AGREEMENT

This Software as a Service Agreement is made between Tyler Technologies, Inc. and Client.

WHEREAS, Client selected Tyler to provide certain products and services set forth in the Investment Summary, including providing Client with access to Tyler's proprietary software products, and Tyler desires to provide such products and services under the terms of this Agreement;

WHEREAS, Client is a member of Sourcewell (formerly known as National Joint Powers Alliance) ("Sourcewell") under member number 2440.

WHEREAS, Tyler participated in the competitive bid process in response to Sourcewell RFP #090320 by submitting a proposal, on which Sourcewell awarded Tyler a Sourcewell contract, numbered 090320-TTI (hereinafter, the "Sourcewell Contract");

WHEREAS, documentation of the Sourcewell competitive bid process, as well as Tyler's contract with and pricing information for Sourcewell is available at https://sourcewell-mn.gov/cooperative-purchasing/; and

WHEREAS, Client desires to purchase off the Sourcewell Contract to procure Enterprise Permitting & Licensing software functionality from Tyler, which Tyler agrees to deliver pursuant to the Sourcewell Contract and under the terms and conditions set forth below;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and promises set forth in this Agreement, Tyler and Client agree as follows:

SECTION A – DEFINITIONS

- **"Agreement"** means this Software as a Service Agreement.
- **"Business Travel Policy"** means our business travel policy. A copy of our current Business Travel Policy is attached as Schedule 1 to Exhibit B.
- **"Client"** means the City of Sherman, Texas.
- **"Data"** means your data necessary to utilize the Tyler Software.
- **"Data Storage Capacity"** means the contracted amount of storage capacity for your Data identified in the Investment Summary.
- **"Defect"** means a failure of the Tyler Software to materially conform to the functional descriptions set forth in our written proposal to you, or their functional equivalent. Future functionality may be updated, modified, or otherwise enhanced through our maintenance and support services, and the governing functional descriptions for such future functionality will be set forth in our then-current Documentation.
- **"Defined Users"** means the number of users that are authorized to use the SaaS Services. The Defined Users for the Agreement are as identified in the Investment Summary. If Exhibit A

contains Enterprise Permitting & Licensing labeled software, defined users mean the maximum number of named users that are authorized to use the Enterprise Permitting & Licensing labeled modules as indicated in the Investment Summary.

- **"Developer"** means a third party who owns the intellectual property rights to Third Party Software.
- **"Documentation"** means any online or written documentation related to the use or functionality of the Tyler Software that we provide or otherwise make available to you, including instructions, user guides, manuals and other training or self-help documentation.
- **"Effective Date"** means the date by which both your and our authorized representatives have signed the Agreement.
- **"Force Majeure"** means an event beyond the reasonable control of you or us, including, without limitation, governmental action, war, riot or civil commotion, fire, natural disaster, or any other cause that could not with reasonable diligence be foreseen or prevented by you or us.
- **"Investment Summary"** means the agreed upon cost proposal for the products and services attached as Exhibit A.
- **"Invoicing and Payment Policy"** means the invoicing and payment policy. A copy of our current Invoicing and Payment Policy is attached as Exhibit B.
- **"Order Form"** means an ordering document that includes a quote or investment summary and specifying the items to be provided by Tyler to Client, including any addenda and supplements thereto.
- **"SaaS Fees"** means the fees for the SaaS Services identified in the Investment Summary.
- **"SaaS Services"** means software as a service consisting of system administration, system management, and system monitoring activities that Tyler performs for the Tyler Software, and includes the right to access and use the Tyler Software, receive maintenance and support on the Tyler Software, including Downtime resolution under the terms of the SLA, and Data storage and archiving. SaaS Services do not include support of an operating system or hardware, support outside of our normal business hours, or training, consulting or other professional services.
- **"SLA"** means the service level agreement. A copy of our current SLA is attached hereto as Exhibit C.
- **"Statement of Work"** means the industry standard implementation plan describing how our professional services will be provided to implement the Tyler Software, and outlining your and our roles and responsibilities in connection with that implementation. The Statement of Work is attached as Exhibit E.
- **"Support Call Process"** means the support call process applicable to all of our customers who have licensed the Tyler Software. A copy of our current Support Call Process is attached as Schedule 1 to Exhibit C.
- **"Third Party Hardware"** means the third party hardware, if any, identified in the Investment Summary.
- **"Third Party Products"** means the Third Party Software and Third Party Hardware.
- **"Third Party SaaS Services"** means software as a service provided by a third party, if any, identified in the Investment Summary.
- **"Third Party Services"** means the third party services, if any, identified in the Investment Summary.
- **"Third Party Software"** means the third party software, if any, identified in the Investment Summary.
- **"Third Party Terms"** means, if any, the end user license agreement(s) or similar terms for the Third Party Products or other parties' products or services, as applicable, and attached or

indicated at Exhibit D.

- **"Tyler"** means Tyler Technologies, Inc., a Delaware corporation.
- **"Tyler Software"** means our proprietary software, including any integrations, custom modifications, and/or other related interfaces identified in the Investment Summary and licensed by us to you through this Agreement.
- **"we", "us", "our"** and similar terms mean Tyler.
- **"you"** and similar terms mean Client.

SECTION B – SAAS SERVICES

1. Rights Granted. We grant to you the non-exclusive, non-assignable limited right to use the SaaS Services solely for your internal business purposes for the number of Defined Users only. The Tyler Software will be made available to you according to the terms of the SLA. You acknowledge that we have no delivery obligations and we will not ship copies of the Tyler Software as part of the SaaS Services. You may use the SaaS Services to access updates and enhancements to the Tyler Software, as further described in Section C(9). The foregoing notwithstanding, to the extent we have sold you perpetual licenses for Tyler Software, if listed in the Investment Summary, for which you are receiving SaaS Services, your rights to use such Tyler Software are perpetual, subject to the terms and conditions of this Agreement including, without limitation, Section B(4). We will make any such software available to you for download.

2. SaaS Fees. You agree to pay us the SaaS Fees. Those amounts are payable in accordance with our Invoicing and Payment Policy. The SaaS Fees are based on the number of Defined Users and amount of Data Storage Capacity. You may add additional users or additional data storage capacity on the terms set forth in Section H(1). In the event you regularly and/or meaningfully exceed the Defined Users or Data Storage Capacity, we reserve the right to charge you additional fees commensurate with the overage(s).

3. Ownership.

   3.1 We retain all ownership and intellectual property rights to the SaaS Services, the Tyler Software, and anything developed by us under this Agreement. You do not acquire under this Agreement any license to use the Tyler Software in excess of the scope and/or duration of the SaaS Services.

   3.2 The Documentation is licensed to you and may be used and copied by your employees for internal, non-commercial reference purposes only.

   3.3 You retain all ownership and intellectual property rights to the Data. You expressly recognize that except to the extent necessary to carry out our obligations contained in this Agreement, we do not create or endorse any Data used in connection with the SaaS Services.

4. Restrictions. You may not: (a) make the Tyler Software or Documentation resulting from the SaaS Services available in any manner to any third party for use in the third party's business operations; (b) modify, make derivative works of, disassemble, reverse compile, or reverse engineer any part of the SaaS Services; (c) access or use the SaaS Services in order to build or support, and/or assist a third party in building or supporting, products or services competitive to us; or (d) license, sell, rent, lease, transfer, assign, distribute, display, host, outsource, disclose, permit timesharing or service bureau use, or otherwise commercially exploit or make the SaaS Services, Tyler Software, or

Documentation available to any third party other than as expressly permitted by this Agreement.

5. Software Warranty. We warrant that the Tyler Software will perform without Defects during the term of this Agreement. If the Tyler Software does not perform as warranted, we will use all reasonable efforts, consistent with industry standards, to cure the Defect in accordance with the maintenance and support process set forth in Section C(9), below, the SLA and our then current Support Call Process.

6. SaaS Services.

   6.1 Our SaaS Services are audited at least yearly in accordance with the AICPA's Statement on Standards for Attestation Engagements ("SSAE") No. 21. We have attained, and will maintain, SOC 1 and SOC 2 compliance, or its equivalent, for so long as you are timely paying for SaaS Services. The scope of audit coverage varies for some Tyler Software solutions. Upon execution of a mutually agreeable Non-Disclosure Agreement ("NDA"), we will provide you with a summary of our compliance report(s) or its equivalent. Every year thereafter, for so long as the NDA is in effect and in which you make a written request, we will provide that same information. If our SaaS Services are provided using a 3rd party data center, we will provide available compliance reports for that data center. We acknowledge and agree that you, as a Texas governmental entity, are subject to the Texas Public Information Act (the "Act") and that, notwithstanding the requirements of this Agreement or the NDA, you may be required to disclose and make public documents and other information that you have in your possession if required by the Act. Nothing in this Agreement or in the NDA is intended, or shall be interpreted, to require you to violate or otherwise fail to comply with the Act, and to the extent of any conflict between this Agreement or the NDA and the Act, the Act shall govern and control.

   6.2 You will be hosted on shared hardware in a Tyler data center or in a third-party data center. In either event, databases containing your Data will be dedicated to you and inaccessible to our other customers.

   6.3 Our Tyler data centers have fully-redundant telecommunications access, electrical power, and the required hardware to provide access to the Tyler Software in the event of a disaster or component failure. In the event of a data center failure, we reserve the right to employ our disaster recovery plan for resumption of the SaaS Services. In that event, we commit to a Recovery Point Objective ("RPO") of 24 hours and a Recovery Time Objective ("RTO") of 24 hours. RPO represents the maximum duration of time between the most recent recoverable copy of your hosted Data and subsequent data center failure. RTO represents the maximum duration of time following data center failure within which your access to the Tyler Software must be restored.

   6.4 Tyler will perform backups of the production system sufficient to support contracted RPO and RTO commitments. Tyler reserves the right to negotiate any additional obligations with respect to such backups.

   6.5 We conduct annual penetration testing of either the production network and/or web application to be performed. We will maintain industry standard intrusion detection and prevention systems to monitor malicious activity in the network and to log and block any such

activity. We will provide you with a written or electronic record of the actions taken by us in the event that any unauthorized access to your database(s) is detected as a result of our security protocols. We will undertake an additional security audit, on terms and timing to be mutually agreed to by the parties, at your written request. You may not attempt to bypass or subvert security restrictions in the SaaS Services or environments related to the Tyler Software. Unauthorized attempts to access files, passwords or other confidential information, and unauthorized vulnerability and penetration test scanning of our network and systems (hosted or otherwise) is prohibited without the prior written approval of our IT Security Officer.

6.6 We test our disaster recovery plan on an annual basis. Our standard test is not client-specific. Should you request a client-specific disaster recovery test, we will work with you to schedule and execute such a test on a mutually agreeable schedule. At your written request, we will provide test results to you within a commercially reasonable timeframe after receipt of the request.

6.7 We will be responsible for importing back-up and verifying that you can log-in. You will be responsible for running reports and testing critical processes to verify the returned Data.

6.8 We provide secure Data transmission paths between each of your workstations and our servers.

6.9 Tyler data centers are accessible only by authorized personnel with a unique key entry. All other visitors to Tyler data centers must be signed in and accompanied by authorized personnel. Entry attempts to the data center are regularly audited by internal staff and external auditors to ensure no unauthorized access.

6.10 Where applicable with respect to our applications that take or process card payment data, we are responsible for the security of cardholder data that we possess, including functions relating to storing, processing, and transmitting of the cardholder data and affirm that, as of the Effective Date, we comply with applicable requirements to be considered PCI DSS compliant and have performed the necessary steps to validate compliance with the PCI DSS. During the term of this Agreement, we will use best commercial efforts to comply with applicable requirements to be considered PCI DSS compliant. We agree to supply the current status of our PCI DSS compliance program in the form of an official Attestation of Compliance, which can be found at https://www.tylertech.com/about-us/compliance, and in the event of any change in our status, will comply with applicable notice requirements.

SECTION C – PROFESSIONAL SERVICES

1. Professional Services. We will provide you the various implementation-related services itemized in the Investment Summary and described in the Statement of Work.

2. Professional Services Fees. You agree to pay us the professional services fees in the amounts set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy. You acknowledge that the fees stated in the Investment Summary are good-faith estimates of the amount of time and materials required for your implementation. We will bill you the actual fees incurred based on the in-scope services provided to you. Any discrepancies in the total values set forth in the Investment Summary will be resolved by multiplying the applicable hourly rate by the quoted hours.

3. Additional Services. The Investment Summary contains, and the Statement of Work describes, the scope of services and related costs (including programming and/or interface estimates) required for the project based on our understanding of the specifications you supplied. If additional work is required, or if you use or request additional services, we will provide you with an addendum or change order, as applicable, outlining the costs for the additional work. The price quotes in the addendum or change order will be valid for thirty (30) days from the date of the quote.

4. Cancellation. If travel is required, we will make all reasonable efforts to schedule travel for our personnel, including arranging travel reservations, at least two (2) weeks in advance of commitments. Therefore, if you cancel services less than two (2) weeks in advance (other than for Force Majeure or breach by us), you will be liable for all (a) non-refundable expenses incurred by us on your behalf, and (b) daily fees associated with cancelled professional services if we are unable to reassign our personnel. We will make all reasonable efforts to reassign personnel in the event you cancel within two (2) weeks of scheduled commitments.

5. Services Warranty. We will perform the services in a professional, workmanlike manner, consistent with industry standards. In the event we provide services that do not conform to this warranty, we will re-perform such services at no additional cost to you.

6. Site Access and Requirements. At no cost to us, you agree to provide us with full and free access to your personnel, facilities, and equipment as may be reasonably necessary for us to provide implementation services, subject to any reasonable security protocols or other written policies provided to us as of the Effective Date, and thereafter as mutually agreed to by you and us.

7. Background Checks. For at least the past twelve (12) years, all of our employees have undergone criminal background checks prior to hire. All employees sign and will sign our confidentiality agreement and security policies. During the term of this Agreement, we will use best commercial efforts to ensure that all of our new employees undergo criminal background checks prior to hire.

8. Client Assistance. You acknowledge that the implementation of the Tyler Software is a cooperative process requiring the time and resources of your personnel. You agree to use all reasonable efforts to cooperate with and assist us as may be reasonably required to meet the agreed upon project deadlines and other milestones for implementation. This cooperation includes at least working with us to schedule the implementation-related services outlined in this Agreement. We will not be liable for failure to meet any deadlines and milestones when such failure is due to Force Majeure or to the failure by your personnel to provide such reasonable cooperation and assistance (either through action or omission).

9. Maintenance and Support. For so long as you timely pay your SaaS Fees according to the Invoicing and Payment Policy, then in addition to the terms set forth in the SLA and the Support Call Process, we will:

   9.1 perform our maintenance and support obligations in a professional, good, and workmanlike manner, consistent with industry standards, to resolve Defects in the Tyler Software (subject to any applicable release life cycle policy);

   9.2 provide support during our established support hours;

9.3 maintain personnel that are sufficiently trained to be familiar with the Tyler Software and Third Party Software, if any, in order to provide maintenance and support services;

9.4 make available to you all releases to the Tyler Software (including updates and enhancements) that we make generally available without additional charge to customers who have a maintenance and support agreement in effect; and

9.5 provide non-Defect resolution support of prior releases of the Tyler Software in accordance with any applicable release life cycle policy.

We will use all reasonable efforts to perform support services remotely. Currently, we use a third-party secure remote tool called Bomgar, as well as GotoAssist by Citrix. Therefore, you agree to maintain a high-speed internet connection capable of connecting us to your PCs and server(s). You agree to provide us supervised remote access as we may reasonably require to perform remote services. We will, at our option, use the secure connection to assist with proper diagnosis and resolution, subject to any reasonably applicable security protocols. If we cannot resolve a support issue remotely, we may be required to provide onsite services. In such event, we will be responsible for our travel expenses, unless it is determined that the reason onsite support was required was a reason outside our control. Either way, you agree to provide us with full and free access to the Tyler Software, working space, adequate facilities within a reasonable distance from the equipment, and use of machines, attachments, features, or other equipment reasonably necessary for us to provide the maintenance and support services, all at no charge to us. We strongly recommend that you also maintain your VPN for backup connectivity purposes.

For the avoidance of doubt, SaaS Fees do not include the following services: (a) onsite support (unless Tyler cannot remotely correct a Defect in the Tyler Software, as set forth above); (b) application design; (c) other consulting services; or (d) support outside our normal business hours as listed in our then-current Support Call Process. Requested services such as those outlined in this section will be billed to you on a time and materials basis at our then current rates. You must request those services with at least one (1) weeks' advance notice.

SECTION D – THIRD PARTY PRODUCTS

1. Third Party Hardware. We will sell, deliver, and install onsite the Third Party Hardware, if you have purchased any, for the price set forth in the Investment Summary. Those amounts are payable in accordance with our Invoicing and Payment Policy.

2. Third Party Software. As part of the SaaS Services, you will receive access to the Third Party Software and related documentation for internal business purposes only. Your rights to the Third Party Software will be governed by the Third Party Terms.

3. Third Party Products Warranties.

   3.1 We are and will be during the term of this Agreement authorized by each Developer to grant access to the Third Party Software.

   3.2 The Third Party Hardware will be new and unused, and upon payment in full, you will receive

free and clear title to the Third Party Hardware.

3.3 You acknowledge that we are not the manufacturer of the Third Party Products. We do not warrant or guarantee the performance of the Third Party Products. However, we hereby grant and pass through to you any warranty that we may receive from the Developer or supplier of each of the Third Party Products.

4. Third Party Services. If you have purchased Third Party Services, those services will be provided independent of Tyler by such third-party at the rates set forth in the Investment Summary and in accordance with our Invoicing and Payment Policy. We hereby grant and pass through to you any warranty that we may receive from the provider or supplier of each of the Third Party Services.

SECTION E - INVOICING AND PAYMENT; INVOICE DISPUTES

1. Invoicing and Payment. We will invoice you the SaaS Fees and fees for other professional services in the Investment Summary per our Invoicing and Payment Policy, subject to Section E(2).

2. Invoice Disputes. If you believe any delivered software or service does not conform to the warranties or other provisions in this Agreement, you will provide us with written notice within thirty (30) days of your receipt of the applicable invoice. The written notice must contain reasonable detail of the issues you contend are in dispute so that we can confirm the issue and respond to your notice with either a justification of the invoice, an adjustment to the invoice, or a proposal addressing the issues presented in your notice. We will work with you as may be necessary to develop an action plan that outlines reasonable steps to be taken by us or by each of us, as applicable, to resolve any issues presented in your notice. You may withhold payment of the amount(s) actually in dispute, and only those amounts, until we complete the action items outlined in the plan. If we are unable to complete the action items outlined in the action plan because of your failure to complete the items agreed by you to be done by you, then you will remit full payment of the invoice. We reserve the right to suspend delivery of all SaaS Services, including maintenance and support services, if you fail to pay an invoice not disputed as described above within thirty (30) days of notice of our intent to do so.

SECTION F – TERM AND TERMINATION

1. Term. The initial term of this Agreement is equal to the number of years indicated for SaaS Services in Exhibit A, commencing on the first day of the first month following the Effective Date, unless earlier terminated as set forth below. If no duration is indicated in Exhibit A, the initial term is one (1) year. Upon expiration of the initial term, this Agreement will renew automatically for additional one (1) year renewal terms at our then-current SaaS Fees unless terminated in writing by either party at least sixty (60) days prior to the end of the then-current renewal term. Your right to access or use the Tyler Software and the SaaS Services will terminate at the end of this Agreement.

2. Termination. This Agreement may be terminated as set forth below. In the event of termination, you will pay us for all undisputed fees and expenses related to the software, products, and/or services you have received or delivered, prior to the effective date of termination. Disputed fees and expenses in all terminations other than your termination for cause must have been submitted as invoice disputes in accordance with Section E(2).

2.1 Failure to Pay SaaS Fees. You acknowledge that continued access to the SaaS Services is contingent upon your timely payment of SaaS Fees, subject to Section E(2). Subject to Section E(2), if you fail to timely pay the SaaS Fees, we may discontinue the SaaS Services and deny your access to the Tyler Software. We may also terminate this Agreement if you don't cure such failure to pay within forty-five (45) days of receiving written notice of our intent to terminate, subject to Section E(2).

2.2 For Cause. If you believe we have materially breached this Agreement, you will invoke the Dispute Resolution clause set forth in Section H(3). You may terminate this Agreement for cause in the event we do not cure, or create a mutually agreeable action plan to address, a material breach of this Agreement within the thirty (30) day window set forth in Section H(3).

2.3 Force Majeure. Either party has the right to terminate this Agreement if a Force Majeure event suspends performance of the SaaS Services for a period of forty-five (45) days or more.

2.4 Lack of Appropriations. If you should not appropriate or otherwise make available funds sufficient to utilize the SaaS Services, you may unilaterally terminate this Agreement upon thirty (30) days written notice to us. You will not be entitled to a refund or offset of previously paid, but unused SaaS Fees.

2.5 Return of Client's Data: In connection with the termination of the Agreement for any reason, and only upon your request, Tyler will use commercially reasonable efforts to accomplish an adequate and timely transition of the data by providing you a copy of your Data.

SECTION G – INDEMNIFICATION, LIMITATION OF LIABILITY AND INSURANCE

1. Intellectual Property Infringement Indemnification.

1.1 We will defend you and your City Councilmembers, employees and agents against any third party claim(s) that the Tyler Software, or Documentation infringes that third party's patent, copyright, or trademark, or misappropriates its trade secrets, and will pay the amount of any resulting adverse final judgment (or settlement to which we consent). You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.

1.2 Our obligations under this Section G(1) will not apply to the extent the claim or adverse final judgment is based on your use of the Tyler Software in contradiction of this Agreement, including with non-licensed third parties, or your willful infringement.

1.3 If we receive information concerning an infringement or misappropriation claim related to the Tyler Software, we may, at our expense and without obligation to do so, either: (a) procure for you the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent, in which case you will stop running the allegedly infringing Tyler Software immediately. Alternatively, we may decide to litigate the claim to judgment, in which case you may continue to use the Tyler Software consistent with the terms of this Agreement. In any event, we will comply with this Section G in its entirety.

1.4 If an infringement or misappropriation claim is fully litigated and your use of the Tyler Software is enjoined by a court of competent jurisdiction, in addition to paying any adverse final judgment (or settlement to which we consent), we will, at our option, either: (a) procure the right to continue its use; (b) modify it to make it non-infringing; or (c) replace it with a functional equivalent. This section provides your exclusive remedy for third party copyright, patent, or trademark infringement and trade secret misappropriation claims.

2. General Indemnification.

2.1 We will indemnify and hold harmless you and your agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for (a) personal injury or property damage to the extent caused by our negligence or willful misconduct; or (b) our violation of PCI-DSS requirements or a law applicable to our performance under this Agreement. You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance, cooperation, and information in defending the claim at our expense.

2.2 To the extent permitted by applicable law, you will indemnify and hold harmless us and our agents, officials, and employees from and against any and all third-party claims, losses, liabilities, damages, costs, and expenses (including reasonable attorney's fees and costs) for personal injury or property damage to the extent caused by your negligence or willful misconduct; or (b) your violation of a law applicable to your performance under this Agreement. We will notify you promptly in writing of the claim and will give you sole control over its defense or settlement. We agree to provide you with reasonable assistance, cooperation, and information in defending the claim at your expense.

3. **DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WE HEREBY DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES, DUTIES, OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CLIENT UNDERSTANDS AND AGREES THAT TYLER DISCLAIMS ANY LIABILITY FOR ERRORS THAT RELATE TO USER ERROR.**

4. **LIMITATION OF LIABILITY. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, OUR LIABILITY FOR DAMAGES ARISING OUT OF THIS AGREEMENT, WHETHER BASED ON A THEORY OF CONTRACT OR TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, SHALL BE LIMITED TO YOUR ACTUAL DIRECT DAMAGES, NOT TO EXCEED (A) DURING THE INITIAL TERM, AS SET FORTH IN SECTION F(1), TWICE THE TOTAL FEES PAID AS OF THE TIME OF THE CLAIM; OR (B) DURING ANY RENEWAL TERM, TWICE THE THEN-CURRENT ANNUAL SAAS FEES PAYABLE IN THAT RENEWAL TERM. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PRICES SET FORTH IN THIS AGREEMENT ARE SET IN RELIANCE UPON THIS LIMITATION OF LIABILITY AND TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, THE EXCLUSION OF CERTAIN DAMAGES, AND EACH SHALL APPLY REGARDLESS OF THE FAILURE OF AN ESSENTIAL PURPOSE OF ANY REMEDY. THE FOREGOING LIMITATION OF LIABILITY SHALL NOT APPLY TO CLAIMS THAT ARE SUBJECT TO SECTIONS G(1) AND G(2).**

5. **EXCLUSION OF CERTAIN DAMAGES. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW,**

IN NO EVENT SHALL WE BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

6. Insurance. During the term of this Agreement, we agree to maintain the following levels of insurance: (a) Commercial General Liability of at least $1,000,000 for bodily injury and property damage that Tyler may cause on an occurrence basis; (b) Automobile Liability of at least $1,000,000 combined single limit; (c) Professional Liability of at least $1,000,000 on a claim-made basis; (d) Workers Compensation complying with applicable statutory requirements; and (e) Excess/Umbrella Liability of at least $5,000,000. We will add you as an additional insured to our Commercial General Liability and Automobile Liability policies, which will automatically add you as an additional insured to our Excess/Umbrella Liability policy as well. We will provide you with copies of each endorsement and certificates of insurance evidencing the required insurance upon your written request. We will agree to provide you with notice of cancellation, non-renewal or reduction in our insurance coverages below the minimum requirements set forth in the contract within thirty (30) days thereof. Tyler agrees to waive subrogation, but only on claims under our Commercial General Liability or Automobile Liability insurance policies that arise out of or relate to the Agreement and are between us and you, except to the extent the damage or injury is caused by you. All insurance companies providing the required insurance shall be authorized to transact business in the State of Texas, and shall have a minimum rating of "A-" by A.M. Best's Key Rating Guide, or other equivalent rating service(s).

SECTION H – GENERAL TERMS AND CONDITIONS

1. Additional Products and Services. You may purchase additional products and services at the rates set forth in the Investment Summary for twelve (12) months from the Effective Date by executing a mutually agreed addendum. If no rate is provided in the Investment Summary, or those twelve (12) months have expired, you may purchase additional products and services at our then-current list price, also by executing a mutually agreed addendum. The terms of this Agreement will control any such additional purchase(s), unless otherwise specifically provided in the addendum.

2. Optional Items. Pricing for any listed optional products and services in the Investment Summary will be valid for twelve (12) months from the Effective Date.

3. Dispute Resolution. You agree to provide us with written notice within thirty (30) days of becoming aware of a dispute. You agree to cooperate with us in trying to reasonably resolve all disputes, including, if requested by either party, appointing a senior representative to meet and engage in good faith negotiations with our appointed senior representative. Senior representatives will convene within thirty (30) days of the written dispute notice, unless otherwise agreed. All meetings and discussions between senior representatives will be deemed confidential settlement discussions not subject to disclosure under Federal Rule of Evidence 408 or any similar applicable state rule. If we fail to resolve the dispute, then the parties shall participate in non-binding mediation in an effort to resolve the dispute. If the dispute remains unresolved after mediation, then either of us may assert our respective rights and remedies in a court of competent jurisdiction. Nothing in this section shall prevent you or us from seeking necessary injunctive relief during the dispute resolution procedures.

4. Taxes. The fees in the Investment Summary do not include any taxes, including, without limitation,

sales, use, or excise tax. If you are a tax-exempt entity, you agree to provide us with a tax-exempt certificate. If you are not a tax-exempt entity, we will pay all applicable taxes to the proper authorities and you will reimburse us for such taxes. If you have a valid direct-pay permit, you agree to provide us with a copy. For clarity, we are responsible for paying our income taxes, both federal and state, as applicable, arising from our performance of this Agreement.

5. Nondiscrimination. We will not discriminate against any person employed or applying for employment concerning the performance of our responsibilities under this Agreement. This discrimination prohibition will apply to all matters of initial employment, tenure, and terms of employment, or otherwise with respect to any matter directly or indirectly relating to employment concerning race, color, religion, national origin, age, sex, sexual orientation, ancestry, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight, marital status, or political affiliation. We will post, where appropriate, all notices related to nondiscrimination as may be required by applicable law.

6. E-Verify. We have complied, and will comply, with the E-Verify procedures administered by the U.S. Citizenship and Immigration Services Verification Division for all of our employees assigned to your project.

7. Subcontractors. We will not subcontract any services under this Agreement without your prior written consent, not to be unreasonably withheld.

8. Binding Effect; No Assignment. This Agreement shall be binding on, and shall be for the benefit of, either your or our successor(s) or permitted assign(s). Neither party may assign this Agreement without the prior written consent of the other party; provided, however, your consent is not required for an assignment by us as a result of a corporate reorganization, merger, acquisition, or purchase of substantially all of our assets.

9. Force Majeure. Except for your payment obligations, neither party will be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by Force Majeure; provided, however, that within ten (10) business days of the Force Majeure event, the party whose performance is delayed provides the other party with written notice explaining the cause and extent thereof, as well as a request for a reasonable time extension equal to the estimated duration of the Force Majeure event.

10. No Intended Third Party Beneficiaries. This Agreement is entered into solely for the benefit of you and us. No third party will be deemed a beneficiary of this Agreement, and no third party will have the right to make any claim or assert any right under this Agreement. This provision does not affect the rights of third parties under any Third Party Terms.

11. Entire Agreement; Amendment. This Agreement represents the entire agreement between you and us with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Purchase orders submitted by you, if any, are for your internal administrative purposes only, and the terms and conditions contained in those purchase orders will have no force or effect. This Agreement may only be modified by a written amendment signed by an authorized representative of each party.

12. Severability. If any term or provision of this Agreement is held invalid or unenforceable, the

remainder of this Agreement will be considered valid and enforceable to the fullest extent permitted by law.

13. No Waiver. In the event that the terms and conditions of this Agreement are not strictly enforced by either party, such non-enforcement will not act as or be deemed to act as a waiver or modification of this Agreement, nor will such non-enforcement prevent such party from enforcing each and every term of this Agreement thereafter.

14. Independent Contractor. We are an independent contractor for all purposes under this Agreement.

15. Notices. All notices or communications required or permitted as a part of this Agreement, such as notice of an alleged material breach for a termination for cause or a dispute that must be submitted to dispute resolution, must be in writing and will be deemed delivered upon the earlier of the following: (a) actual receipt by the receiving party; (b) upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the receiving party; (c) upon receipt by sender of proof of email delivery; or (d) if not actually received, five (5) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the other party at the address set forth on the signature page hereto or such other address as the party may have designated by proper notice. The consequences for the failure to receive a notice due to improper notification by the intended receiving party of a change in address will be borne by the intended receiving party.

16. Client Lists. You agree that we may identify you by name in client lists, marketing presentations, and promotional materials.

17. Confidentiality. Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities, including the parties. Confidential information is nonpublic information that a reasonable person would believe to be confidential and includes, without limitation, personal identifying information (*e.g.*, social security numbers) and trade secrets, each as defined by applicable state law. Each party agrees that it will not disclose any confidential information of the other party and further agrees to take all reasonable and appropriate action to prevent such disclosure by its employees or agents, subject to the terms of this section. The confidentiality covenants contained herein will survive the termination or cancellation of this Agreement. This obligation of confidentiality will not apply to information that:
    (a) is in the public domain, either at the time of disclosure or afterwards, except by breach of this Agreement by a party or its employees or agents;
    (b) a party can establish by reasonable proof was in that party's possession at the time of initial disclosure;
    (c) a party receives from a third party who has a right to disclose it to the receiving party; or
    (d) is the subject of a legitimate disclosure request under the open records laws or similar applicable public disclosure laws governing this Agreement; provided, however, that in the event you receive an open records or other similar applicable request, you will give us prompt notice and otherwise perform the functions required by applicable law.

18. Quarantining of Client Data. Some services provided by Tyler require us to be in possession of your Data. In the event we detect malware or other conditions associated with your Data that are reasonably suspected of putting Tyler resources or other Tyler clients' data at risk, we reserve the

absolute right to move your Data from its location within a multi-tenancy Tyler hosted environment to an isolated "quarantined" environment without advance notice. Your Data will remain in such quarantine for a period of at least six (6) months during which time we will review the Data, and all traffic associated with the Data, for signs of malware or other similar issues. If no issues are detected through such reviews during the six (6) month period of quarantine, we will coordinate with you the restoration of your Data to a non-quarantined environment. In the event your Data must remain in quarantine beyond this six (6) month period through no fault of Tyler's, we reserve the right to require payment of additional fees for the extended duration of quarantine. We will provide an estimate of what those costs will be upon your request.

19. Right to audit. The Client may audit Tyler's books and records relating directly to the Agreement once per year on one-week advance written notice, and at Client's expense.

20. Business License. In the event a local business license is required for us to perform services hereunder, you will promptly notify us and provide us with the necessary paperwork and/or contact information so that we may timely obtain such license.

21. Governing Law; Venue. This Agreement will be governed by and construed in accordance with the laws of your state of domicile, without regard to its rules on conflicts of law. The exclusive venue for any action arising out of this Agreement shall be a court of appropriate jurisdiction in Grayson County, Texas. Tyler reserves the right to remove any litigation to a federal court of competent jurisdiction for the Eastern District of Texas.

22. Multiple Originals and Authorized Signatures. This Agreement may be executed in multiple originals, any of which will be independently treated as an original document. Any electronic, faxed, scanned, photocopied, or similarly reproduced signature on this Agreement or any amendment hereto will be deemed an original signature and will be fully enforceable as if an original signature. Each party represents to the other that the signatory set forth below is duly authorized to bind that party to this Agreement.

23. Cooperative Procurement. To the maximum extent permitted by applicable law, we agree that this Agreement may be used as a cooperative procurement vehicle by eligible jurisdictions. We reserve the right to negotiate and customize the terms and conditions set forth herein, including but not limited to pricing, to the scope and circumstances of that cooperative procurement.

24. Data & Insights Solution Terms. Your use of certain Tyler solutions includes Tyler's Data & Insights data platform. Your rights, and the rights of any of your end users, to use Tyler's Data & Insights data platform is subject to the Data & Insights SaaS Services Terms of Service, available at https://www.tylertech.com/terms/data-insights-saas-services-terms-of-service. By signing a Tyler Agreement or Order Form, or accessing, installing, or using any of the Tyler solutions listed at the linked terms, you certify that you have reviewed, understand, and agree to said terms.

25. Contract Documents. This Agreement includes the following exhibits:

Exhibit A	Investment Summary
Exhibit B	Invoicing and Payment Policy
	Schedule 1: Business Travel Policy
Exhibit C	Service Level Agreement

	Schedule 1: Support Call Process
Exhibit D	Third Party Terms
	Schedule 1: Hyperlinked Terms
Exhibit E	Statement of Work

IN WITNESS WHEREOF, a duly authorized representative of each party has executed this Agreement as of the date(s) set forth below.

Tyler Technologies, Inc.

By: _____

Name: Robert Kennedy-Jensen

Title: Group General Counsel

Date: 3/13/23

Address for Notices:
Tyler Technologies, Inc.
One Tyler Drive
Yarmouth, ME 04096
Attention: Chief Legal Officer

City of Sherman, Texas

By: _____

Name: _____

Title: _____

Date: _____

Address for Notices:
City of Sherman
220 W. Mulberry Street
Sherman, TX 75090
Attention: City Manager

With copy: Abernathy, Roeder, Boyd & Hullett, P.C.
Attn.: Ryan D. Pittman
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Telephone: (214) 544-4000
Facsimile: (214) 544-4054
Email: rpittman@abernathy-law.com

Exhibit A
Investment Summary

The following Investment Summary details the software and services to be delivered by us to you under the Agreement. This Investment Summary is effective as of the Effective Date, despite any expiration date in the Investment Summary that may have lapsed as of the Effective Date. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement. In the event of conflict between the Agreement and terms in the Comments section of this Investment Summary, the language in the Agreement will prevail.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Quoted By: Craig Dixon
Quote Expiration: 4/30/23
Quote Name: Tyler EPL CD/BM proposal, Sherman TX, SaaS

Sales Quotation For:
City of Sherman
PO Box 1106
Sherman TX 75091-1106
Phone: +1 (903) 892-7200

Tyler SaaS - SaaS - Platinum

Description	Term	Monthly Fee	Users/Units	Annual Fee
Enterprise Permitting & Licensing Core Software				
Community Development Suite - Per User		$ 314	12	$ 45,240
Enterprise Permitting & Licensing View Only Licenses (All Suites)		$ 31	5	$ 1,830
Enterprise Permitting & Licensing Extensions				
Business Management Suite - Per User		$ 314	5	$ 18,850
e-Reviews		$ 876	1	$ 10,508
Enterprise Permitting & Licensing Executive Insights Bundle		$ 876	1	$ 10,508
Civic Access - Community Development		$ 762	1	$ 9,142
e-Reviews External Reviewers		$ 657	1	$ 7,881
Civic Access - Business Management		$ 469	1	$ 5,625
Business Management API Toolkit		$ 0	1	$ 0
Core Foundation Bundle		$ 0	1	$ 0

Advanced Automation Bundle			$ 0	1	$ 0
GIS Site License			$ 0	1	$ 0
Workforce Mobile Site License			$ 0	1	$ 0
Community Development API Toolkit			$ 0	1	$ 0
ReadyForms			$ 0	1	$ 0
	Sub-Total:				$ 109,584
	Less Discount				*$ 21,916*
	TOTAL	**3**			**$ 87,668**

Tyler Annual Services

Descripton	Users/Units	Annual Fee
Recurring Services		
Hosted Report Management (additional user)	1	$ 0
Professional Services		
Standard Technical Support	1	$ 0
TOTAL:		**$ 0**

Professional Services

Description	Quantity	Unit Price	Extended Price	Maintenance
Professional Services				
TCM Conversion	1	$ 4,500	$ 4,500	$ 0
Professional Implementation Services - Onsite	160	$ 225	$ 36,000	$ 0
Custom Reports/Outputs	2	$ 5,000	$ 10,000	$ 0
Solutions Orientation Training - Onsite	40	$ 225	$ 9,000	$ 0
End User Training - Onsite	64	$ 225	$ 14,400	$ 0
Data Conversion Services	80	$ 250	$ 20,000	$ 0

GIS Analyst	20	$ 200	$ 4,000	$ 0
Professional Implementation Services - Remote	540	$ 200	$ 108,000	$ 0
Project Management Services - Remote	400	$ 200	$ 80,000	$ 0
Included System Administration Services - 60 hours/year	60	$ 0	$ 0	$ 0
Included Training Resources - 60 hours/year	60	$ 0	$ 0	$ 0
Custom Forms/Letters	8	$ 3,000	$ 24,000	$ 0
Production Support - Onsite	40	$ 225	$ 9,000	$ 0
TCM Configuration Services	24	$ 200	$ 4,800	$ 0
ReadyForms Installation	1	$ 1,500	$ 1,500	$ 0
TOTAL:			**$ 325,200**	**$ 0**

Payments

	Use Case	List Price	Service %	Min	Basis Points	Rate	Cap	POS	Online	IVR
Payments - Client Card Cost - Interchange Plus										
Enterprise Permitting & Licensing										
Enterprise Permitting & Licensing Payments	Licenses				0.50%	$ 0.50		X	X	
Enterprise Permitting & Licensing Payments	Planning				0.50%	$ 0.50		X	X	
Enterprise Permitting & Licensing Payments	Permits				0.50%	$ 0.50		X	X	
Payments - Other Fees										
Enterprise Permitting & Licensing										
Client eCheck Cost		$ 1.95								
eCheck Rejects		$ 5.00								
Credit Card Chargebacks		$ 15.00								

Client Card Cost - Interchange Plus- per card transaction with Visa, MasterCard, Discover, and American Express for all transactions on top of industry-driven rates for bank fees, card brand fees, interchange fees, dues, assessments, and other processing fees.

Client eCheck Cost - Per electronic check transaction.

eCheck Reject - When an eCheck Transaction comes back as declined (e.g bounced check)

Credit Card Chargebacks – If a card payer disputes a transaction at the card issuing bank (e.g. stolen card)

Third-Party Hardware, Software and Services

Description	Qty	Unit Price	Unit Discount	Total Price	Unit Maint /SaaS	Unit Maint/SaaS Discount	Total Maint / SaaS
Third Party							
Payments PCI Service Fee (Per Device)	3	$ 0	$ 0	$ 0	$ 180	$ 0	$ 540
Hardware							
Payments Lane 3000 Annual Terminal Purchase	3	$ 419	$ 0	$ 1,257	$ 0	$ 0	$ 0
TOTAL				**$ 1,257**			**$ 540**

Summary	**One Time Fees**	**Recurring Fees**
Total SaaS		$ 87,668
Total Services	$ 325,200	$ 0
Total Third-Party Hardware, Software, Services	$ 1,257	$ 540
Summary Total	**$ 326,457**	**$ 88,208**
Contract Total	**$ 590,001**	
Estimated Travel Expenses	**$ 16,000**	

Optional Tyler SaaS - SaaS - Platinum

Description	Term	Monthly Fee	Users/Unit	Annual Fee

Enterprise Permitting & Licensing Extensions				
Decision Engine		$ 762	1.0	$ 9,142
	Sub-Total			$ 9,142
	Less Discount			*$ 1,828*
	TOTAL	**3**		**$ 7,314**

Comments

Decision Engine is a web-based application that utilizes yes/no questions to guide citizens through online applications. Tyler will ensure and troubleshoot the connection and provide application configuration training. The client is responsible to design

Enterprise Permitting Support Services provided by Tyler are limited to installation of the API and guidance to the Client's integration development resources. Tyler does not provide integration development services for Enterprise Permitting & Licensing powered by EnerGov API/SDK toolkits. The Client (or a selected third party integrator) will perform all development work against the API/SDK.

Custom reports are ground up module level custom report based on client specification. A custom report returns data from multiple records based on selection criteria.

Core Foundation Bundle includes Enterprise Forms, Hub, SSRS/Crystal, Dynamic Reports, BMP Templates and Standard IOs. Tyler resources will configure and test basic Enterprise Licensing & Permitting functionality including global settings, and preliminary user roles.

Enterprise Permitting & Licensing powered by EnerGov Advanced Automation Bundle includes Intelligent Objects, Intelligent Automation Agent, Georules and Workflow Designer.

eReviews enables electronic review and markup of submitted plans and other documentation by client personnel. eReviews requires Bluebeam Studio Prime, at an estimated yearly subscription cost of $3,000/100 users to be purchased separately by Client.

iG Workforce - iG Inspect and iG Enforce provide a mobile solution for field personnel to capture inspection and code data remotely. Tyler will assist to connect IG Apps to the Enterprise Permitting & Licensing powered by EnerGov suite, and support testing. These applications are available on iOS. The client is responsible for ensuring the app(s) are downloaded and kept up to date on client utilized hardware.

Tyler resources will establish connection and verify data exchange between Data & Insights and Enterprise Permitting & Licensing. Your rights, and the rights of any of your end users, to use Tyler's Data & Insights SaaS Services, or certain Tyler solutions which include Tyler's Data & Insights data platform, are subject to the Terms of Services, available at https://www.tylertech.com/terms/data-insights-saas-services-terms-of-service. By signing this sales quotation, or accessing, installing, or using any of the Tyler solutions listed at the linked terms, you certify that you have reviewed, understand, and agree to said terms.

Fees for year one of hardware maintenance are invoiced upon delivery of the hardware, with subsequent years' fees billed annually, in advance.

Custom Forms/Letters are ground up single record custom report based on client specifications. A form/letter returns data from a single record in EnerGov (permit, code case, etc).

Your use of Tyler Payments and any related items included on this order is subject to the terms found at: https://www.tylertech.com/terms/payment-card-processing-agreement. By signing this order or the agreement in which it is included, you agree you have read, understand, and agree to such terms. Please see attached Tyler Payments fee schedule.

In the event the Client cancels services less than two(2) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the canceled services if Tyler is unable to re-assign its personnel.
Delays in completion, reviews, and/or acceptance of any deliverable by the Client will result in an increase in the duration of the project and will

require a Change Order for any additional costs associated with the delay, including but not limited to additional hours for project management, deliverable development and review.

Tyler resources will configure and test basic Enterprise Permitting and Licensing functionality including global settings, and preliminary user roles.

It is the client's responsibility to provide and maintain the GIS services to be used by the Tyler Enterprise Permitting and Licensing applications. Tyler will provide guidelines to be followed for such services.

DCT-DB Conversion - The Client will populate the Data Conversion Template database with their legacy data to be used for the conversion. Tyler will guide and support the Client during this process to ensure success in its population and actual conversion. Once the Data Conversion Template database has been populated by the Client, Tyler will produce the mapping document to provide to the Client to match Legacy Data to new Enterprise Permitting and Licensing fields. The client-reviewed and approved mapping document will be used within the standard conversion utility.

"TCM Conversion" involves migrating attachments from MyGov to EPL and will occur at the production go-live.

Training Policy - The client receives and will be billed for up to 32 hours of direct interaction with Trainers. Note that this time is billed in daily blocks at 8 hours for the day. Totaling 4 days of training time. The client will also be billed for up to 8 hours of setup and prep time. This allows our Trainers to become familiar with individual clients and their needs. While the Training is generic, our Trainers always spend time familiarizing themselves with client environments.

Hub is a platform that allows clients to set up individual dashboards to visualize data. Tyler resources will assist to tie the application to Enterprise Permitting and Licensing data and demonstrate how to set up user dashboards. The client will be responsible to set up and maintain user dashboards. Tyler will be responsible for connecting the Enterprise Permitting and Licensing data source to Hub. Tyler will provide training to the client to demonstrate how to personalize user views. It is the Client's responsibility to personalize user views. Any additional data source connections to Hub will incur additional costs."

Enterprise Permitting and Licensing Implementation: This will be a shared services implementation where Tyler leads and owns the configuration of 8 unique case types to be used as examples for the remaining configuration to be completed by the client. For each unique case type Tyler implements, we assume our experienced Consultant expends 25-30 hours per process for definition, configuration, and issue resolution. Tyler will also build out our standard geo-rules and standard automation events included in the application. Configuration elements beyond this will be owned by the client.

Tyler Technologies' Enterprise Permitting and Licensing implementation team will be primarily responsible for the following implementation tasks:
- Training on how to use Enterprise Permitting and Licensing
- Training and providing guidance on how to configure and maintain Enterprise Permitting and Licensing
- Setup of Enterprise Permitting and Licensing GIS Map
- Setup of Enterprise Permitting and Licensing GIS Live Link
- Setup of Civic Access GIS Map (as applicable, based on contract)

•Setup of Civic Access ArcGIS Integration (as applicable, based on contract)
•Setup of Civic Access Payments (as applicable, based on the contract and client having secured an appropriate payment gateway)
•Setup and testing of Tyler-to-Tyler integrations (Munis, Tyler Cashiering, Tyler Content Management, Tyler Incident Management, as applicable based on contract)
•Setup of Workforce Mobile licenses (as applicable, based on contract)

The client subject matter experts (SMEs) should be available approximately 25 – 50% (Dependent on the number of processes to be configured) of any given week throughout the project in order to perform configuration in addition to scheduled time with Tyler's Enterprise Permitting and Licensing consultant. The client configuration team should expect to spend between 50 to 60 hours of implementation time per process after configuration training.

These client SMEs will be responsible for the following general configuration tasks:
•Enterprise Permitting and Licensing Case Type Setup (and all associated items required to configure)
•Enterprise Permitting and Licensing System Setup Configuration (Holidays, Zones, Hold Types, Hearing Types, etc.)
•Enterprise Permitting and Licensing Report Setup's dynamic custom fields
•Enterprise Permitting and Licensing User/User Role Setup
•Enterprise Permitting and Licensing Workflow/Workflow Template Setup (WF Actions, Steps, Templates, Submittal Types, Item Reviews etc.)
•Civic Access Experience (Civic Access Case Types, Civic Access Geo Rules, Civic Access Themes, Headers, Menus, Security Settings, etc.)
•Enterprise Permitting and Licensing Automation Events (Intelligent Objects, standard Intelligent Queries). This covers automation tasks like E-mails, Tasks, Geo Rules, etc.
•Other configurations as desired by the client

Workforce Mobile - Inspections Mobile and Code Enforcement Mobile provide a mobile solution for field personnel to capture inspection and code data remotely. Tyler will assist in connecting IG Apps to the Enterprise Permitting and Licensing suite, and support testing. These applications are available on iOS.

Tyler Content Manager - EnerGov tie-in (Standard Edition) - Tyler Content Manager is a centralized document management solution for all Tyler applications. Tyler resources will configure, test, train personnel and support go-live for TCM functionality utilized by EnerGov. A full TCM implementation requires additional resources, beyond the scope of this project.

Civic Access is the online portal for the client's citizens. Tyler will ensure the online portal is operating and is connected to GIS, complete the payment portal configuration, and provide Civic Access configuration training. The client is responsible for the configuration of making applications available online as well as any other components that fall outside of what was mentioned prior.

Onsite Implementation Services included to supplement the city-led configuration efforts.

SaaS Monthly Fees are rounded to the nearest dollar. The Annual Fee value represents the cost to the customer.

Exhibit B
Invoicing and Payment Policy

We will provide you with the software and services set forth in the Investment Summary of the Agreement. Capitalized terms not otherwise defined will have the meaning assigned to such terms in the Agreement.

Invoicing: We will invoice you for the applicable software and services in the Investment Summary as set forth below. Your rights to dispute any invoice are set forth in the Agreement.

1. SaaS Fees. SaaS Fees are invoiced on an annual basis, beginning on the commencement of the initial term as set forth in Section F (1) of this Agreement. Your annual SaaS fees for the initial term are set forth in the Investment Summary. Upon expiration of the initial term, your annual SaaS fees will be at our then-current rates.

2. Other Tyler Software and Services.

   2.1 *VPN Device*: The fee for the VPN device will be invoiced upon installation of the VPN.

   2.2 *Implementation and Other Professional Services (including training)*: Implementation and other professional services (including training) are billed and invoiced as delivered, at the rates set forth in the Investment Summary.

   2.3 *Consulting Services*: If you have purchased any Business Process Consulting services, if they have been quoted as fixed-fee services, they will be invoiced 50% upon your acceptance of the Best Practice Recommendations, by module, and 50% upon your acceptance of custom desktop procedures, by module. If you have purchased any Business Process Consulting services and they are quoted as an estimate, then we will bill you the actual services delivered on a time and materials basis.

   2.4 *Conversions*: Fixed-fee conversions are invoiced 50% upon initial delivery of the converted Data, by conversion option, and 50% upon Client acceptance to load the converted Data into Live/Production environment, by conversion option. Where conversions are quoted as estimated, we will bill you the actual services delivered on a time and materials basis.

   2.5 *Requested Modifications to the Tyler Software*: Requested modifications to the Tyler Software are invoiced 50% upon delivery of specifications and 50% upon delivery of the applicable modification. You must report any failure of the modification to conform to the specifications within thirty (30) days of delivery; otherwise, the modification will be deemed to be in compliance with the specifications after the 30-day window has passed. You may still report Defects to us as set forth in this Agreement.

2.6 *Other Fixed Price Services*: Other fixed price services are invoiced as delivered, at the rates set forth in the Investment Summary. For the avoidance of doubt, where "Project Planning Services" are provided, payment will be due upon delivery of the Implementation Planning document. Dedicated Project Management services, if any, will be billed monthly in arrears, beginning on the first day of the month immediately following initiation of project planning.

2.7 *Annual Services*: Unless otherwise indicated in this Exhibit B, fees for annual services are due annually, in advance, commencing on the availability of the service. Your annual fees for the initial term are set forth in the Investment Summary. Upon expiration of the initial term, your annual fees will be at our then-current rates.

3. Third Party Products.

3.1 *Third Party Software License Fees*: License fees for Third Party Software, if any, are invoiced when we make it available to you for downloading.

3.2 *Third Party Software Maintenance*: The first year maintenance for the Third Party Software is invoiced when we make it available to you for downloading.

3.3 *Third Party Hardware*: Third Party Hardware costs, if any, are invoiced upon delivery.

3.4 *Third Party Services:* Fees for Third Party Services, if any, are invoiced as delivered, along with applicable expenses, at the rates set forth in the Investment Summary. For the avoidance of doubt, Finite Matters will invoice Client directly for any services fees for Pattern Stream.

3.5 *Third Party SaaS*: Third Party SaaS Services fees, if any, are invoiced annually, in advance, commencing with availability of the respective Third Party SaaS Services. Pricing for the first year of Third Party SaaS Services is indicated in the Investment Summary. Pricing for subsequent years will be at the respective third party's then-current rates.

4. Transaction Fees. Unless paid directly by an end user at the time of transaction, per transaction (call, message, etc.) fees are invoiced on a quarterly basis. Fees are indicated in Schedule A and may be increased by Tyler upon notice of no less than thirty (30) days.

5. Expenses. The service rates in the Investment Summary do not include travel expenses. Expenses for Tyler delivered services will be billed as incurred and only in accordance with our then-current Business Travel Policy, plus a 10% travel agency processing fee. Our current Business Travel Policy is attached to this Exhibit B as Schedule 1. Copies of receipts will be provided upon request; we reserve the right to charge you an administrative fee depending on the extent of your requests. Receipts for miscellaneous items less than twenty-five dollars and mileage logs are not available.

Payment. Payment for undisputed invoices is due within forty-five (45) days of the invoice date. We prefer to receive payments electronically. Our electronic payment information is available by contacting AR@tylertech.com.

Exhibit B
Schedule 1
Business Travel Policy

1. Air Travel

   A. Reservations & Tickets

   The Travel Management Company (TMC) used by Tyler will provide an employee with a direct flight within two hours before or after the requested departure time, assuming that flight does not add more than three hours to the employee's total trip duration and the fare is within $100 (each way) of the lowest logical fare. If a net savings of $200 or more (each way) is possible through a connecting flight that is within two hours before or after the requested departure time and that does not add more than three hours to the employee's total trip duration, the connecting flight should be accepted.

   Employees are encouraged to make advanced reservations to take full advantage of discount opportunities. Employees should use all reasonable efforts to make travel arrangements at least two (2) weeks in advance of commitments. A seven (7) day advance booking requirement is mandatory. When booking less than seven (7) days in advance, management approval will be required.

   Except in the case of international travel where a segment of continuous air travel is six (6) or more consecutive hours in length, only economy or coach class seating is reimbursable. Employees shall not be reimbursed for "Basic Economy Fares" because these fares are non-refundable and have many restrictions that outweigh the cost-savings.

   B. Baggage Fees

   Reimbursement of personal baggage charges are based on trip duration as follows:

   - Up to five (5) days = one (1) checked bag
   - Six (6) or more days = two (2) checked bags

   Baggage fees for sports equipment are not reimbursable.

2. Ground Transportation

A. Private Automobile

Mileage Allowance – Business use of an employee's private automobile will be reimbursed at the current IRS allowable rate, plus out of pocket costs for tolls and parking. Mileage will be calculated by using the employee's office as the starting and ending point, in compliance with IRS regulations. Employees who have been designated a home office should calculate miles from their home.

B. Rental Car

Employees are authorized to rent cars only in conjunction with air travel when cost, convenience, and the specific situation reasonably require their use. When renting a car for Tyler business, employees should select a "mid-size" or "intermediate" car. "Full" size cars may be rented when three or more employees are traveling together. Tyler carries leased vehicle coverage for business car rentals; except for employees traveling to Alaska and internationally (excluding Canada), additional insurance on the rental agreement should be declined.

C. Public Transportation

Taxi or airport limousine services may be considered when traveling in and around cities or to and from airports when less expensive means of transportation are unavailable or impractical. The actual fare plus a reasonable tip (15-18%) are reimbursable. In the case of a free hotel shuttle to the airport, tips are included in the per diem rates and will not be reimbursed separately.

D. Parking & Tolls

When parking at the airport, employees must use longer term parking areas that are measured in days as opposed to hours. Park and fly options located near some airports may also be used. For extended trips that would result in excessive parking charges, public transportation to/from the airport should be considered. Tolls will be reimbursed when receipts are presented.

3. Lodging

Tyler's TMC will select hotel chains that are well established, reasonable in price, and conveniently located in relation to the traveler's work assignment. Typical hotel chains include Courtyard, Fairfield Inn, Hampton Inn, and Holiday Inn Express. If the employee has a discount rate with a local hotel, the hotel reservation should note that discount and the employee should confirm the lower rate with the hotel upon arrival. Employee memberships in travel clubs such as AAA should be noted in their travel profiles so that the employee can take advantage of any lower club rates.

"No shows" or cancellation fees are not reimbursable if the employee does not comply with the hotel's cancellation policy.

Tips for maids and other hotel staff are included in the per diem rate and are not reimbursed separately.

Employees are not authorized to reserve non-traditional short-term lodging, such as Airbnb, VRBO, and HomeAway. Employees who elect to make such reservations shall not be reimbursed.

4. Meals and Incidental Expenses

Employee meals and incidental expenses while on travel status within the continental U.S. are in accordance with the federal per diem rates published by the General Services Administration. Incidental expenses include tips to maids, hotel staff, and shuttle drivers and other minor travel expenses. Per diem rates are available at www.gsa.gov/perdiem.

Per diem for Alaska, Hawaii, U.S. protectorates and international destinations are provided separately by the Department of State and will be determined as required.

A. Overnight Travel

For each full day of travel, all three meals are reimbursable. Per diems on the first and last day of a trip are governed as set forth below.

Departure Day

Depart before 12:00 noon	Lunch and dinner
Depart after 12:00 noon	Dinner

Return Day

Return before 12:00 noon	Breakfast
Return between 12:00 noon & 7:00 p.m.	Breakfast and lunch
Return after 7:00 p.m.*	Breakfast, lunch and dinner

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

The reimbursement rates for individual meals are calculated as a percentage of the full day per diem as follows:

Breakfast	15%
Lunch	25%
Dinner	60%

B. Same Day Travel

Employees traveling at least 100 miles to a site and returning in the same day are eligible to claim lunch on an expense report. Employees on same day travel status are eligible to claim dinner in the event they return home after 7:00 p.m.*

*7:00 p.m. is defined as direct travel time and does not include time taken to stop for dinner.

5. Internet Access – Hotels and Airports

   Employees who travel may need to access their e-mail at night. Many hotels provide free high speed internet access and Tyler employees are encouraged to use such hotels whenever possible. If an employee's hotel charges for internet access it is reimbursable up to $10.00 per day. Charges for internet access at airports are not reimbursable.

6. International Travel

   All international flights with the exception of flights between the U.S. and Canada should be reserved through TMC using the "lowest practical coach fare" with the exception of flights that are six (6) or more consecutive hours in length. In such event, the next available seating class above coach shall be reimbursed.

   When required to travel internationally for business, employees shall be reimbursed for photo fees, application fees, and execution fees when obtaining a new passport book, but fees related to passport renewals are not reimbursable. Visa application and legal fees, entry taxes and departure taxes are reimbursable.

   The cost of vaccinations that are either required for travel to specific countries or suggested by the U.S. Department of Health & Human Services for travel to specific countries, is reimbursable.

   Section 4, Meals & Incidental Expenses, and Section 2.b., Rental Car, shall apply to this section.

Exhibit C
Service Level Agreement

I. Agreement Overview

This SLA operates in conjunction with, and does not supersede or replace any part of, the Agreement. It outlines the information technology service levels that we will provide to you to ensure the availability of the application services that you have requested us to provide. This SLA does not apply to any Third Party SaaS Services. All other support services are documented in the Support Call Process.

II. Definitions. Except as defined below, all defined terms have the meaning set forth in the Agreement.

Actual Attainment: The percentage of time the Tyler Software is available during a calendar quarter, calculated as follows: (Service Availability – Downtime) ÷ Service Availability.

Client Error Incident: Any service unavailability resulting from your applications, content or equipment, or the acts or omissions of any of your service users or third-party providers over whom we exercise no control.

Downtime: Those minutes during Service Availability, as defined below, when all users cannot launch, login, search or save primary data in the Tyler Software. Downtime does not include those instances in which only a Defect is present.

Emergency Maintenance: (1) maintenance that is required to patch a critical security vulnerability; (2) maintenance that is required to prevent an imminent outage of Service Availability; or (3) maintenance that is mutually agreed upon in writing by Tyler and the Client.

Planned Downtime: Downtime that occurs during a Standard or Emergency Maintenance window.

Service Availability: The total number of minutes in a calendar quarter that the Tyler Software is capable of receiving, processing, and responding to requests, excluding Planned Downtime, Client Error Incidents, denial of service attacks and Force Majeure.

Standard Maintenance: Routine maintenance to the Tyler Software and infrastructure. Standard Maintenance is limited to five (5) hours per week.

III. Service Availability

a. Your Responsibilities

Whenever you experience Downtime, you must make a support call according to the procedures outlined in the Support Call Process. You will receive a support case number.

b. Our Responsibilities

When our support team receives a call from you that Downtime has occurred or is occurring, we will work with you to identify the cause of the Downtime (including whether it may be the result of Planned

Downtime, a Client Error Incident, Denial of Service attack or Force Majeure). We will also work with you to resume normal operations.

c. Client Relief

Our targeted Attainment Goal is 100%. You may be entitled to credits as indicated in the Client Relief Schedule found below. Your relief credit is calculated as a percentage of the SaaS fees paid for the calendar quarter.

In order to receive relief credits, you must submit a request through one of the channels listed in our Support Call Process within fifteen days (15) of the end of the applicable quarter. We will respond to your relief request within thirty (30) day(s) of receipt.

The total credits confirmed by us will be applied to the SaaS Fee for the next billing cycle. Issuing of such credit does not relieve us of our obligations under the Agreement to correct the problem which created the service interruption.

Client Relief Schedule	
Actual Attainment	**Client Relief**
99.99% - 99.50%	Remedial action will be taken
99.49% - 98.50%	2%
98.49% - 97.50%	4%
97.49% - 96.50%	6%
96.49% - 95.50%	8%
Below 95.50%	10%

* Notwithstanding language in the Agreement to the contrary, Recovery Point Objective is one (1) hour.

IV. Maintenance Notifications

We perform Standard Maintenance during limited windows that are historically known to be reliably low-traffic times. If and when maintenance is predicted to occur during periods of higher traffic, we will provide advance notice of those windows and will coordinate to the greatest extent possible with you.

Not all maintenance activities will cause application unavailability. However, if Tyler anticipates that activities during a Standard or Emergency Maintenance window may make the Tyler Software unavailable, we will provide advance notice, as reasonably practicable that the Tyler Software will be unavailable during the maintenance window.

Exhibit C
Schedule 1
Support Call Process

Support Channels

Tyler Technologies, Inc. provides the following channels of software support for authorized users*:

(1) On-line submission (portal) – for less urgent and functionality-based questions, users may create support incidents through the Tyler Customer Portal available at the Tyler Technologies website. A built-in Answer Panel provides users with resolutions to most "how-to" and configuration-based questions through a simplified search interface with machine learning, potentially eliminating the need to submit the support case.
(2) Email – for less urgent situations, users may submit emails directly to the software support group.
(3) Telephone – for urgent or complex questions, users receive toll-free, telephone software support.

** Channel availability may be limited for certain applications.*

Support Resources

A number of additional resources are available to provide a comprehensive and complete support experience:

(1) Tyler Website – www.tylertech.com – for accessing client tools, documentation, and other information including support contact information.
(2) Tyler Search -a knowledge based search engine that lets you search multiple sources simultaneously to find the answers you need, 24x7.
(3) Tyler Community –provides a venue for all Tyler clients with current maintenance agreements to collaborate with one another, share best practices and resources, and access documentation.
(4) Tyler University – online training courses on Tyler products.

Support Availability

Tyler Technologies support is available during the local business hours of 8 AM to 5 PM (Monday – Friday) across four US time zones (Pacific, Mountain, Central and Eastern). Tyler's holiday schedule is outlined below. There will be no support coverage on these days.

New Year's Day	Labor Day
Martin Luther King, Jr. Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day

For support teams that provide after-hours service, we will provide you with procedures for contacting support staff after normal business hours for reporting Priority Level 1 Defects only. Upon receipt of

such a Defect notification, we will use commercially reasonable efforts to meet the resolution targets set forth below.

We will also make commercially reasonable efforts to be available for one pre-scheduled Saturday of each month to assist your IT staff with applying patches and release upgrades, as well as consulting with them on server maintenance and configuration of the Tyler Software environment.

Incident Handling

Incident Tracking

Every support incident is logged into Tyler's Customer Relationship Management System and given a unique case number. This system tracks the history of each incident. The case number is used to track and reference open issues when clients contact support. Clients may track incidents, using the case number, through Tyler's Customer Portal or by calling software support directly.

Incident Priority

Each incident is assigned a priority level, which corresponds to the Client's needs. Tyler and the Client will reasonably set the priority of the incident per the chart below. This chart is not intended to address every type of support incident, and certain "characteristics" may or may not apply depending on whether the Tyler software has been deployed on customer infrastructure or the Tyler cloud. The goal is to help guide the Client towards clearly understanding and communicating the importance of the issue and to describe generally expected response and resolution targets in the production environment only.

References to a "confirmed support incident" mean that Tyler and the Client have successfully validated the reported Defect/support incident.

Priority Level	Characteristics of Support Incident	Resolution Targets*
1 Critical	Support incident that causes (a) complete application failure or application unavailability; (b) application failure or unavailability in one or more of the client's remote location; or (c) systemic loss of multiple essential system functions.	Tyler shall provide an initial response to Priority Level 1 incidents within one (1) business hour of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within one (1) business day. For non-hosted customers, Tyler's responsibility for lost or corrupted data is limited to assisting the Client in restoring its last available database.

Priority Level	Characteristics of Support Incident	Resolution Targets*
2 High	Support incident that causes (a) repeated, consistent failure of essential functionality affecting more than one user or (b) loss or corruption of data.	Tyler shall provide an initial response to Priority Level 2 incidents within four (4) business hours of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents or provide a circumvention procedure within ten (10) business days. For non-hosted customers, Tyler's responsibility for loss or corrupted data is limited to assisting the Client in restoring its last available database.
3 Medium	Priority Level 1 incident with an existing circumvention procedure, or a Priority Level 2 incident that affects only one user or for which there is an existing circumvention procedure.	Tyler shall provide an initial response to Priority Level 3 incidents within one (1) business day of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents without the need for a circumvention procedure with the next published maintenance update or service pack, which shall occur at least quarterly. For non-hosted customers, Tyler's responsibility for lost or corrupted data is limited to assisting the Client in restoring its last available database.
4 Non-critical	Support incident that causes failure of non-essential functionality or a cosmetic or other issue that does not qualify as any other Priority Level.	Tyler shall provide an initial response to Priority Level 4 incidents within two (2) business days of receipt of the incident. Once the incident has been confirmed, Tyler shall use commercially reasonable efforts to resolve such support incidents, as well as cosmetic issues, with a future version release.

**Response and Resolution Targets may differ by product or business need*

Incident Escalation

If Tyler is unable to resolve any priority level 1 or 2 defect as listed above or the priority of an issue has elevated since initiation, you may escalate the incident to the appropriate resource, as outlined by each product support team. The corresponding resource will meet with you and any Tyler staff to establish a mutually agreeable plan for addressing the defect.

Remote Support Tool

Some support calls may require further analysis of the Client's database, processes or setup to diagnose a problem or to assist with a question. Tyler will, at its discretion, use an industry-standard remote support tool. Tyler's support team must have the ability to quickly connect to the Client's system and view the site's setup, diagnose problems, or assist with screen navigation. More information about the remote support tool Tyler uses is available upon request.

Exhibit D
Third Party Terms

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Exhibit D
Schedule 1
Hyperlinked Terms

ThinPrint Terms. Your use of Tyler Forms software and forms is subject to the End User License Agreement terms for ThinPrint Engine, ThinPrint License Server, and Connected Gateway found here: https://www.thinprint.com/en/legal-notes/eula/. By signing a Tyler Agreement or Order Form, or accessing, installing, or using Tyler Forms software or forms, you agree that you have read, understood, and agree to such terms.

Exhibit E
Statement of Work

City of Sherman

SOW from Tyler Technologies, Inc.

11/18/2022

Presented to:
Kathy Bass
220 W Mulberry St
Sherman, TX 75090

Contact:
Craig Dixon
Email: Craig.Dixon@TylerTech.com
5101 Tennyson Parkway, Plano, TX 75024

Table of Contents

PART 1: EXECUTIVE SUMMARY 1

1. Project Overview 1
1.1 Introduction 1
1.2 Project Goals 1
1.3 Methodology 1

PART 2: PROJECT FOUNDATION 3

2. Project Governance 3

3. Project Scope Control 4
3.1 Managing Scope and Project Change 4
3.2 Change Control 4
3.3 Change Request Management 4

4. Acceptance Process 6

5. Roles and Responsibilities 6
5.1 Tyler Roles & Responsibilities 6
5.1.1 Tyler Executive Manager 7
5.1.2 Tyler Implementation Manager 7
5.1.3 Tyler Project Manager 7
5.1.4 Tyler Implementation Consultant 8
5.1.5 Tyler Sales 8
5.1.6 Tyler Technical Services 8
5.2 Sherman Roles & Responsibilities 9
5.2.1 Sherman Executive Sponsor 9
5.2.2 Sherman Steering Committee 9
5.2.3 Sherman Project Manager 10
5.2.4 Sherman Functional Leads 11
5.2.5 Sherman Power Users 11
5.2.6 Sherman End Users 12
5.2.7 Sherman Technical Lead 12
5.2.8 Sherman Change Management Lead 13

PART 3: PROJECT PLAN 14

6. Project Stages 14
6.1 Initiate and Plan 15
6.1.1 Initial Coordination 15
6.1.2 Project/Phase Planning 16
6.1.3 Infrastructure Planning 17

6.1.4 Stakeholder Meeting 18
6.1.5 GIS Preparation 19
6.1.6 Control Point 1: Initiate & Plan Stage Acceptance 20
6.2 Assess & Define 20
6.2.1 Solution Orientation 20
6.2.2 Current & Future State Analysis 21
6.2.3 Conversion Assessment 22
6.2.4 Intentionally left blank. 23
6.2.5 Intentionally left blank. 23
6.2.6 Control Point 2: Assess & Define Stage Acceptance 23
6.3 Prepare Solution 24
6.3.1 Initial System Deployment 24
6.3.2 Configuration 25
6.3.3 Process Refinement 26
6.3.4 Conversion Delivery 28
6.3.5 Intentionally left blank. 29
6.3.6 Intentionally left blank. 29
6.3.7 Control Point 3: Prepare Solution Stage Acceptance 29
6.4 Production Readiness 30
6.4.1 Solution Validation 30
6.4.2 Go-Live Readiness 31
6.4.3 End User Training 32
6.4.4 Control Point 4: Production Readiness Stage Acceptance 33
6.5 Production 33
6.5.1 Go-Live 33
6.5.2 Transition to Client Services 35
6.5.3 Post Go-Live Activities 36
6.5.4 Control Point 5: Production Stage Acceptance 36
6.6 Close 37
6.6.1 Phase Closeout 37
6.6.2 Project Closeout 38
6.6.3 Control Point 6: Close Stage Acceptance 39

7. General Assumptions 39
7.1 Project 39
7.2 Organizational Change Management 40
7.3 Resources and Scheduling 40
7.4 Data 40
7.5 Facilities 41

8. Glossary 42

PART 4: APPENDICES 45

9. Conversion 45

10. Additional Appendices 46
10.1 Intentionally left blank. 46

11. Project Timeline 47
11.1 Enterprise Permitting & Licensing 16 Month Timeline 47

Part 1: Executive Summary

1. Project Overview

1.1 Introduction

Tyler Technologies ("Tyler") is the largest and most established provider of integrated software and technology services focused solely on the public sector. Tyler's end-to-end solutions empower public sector entities including local, state, provincial and federal government, to operate more efficiently and connect more transparently with their constituents and with each other. By connecting data and processes across disparate systems, Tyler's solutions transform how clients gain actionable insights that solve problems in their communities.

1.2 Project Goals

This Statement of Work ("SOW") documents the methodology, implementation stages, activities, and roles and responsibilities, and project scope listed in the Investment Summary of the Agreement between Tyler and the Sherman (collectively the "Project").

The overall goals of the project are to:

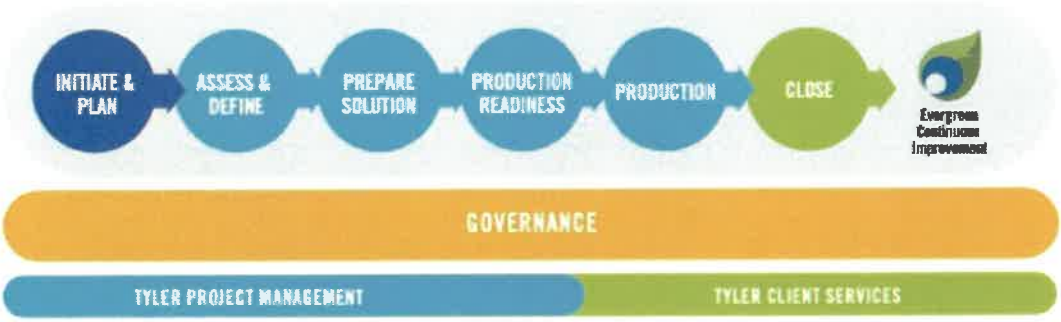
- Successfully implement the contracted scope on time and on budget
- Increase operational efficiencies and empower users to be more productive
- Improve accessibility and responsiveness to external and internal customer needs
- Overcome current challenges and meet future goals
- Streamlining business processes through automation, integration, and workflows
- Provide a user-friendly user interface to promote system use and productivity
- Provide a single, comprehensive, and integrated solution to manage business functions
- Eliminate redundant data entry

1.3 Methodology

This is accomplished by the Sherman and Tyler working as a partnership and Tyler utilizing its depth of implementation experience. While each Project is unique, all will follow Tyler's six-stage methodology. Each of the six stages is comprised of multiple work packages, and each work package includes a narrative description, objectives, tasks, inputs, outputs/deliverables, assumptions, and a responsibility matrix.

Tailored specifically for Tyler's public sector clients, the project methodology contains Stage Acceptance Control Points throughout each Phase to ensure adherence to scope, budget, timeline controls, effective communications, and quality standards. Clearly defined, the project methodology repeats consistently across Phases, and is scaled to meet the Sherman's complexity and organizational needs.

Tyler's Six Stage Project Methodology



The methodology adapts to both single-phase and multiple-phase projects.

To achieve Project success, it is imperative that both the Sherman and Tyler commit to including the necessary leadership and governance. During each stage of the Project, it is expected that the Sherman and Tyler Project teams work collaboratively to complete tasks. An underlying principle of Tyler's Implementation process is to employ an iterative model where the Sherman's business processes are assessed, configured, validated, and refined cyclically in line with the project budget. This approach is used in multiple stages and work packages as illustrated in the graphic below.

Iterative Project Model

The delivery approach is systematic, which reduces variability and mitigates risks to ensure Project success. As illustrated, some stages, along with work packages and tasks, are intended to be overlapping by nature to complete the Project efficiently and effectively.

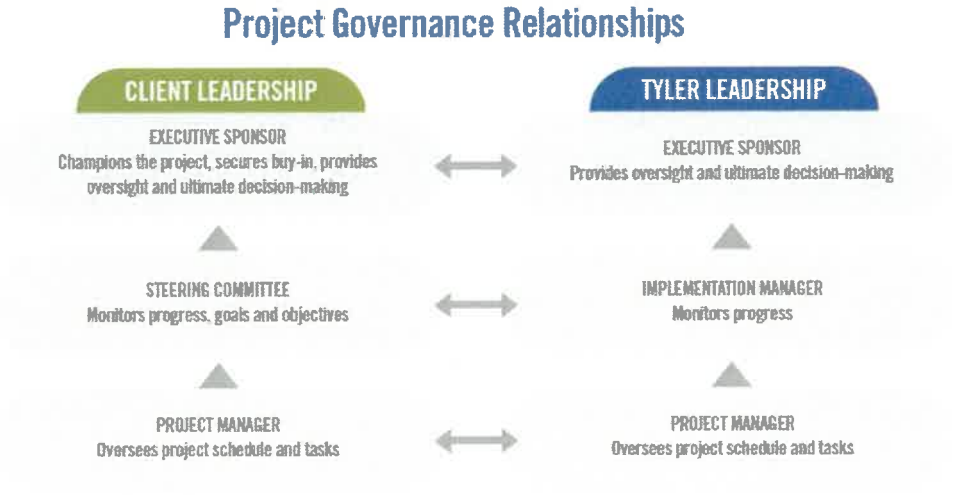
Part 2: Project Foundation

2. Project Governance

Project governance is the management framework within which Project decisions are made. The role of Project governance is to provide a decision-making approach that is logical, robust, and repeatable. This allows organizations to have a structured approach for conducting its daily business in addition to project related activities.

This section outlines the resources required to meet the business needs, objectives, and priorities for the Project, communicate the goals to other Project participants, and provide support and guidance to accomplish these goals. Project governance defines the structure for escalation of issues and risks, Change Control review and authority, and Organizational Change Management activities. Throughout the Statement of Work Tyler has provided RACI Matrices for activities to be completed throughout the implementation which will further outline responsibilities of different roles in each stage. Further refinement of the governance structure, related processes, and specific roles and responsibilities occurs during the Initiate & Plan Stage.

The chart below illustrates an overall team perspective where Tyler and the Sherman collaborate to resolve Project challenges according to defined escalation paths. If project managers do not possess authority to determine a solution, resolve an issue, or mitigate a risk, Tyler implementation management and the Sherman Steering Committee become the escalation points to triage responses prior to escalation to the Sherman and Tyler executive sponsors. As part of the escalation process, each Project governance tier presents recommendations and supporting information to facilitate knowledge transfer and issue resolution. The Sherman and Tyler executive sponsors serve as the final escalation point.



3. Project Scope Control

3.1 Managing Scope and Project Change

Project Management governance principles contend that there are three connected constraints on a Project: budget, timeline, and scope. These constraints, known as the "triple constraints" or project management triangle, define budget in terms of financial cost, labor costs, and other resource costs. Scope is defined as the work performed to deliver a product, service or result with the specified features and functions, while time is simply defined as the schedule. The Triple Constraint theory states that if you change one side of the triangle, the other two sides must be correspondingly adjusted. For example, if the scope of the Project is increased, cost and time to complete will also need to increase. The Project and executive teams will need to remain cognizant of these constraints when making impactful decisions to the Project. A simple illustration of this triangle is included here, showing the connection of each item and their relational impact to the overall Scope.

A pillar of any successful project is the ability to properly manage scope while allowing the appropriate level of flexibility to incorporate approved changes. Scope and changes within the project will be managed using the change control process outlined in the following section.

3.2 Change Control

It may become necessary to change the scope of this Project due to unforeseeable circumstances (e.g., new constraints or opportunities are discovered). This Project is being undertaken with the understanding that Project scope, schedule, and/or cost may need to change to produce optimal results for stakeholders. Changes to contractual requirements will follow the change control process specified in the final contract, and as described below.

3.3 Change Request Management

Should the need for a change to Project scope, schedule, and/or cost be identified during the Project, the change will be brought to the attention of the Steering Committee and an assessment of the change will occur. While such changes may result in additional costs and delays relative to the schedule, some changes may result in less cost to the Sherman; for example, the Sherman may decide it no longer needs a deliverable originally defined in the Project. The Change Request will include the following information:

- The nature of the change.
- A good faith estimate of the additional cost or associated savings to the Sherman, if any.
- The timetable for implementing the change.
- The effect on and/or risk to the schedule, resource needs or resource responsibilities.

The Sherman will use its good faith efforts to either approve or disapprove any Change Request within ten (10) Business Days (or other period as mutually agreeable between Tyler and the Sherman). Any changes to the Project scope, budget, or timeline must be documented and approved in writing using a Change Request form. These changes constitute a formal amendment to the Statement of Work and will supersede any conflicting term in the Statement of Work.

Change Request Process

4. Acceptance Process

The implementation of a Project involves many decisions to be made throughout its lifecycle. Decisions will vary from higher level strategy decisions to smaller, detailed Project level decisions. It is critical to the success of the Project that each Sherman office or department designates specific individuals for making decisions on behalf of their offices or departments.

Both Tyler and the Sherman will identify representative project managers. These individuals will represent the interests of all stakeholders and serve as the primary contacts between the two organizations.

The coordination of gaining Sherman feedback and approval on Project deliverables will be critical to the success of the Project. The Sherman project manager will strive to gain deliverable and decision approvals from all authorized Sherman representatives. Given that the designated decision-maker for each department may not always be available, there must be a designated proxy for each decision point in the Project. Assignment of each proxy will be the responsibility of the leadership from each Sherman department. The proxies will be named individuals that have the authorization to make decisions on behalf of their department.

The following process will be used for accepting Deliverables and Control Points:

- The Sherman shall have five (5) business days from the date of delivery, or as otherwise mutually agreed upon by the parties in writing, to accept each Deliverable or Control Point. If the Sherman does not provide acceptance or acknowledgement within five (5) business days, or the otherwise agreed upon timeframe, not to be unreasonably withheld, Tyler deems the Deliverable or Control Point as accepted.
- If the Sherman does not agree the Deliverable or Control Point meets requirements, the Sherman shall notify Tyler project manager(s), in writing, with reasoning within five (5) business days, or the otherwise agreed-upon timeframe, not to be unreasonably withheld, of receipt of the Deliverable.
- Tyler shall address any deficiencies and redeliver the Deliverable or Control Point. The Sherman shall then have two (2) business days from receipt of the redelivered Deliverable or Control Point to accept or again submit written notification of reasons for rejecting the milestone. If the Sherman does not provide acceptance within two (2) business days, or the otherwise agreed upon timeframe, not to be unreasonably withheld, Tyler deems the Deliverable or Control Point as accepted.

5. Roles and Responsibilities

The following defines the roles and responsibilities of each Project resource for the Sherman and Tyler. Roles and responsibilities may not follow the organizational chart or position descriptions at the Sherman, but are roles defined within the Project. It is common for individual resources on both the Tyler and Sherman project teams to fill multiple roles. Similarly, it is common for some roles to be filled by multiple people.

5.1 Tyler Roles & Responsibilities

Tyler assigns a project manager prior to the start of each Phase of the Project (some Projects may only be one Phase in duration). Additional Tyler resources are assigned as the schedule develops and as needs arise.

5.1.1 Tyler Executive Manager

Tyler executive management has indirect involvement with the Project and is part of the Tyler escalation process. This team member offers additional support to the Project team and collaborates with other Tyler department managers as needed to escalate and facilitate implementation Project tasks and decisions.

- Provides clear direction for Tyler staff on executing on the Project Deliverables to align with satisfying the Sherman 's overall organizational strategy.
- Authorizes required Project resources.
- Resolves all decisions and/or issues not resolved at the implementation management level as part of the escalation process.
- Acts as the counterpart to the Sherman 's executive sponsor.

5.1.2 Tyler Implementation Manager

- Tyler implementation management has indirect involvement with the Project and is part of the Tyler escalation process. The Tyler project managers consult implementation management on issues and outstanding decisions critical to the Project. Implementation management works toward a solution with the Tyler Project Manager or with Sherman management as appropriate. Tyler executive management is the escalation point for any issues not resolved at this level.
- Assigns Tyler Project personnel.
- Provides support for the Project team.
- Provides management support for the Project to ensure it is staffed appropriately and staff have necessary resources.
- Monitors Project progress including progress towards agreed upon goals and objectives.

5.1.3 Tyler Project Manager

- The Tyler project manager(s) provides oversight of the Project, coordination of Tyler resources between departments, management of the Project budget and schedule, effective risk, and issue management, and is the primary point of contact for all Project related items. As requested by the Sherman, the Tyler Project Manager provides regular updates to the Sherman Steering Committee and other Tyler governance members. Tyler Project Manager's role includes responsibilities in the following areas:

5.1.3.1 Contract Management

- Validates contract compliance throughout the Project.
- Ensures Deliverables meet contract requirements.
- Acts as primary point of contact for all contract and invoicing questions.
- Prepares and presents contract milestone sign-offs for acceptance by the Sherman project manager(s).
- Coordinates Change Requests, if needed, to ensure proper Scope and budgetary compliance.

5.1.3.2 Planning

- Delivers project planning documents.
- Defines Project tasks and resource requirements.
- Develops initial Project schedule and Project Management Plan.

- Collaborates with the Sherman project manager(s) to plan and schedule Project timelines to achieve on-time implementation.

5.1.3.3 Implementation Management

- Tightly manages Scope and budget of Project to ensure Scope changes and budget planned versus actual are transparent and handled effectively and efficiently.
- Establishes and manages a schedule and Tyler resources that properly support the Project Schedule and are also in balance with Scope/budget.
- Establishes risk/issue tracking/reporting process between the Sherman and Tyler and takes all necessary steps to proactively mitigate these items or communicate with transparency to the Sherman any items that may impact the outcomes of the Project.
- Collaborates with the Sherman 's project manager(s) to establish key business drivers and success indicators that will help to govern Project activities and key decisions to ensure a quality outcome of the project.
- Collaborates with the Sherman 's project manager(s) to set a routine communication plan that will aide all Project team members, of both the Sherman and Tyler, in understanding the goals, objectives, status, and health of the Project.

5.1.3.4 Resource Management

- Acts as liaison between Project team and Tyler manager(s).
- Identifies and coordinates all Tyler resources across all applications, Phases, and activities including development, forms, installation, reports, implementation, and billing.
- Provides direction and support to Project team.
- Manages the appropriate assignment and timely completion of tasks as defined in the Project Schedule, task list, and Go-Live Checklist.
- Assesses team performance and adjusts as necessary.
- Consulted on in Scope 3rd party providers to align activities with ongoing Project tasks.

5.1.4 Tyler Implementation Consultant

- Completes tasks as assigned by the Tyler project manager(s).
- Documents activities for services performed by Tyler.
- Guides the Sherman through software validation process following configuration.
- Assists during Go-Live process and provides support until the Sherman transitions to Client Services.
- Facilitates training sessions and discussions with the Sherman and Tyler staff to ensure adequate discussion of the appropriate agenda topics during the allotted time.
- May provide conversion review and error resolution assistance.

5.1.5 Tyler Sales

- Supports Sales to Implementation knowledge transfer during Initiate & Plan.
- Provides historical information, as needed, throughout implementation.
- Participates in pricing activities if additional licensing and/or services are needed.

5.1.6 Tyler Technical Services

- Maintains Tyler infrastructure requirements and design document(s).
- Involved in system infrastructure planning/review(s).
- Provides first installation of licensed software with initial database on servers.

- Supports and assists the project team with technical/environmental issues/needs.
- Deploys Tyler products.
- Provides technical training.
- Conducts GIS Planning.
- Reviews GIS data and provides feedback to the Sherman.
- Loads Sherman provided GIS data into the system.

5.2 Sherman Roles & Responsibilities

Sherman resources will be assigned prior to the start of each Phase of the Project. One person may be assigned to multiple Project roles.

5.2.1 Sherman Executive Sponsor

The Sherman executive sponsor provides support to the Project by providing strategic direction and communicating key issues about the Project and its overall importance to the organization. When called upon, the executive sponsor also acts as the final authority on all escalated Project issues. The executive sponsor engages in the Project, as needed, to provide necessary support, oversight, guidance, and escalation, but does not participate in day-to-day Project activities. The executive sponsor empowers the Sherman steering committee, project manager(s), and functional leads to make critical business decisions for the Sherman.

- Champions the project at the executive level to secure buy-in.
- Authorizes required project resources.
- Actively participates in organizational change communications.

5.2.2 Sherman Steering Committee

The Sherman steering committee understands and supports the cultural change necessary for the Project and fosters an appreciation for the Project's value throughout the organization. The steering committee oversees the Sherman project manager and Project through participation in regular internal meetings. The Sherman steering committee remains updated on all Project progress, Project decisions, and achievement of Project milestones. The Sherman steering committee also serves as primary level of issue resolution for the Project.

- Works to resolve all decisions and/or issues not resolved at the project manager level as part of the escalation process.
- Attends all scheduled steering committee meetings.
- Provides support for the project team.
- Assists with communicating key project messages throughout the organization.
- Prioritizes the project within the organization.
- Ensures the project staffed appropriately and that staff have necessary resources.
- Monitors project progress including progress towards agreed upon goals and objectives.
- Has the authority to approve or deny changes impacting the following areas:
    - Cost
    - Scope
    - Schedule
    - Project Goals
    - Sherman Policies
    - Needs of other client projects

5.2.3 Sherman Project Manager

The Sherman shall assign project manager(s) prior to the start of this project with overall responsibility and authority to make decisions related to Project Scope, scheduling, and task assignment. The Sherman Project Manager should communicate decisions and commitments to the Tyler project manager(s) in a timely and efficient manner. When the Sherman project manager(s) do not have the knowledge or authority to make decisions, he or she engages the necessary resources to participate in discussions and make decisions in a timely fashion to avoid Project delays. The Sherman project manager(s) are responsible for reporting to the Sherman steering committee and determining appropriate escalation points.

5.2.3.1 Contract Management

- Validates contract compliance throughout the project.
- Ensures that invoicing and Deliverables meet contract requirements.
- Acts as primary point of contact for all contract and invoicing questions. Collaborates on and approves Change Requests, if needed, to ensure proper scope and budgetary compliance.

5.2.3.2 Planning

- Reviews and accepts project planning documents.
- Defines project tasks and resource requirements for the Sherman project team.
- Collaborates in the development and approval of the project schedule.
- Collaborates with Tyler project manager(s) to plan and schedule project timelines to achieve on-time implementation.

5.2.3.3 Implementation Management

- Tightly manages project budget and scope.
- Collaborates with Tyler project manager(s) to establish a process and approval matrix to ensure that scope changes and budget (planned versus actual) are transparent and handled effectively and efficiently.
- Collaborates with Tyler project manager to establish and manage a schedule and resource plan that properly supports the project schedule as a whole and is also in balance with scope and budget.
- Collaborates with Tyler project manager(s) to establish risk and issue tracking and reporting process between the Sherman and Tyler and takes all necessary steps to proactively mitigate these items or communicate with transparency to Tyler any items that may impact the outcomes of the project.
- Collaborates with Tyler project manager(s) to establish key business drivers and success indicators that will help to govern project activities and key decisions to ensure a quality outcome of the project.
- Routinely communicates with both the Sherman staff and Tyler, aiding in the understanding of goals, objectives, current status, and health of the project by all team members.
- Manages the requirements gathering process and ensure timely and quality business requirements are being provided to Tyler.

5.2.3.4 Resource Management

- Acts as liaison between project team and stakeholders.
- Identifies and coordinates all Sherman resources across all modules, phases, and activities including data conversions, forms design, hardware and software installation, reports building, and satisfying invoices.
- Provides direction and support to project team.

- Builds partnerships among the various stakeholders, negotiating authority to move the project forward.
- Manages the appropriate assignment and timely completion of tasks as defined.
- Assesses team performance and takes corrective action, if needed.
- Provides guidance to Sherman technical teams to ensure appropriate response and collaboration with Tyler Technical Support Teams to ensure timely response and appropriate resolution.
- Owns the relationship with in-Scope 3rd party providers and aligns activities with ongoing project tasks.
- Ensures that users have appropriate access to Tyler project toolsets as required.
- Conducts training on proper use of toolsets.
- Validates completion of required assignments using toolsets.

5.2.4 Sherman Functional Leads

- Makes business process change decisions under time sensitive conditions.
- Communicates existing business processes and procedures to Tyler consultants.
- Assists in identifying business process changes that may require escalation.
- Contributes business process expertise for Current & Future State Analysis.
- Identifies and includes additional subject matter experts to participate in Current & Future State Analysis.
- Validates that necessary skills have been retained by end users.
- Provides End Users with dedicated time to complete required homework tasks.
- Acts as an ambassador/champion of change for the new process and provide business process change support.
- Identifies and communicates any additional training needs or scheduling conflicts to the Sherman project manager.
- Actively participates in all aspects of the implementation, including, but not limited to, the following key activities:
    - Task completion
    - Stakeholder Meeting
    - Project Management Plan development
    - Schedule development
    - Maintenance and monitoring of risk register
    - Escalation of issues
    - Communication with Tyler project team
    - Coordination of Sherman resources
    - Attendance at scheduled sessions
    - Change management activities
    - Modification specification, demonstrations, testing and approval assistance
    - Data analysis assistance
    - Decentralized end user training
    - Process testing
    - Solution Validation

5.2.5 Sherman Power Users

- Participate in project activities as required by the project team and project manager(s).
- Provide subject matter expertise on the Sherman business processes and requirements.
- Act as subject matter experts and attend Current & Future State Analysis sessions as needed.
- Attend all scheduled training sessions.

- Participate in all required post-training processes as needed throughout project.
- Test all application configuration to ensure it satisfies business process requirements.
- Become application experts.
- Participate in Solution Validation.
- Adopt and support changed procedures.
- Complete all deliverables by the due dates defined in the project schedule.
- Demonstrate competency with Tyler products processing prior to Go-live.
- Provide knowledge transfer to the Sherman staff during and after implementation.
- Participate in conversion review and validation.

5.2.6 Sherman End Users

- Attend all scheduled training sessions.
- Become proficient in application functions related to job duties.
- Adopt and utilize changed procedures.
- Complete all deliverables by the due dates defined in the project schedule.
- Utilize software to perform job functions at and beyond Go-live.

5.2.7 Sherman Technical Lead

- Coordinates updates and releases with Tyler as needed.
- Coordinates the copying of source databases to training/testing databases as needed for training days.
- Coordinates and adds new users, printers and other peripherals as needed.
- Validates that all users understand log-on process and have necessary permission for all training sessions.
- Coordinates interface development for Sherman third party interfaces.
- Develops or assists in creating reports as needed.
- Ensures on-site system meets specifications provided by Tyler.
- Assists with software installation as needed.
- Extracts and transmits conversion data and control reports from the Sherman's legacy system per the conversion schedule set forth in the project schedule.

5.2.7.1 Sherman GIS

- Participates in GIS planning activities.
- Responsible for management and maintenance of Sherman GIS infrastructure and data.
- Ensures GIS data/service endpoints are in alignment with Tyler software requirements.
- Provides Tyler implementation team with GIS data/service access information.

5.2.7.2 Sherman Upgrade Coordination

- Becomes familiar with the software upgrade process and required steps.
- Becomes familiar with Tyler's releases and updates.
- Utilizes Tyler resources to stay abreast of the latest Tyler releases and updates, as well as the latest helpful tools to manage the Sherman's software upgrade process.
- Assists with the software upgrade process during implementation.
- Manages software upgrade activities post-implementation.
- Manages software upgrade plan activities.
- Coordinates software upgrade plan activities with Sherman and Tyler resources.

- Communicates changes affecting users and department stakeholders.
- Obtains department stakeholder acceptance to upgrade production environment.

5.2.8 Sherman Change Management Lead

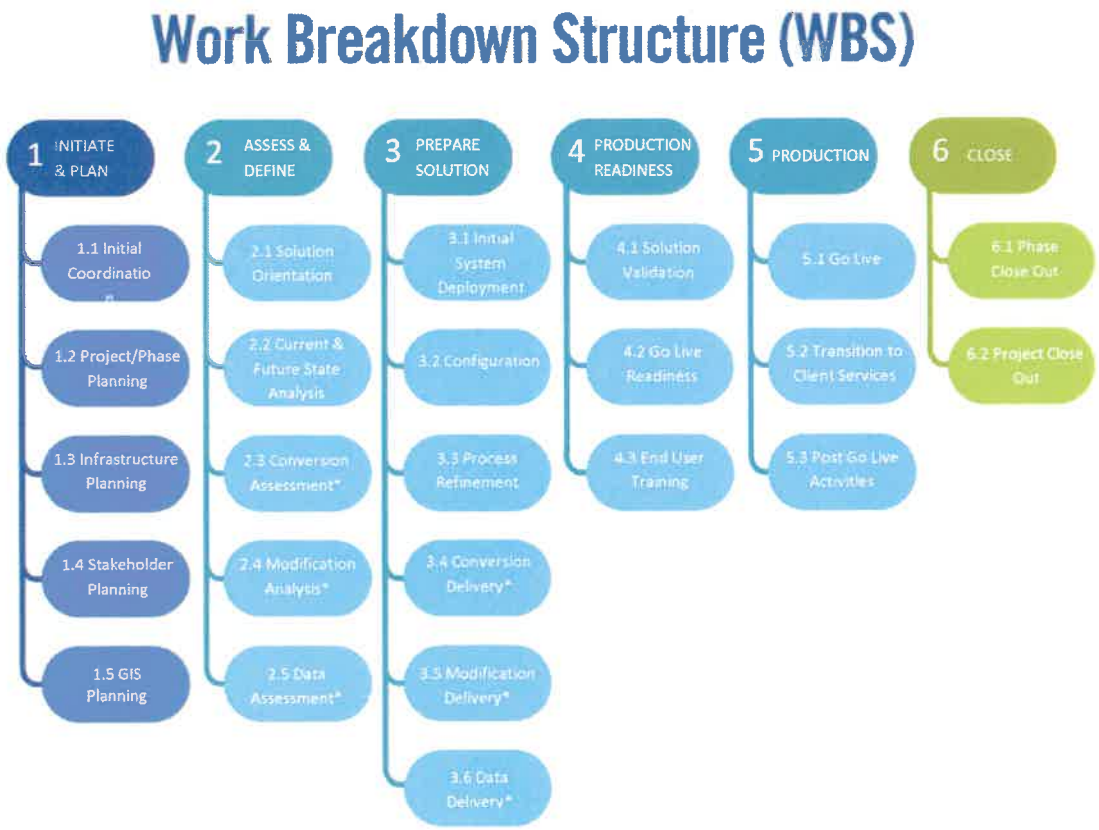
- Validates that users receive timely and thorough communication regarding process changes.
- Provides coaching to supervisors to prepare them to support users through the project changes.
- Identifies the impact areas resulting from project activities and develops a plan to address them proactively.
- Identifies areas of resistance and develops a plan to reinforce the change.
- Monitors post-production performance and new process adherence.

Part 3: Project Plan

6. Project Stages

Work Breakdown Structure

The Work Breakdown Structure (WBS) is a hierarchical representation of a Project or Phase broken down into smaller, more manageable components. The top-level components are called "Stages" and the second level components are called "Work Packages". The work packages, shown below each stage, contain the high-level work to be done. The detailed Project Schedule, developed during Project/Phase Planning and finalized during subsequent stages, lists the tasks to be completed within each work package. Each stage ends with a "Control Point", confirming the work performed during that stage of the Project has been accepted by the Sherman.



**Items noted with an asterisk in the graphic above relate to specific products and services. If those products and services are not included in the scope of the contract, these specific work packages will be noted as "Intentionally Left Blank" in Section 6 of the Statement of Work.*

6.1 Initiate and Plan

The Initiate and Plan stage involves Project initiation, infrastructure, and planning. This stage creates a foundation for the Project by identifying and establishing sequence and timing for each Phase as well as verifying scope for the Project. This stage will be conducted at the onset of the Project, with a few unique items being repeated for the additional Phases as needed.

6.1.1 Initial Coordination

Prior to Project commencement, Tyler management assigns project manager(s). Additional Project resources will be assigned later in the Project as a Project schedule is developed. Tyler provides the Sherman with initial Project documents used to gather names of key personnel, their functional role as it pertains to the Project, as well as any blackout dates to consider for future planning. the Sherman gathers the information requested by the provided deadline ensuring preliminary planning and scheduling can be conducted moving the Project forward in a timely fashion. Internally, the Tyler Project Manager(s) coordinate with sales to ensure transfer of vital information from the sales process prior to scheduling a Project Planning Meeting with the Sherman's team. During this step, Tyler will work with the Sherman to establish the date(s) for the Project and Phase Planning session.

Objectives:

- Formally launch the project.
- Establish project governance.
- Define and communicate governance for Tyler.
- Identify Sherman project team.

STAGE 1	Initial Coordination																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Tyler project team is assigned	A	R	C	I	I	I	I		I		I						
Sherman project team is assigned									A	I	R	I	I	I			
Provide initial project documents to the Sherman		A	R	C			C		I		I						
Gather preliminary information requested			I						A		R	C		C		C	C
Sales to implementation knowledge transfer		A	R	I	I	I	I				I						
Create Project Portal to store project artifacts and facilitate communication		A	R								I						

Inputs	Contract documents
	Statement of Work

Outputs/Deliverables	Working initial project documents
	Project portal

Work package assumptions:

- Project activities begin after the agreement has been fully executed.

6.1.2 Project/Phase Planning

Project and Phase planning provides an opportunity to review the contract, software, data conversions and services purchased, identify applications to implement in each Phase (if applicable), and discuss implementation timeframes.

During this work package Tyler will work with the Sherman to coordinate and plan a formal Project planning meeting(s). This meeting signifies the start of the Project and should be attended by all Sherman Project team members and the Tyler Project Manager. The meeting provides an opportunity for Tyler to introduce its implementation methodology, terminology, and Project management best practices to the Sherman's Project Team. This will also present an opportunity for project managers and Project sponsors to begin to discuss Project communication, metrics, status reporting and tools to be used to measure Project progress and manage change.

Tyler will work with the Sherman Project Team to prepare and deliver the Project Management Plan as an output of the planning meeting. This plan will continue to evolve and grow as the Project progresses and will describe how the project will be executed, monitored, and controlled.

During project planning, Tyler will introduce the tools that will be used throughout the implementation. Tyler will familiarize the Sherman with these tools during project planning and make them available for review and maintenance as applicable throughout the project. Some examples are Solution validation plan, issue log, and go-live checklist.

STAGE 1	Project/Phase Planning																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads

Schedule and conduct planning session(s)		A	R						I		C	C	I					
Develop Project Management Plan		A	R						I		C	C	I					
Develop initial project schedule		A	R	I	I	I	I		I	I	C	C	I	I	C		I	

Inputs	Contract documents
	Statement of Work
	Guide to Starting Your Project

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Project Management Plan	Delivery of document
	Project Operational Plan	Delivery of document
	Initial Project Schedule	Sherman provides acceptance of schedule based on resource availability, project budget, and goals.

Work package assumptions:

- Sherman has reviewed and completed the Guide to Starting Your Project document.

6.1.3 Infrastructure Planning

Procuring required hardware and setting it up properly is a critical part of a successful implementation. This task is especially important for Tyler-hosted/SaaS deployment models. Tyler will be responsible for building the environments for a hosted/SaaS deployment, unless otherwise identified in the Agreement. Tyler will install Licensed Software on application server(s) or train the Sherman to install License Software. The Sherman is responsible for the installation and setup of all peripheral devices.

Objectives:

- Ensure the Sherman's infrastructure meets Tyler's application requirements.
- Ensure the Sherman's infrastructure is scheduled to be in place and available for use on time.

STAGE 1	Infrastructure Planning																	
	Tyler								Sherman									
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts	Department Heads	End Users	Technical Leads	

Provide Infrastructure Requirements and Design Document		A	R		C		C				I					I
Initial Infrastructure Meeting		A	R		C		C				C					C
*Schedule SaaS Environment Availability		A	R				C				I					
*Schedule Hardware to be Available for Installation			I				I		A		R					C
Schedule Installation of All Licensed Software		A	R				C				I					I
Infrastructure Audit		A	R				C				I					C

*if applicable, please review the contract/investment summary for details

Inputs	Initial Infrastructure Requirements and Design Document

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Completed Infrastructure Requirements and Design Document	Delivery of Document
	Infrastructure Audit	System Passes Audit Criteria

6.1.4 Stakeholder Meeting

Communication of the Project planning outcomes to the Sherman Project team, executives and other key stakeholders is vital to Project success. The Stakeholder meeting is a strategic activity to inform, engage, gain commitment, and instill confidence in the Sherman team. During the meeting, the goals and objectives of the Project will be reviewed along with detail on Project scope, implementation methodology, roles and responsibilities, Project timeline and schedule, and keys to Project success.

Objectives:

- Formally present and communicate the project activities and timeline.
- Communicate project expectations.

STAGE 1	Stakeholder Meeting																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Create Stakeholder Meeting Presentation	I	A	R	I	I				I	I	C		I				

Review Stakeholder Meeting Presentation		I	C						A		R		C				
Perform Stakeholder Meeting Presentation	I	A	R	I	I				I	I	C	I	I	I	I	I	I

Inputs	Agreement
	SOW
	Project Management Plan

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Stakeholder Meeting Presentation	

Work package assumptions:

- None

6.1.5 GIS Preparation

GIS data is a core part of many Tyler applications. Other Sherman offices/products may also use this data and have different GIS requirements. A key focus of this preparation will be the process for developing the GIS data for use with Tyler applications. This can be an iterative process, so it is important to begin preparation early.

Objectives:

- Identify all Sherman GIS data sources and formats.
- Tyler to understand the Sherman's GIS needs and practices.
- Ensure the Sherman's GIS data meets Tyler product requirements.

STAGE 1	GIS Preparation																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Initial GIS Planning Meeting		A	R				C				C						C
Determine all GIS Data Sources			I				I		A		R						C
Provide Source GIS Data			I				I		A		R						C
Review GIS Data and Provide Feedback		A	R				C				I						C

Inputs	GIS Requirements Document

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Production Ready Map Data	Meets Tyler GIS Requirements.

Work package assumptions:

- GIS data provided to Tyler is accurate and complete.
- GIS data provided to Tyler is current.
- Sherman is responsible for maintaining the GIS data.

6.1.6 Control Point 1: Initiate & Plan Stage Acceptance

Acceptance criteria for this stage includes completion of all criteria listed below.

Note: Advancement to the Assess & Define stage is not dependent upon Tyler's receipt of this stage acceptance.

Initiate & Plan Stage Deliverables:

- Project Management Plan
- Initial Project Schedule

Initiate & Plan stage acceptance criteria:

- All stage deliverables accepted based on acceptance criteria previously defined
- Project governance defined
- Project portal made available to the Sherman
- Stakeholder meeting complete
- GIS Data Production Ready
- Completed Infrastructure Requirements and Design Document
- System Passes Infrastructure Audit (as applicable)

6.2 Assess & Define

The Assess & Define stage will provide an opportunity to gather information related to current Sherman business processes. This information will be used to identify and define business processes utilized with Tyler software. The Sherman collaborates with Tyler providing complete and accurate information to Tyler staff and assisting in analysis, understanding current workflows and business processes.

6.2.1 Solution Orientation

The Solution Orientation provides the Project stakeholders a high-level understanding of the solution functionality prior to beginning the current and future state analysis. The primary goal is to establish a foundation for upcoming conversations regarding the design and configuration of the solution.

Tyler utilizes a variety of tools for the Solution Orientation, focusing on Sherman team knowledge transfer such as: eLearning, documentation, or walkthroughs. The Sherman team will gain a better understanding of

the major processes and focus on data flow, the connection between configuration options and outcome, integration, and terminology that may be unique to Tyler's solution.

Objectives:

- Provide a basic understanding of system functionality.
- Prepare the Sherman for current and future state analysis.

STAGE 2	Solution Orientation																	
	Tyler								Sherman									
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Provide pre-requisites			A	R							I	I		I	I		I
Complete pre-requisites											A	R		C			C
Conduct orientation			A	R							I	I		I	I		I

Inputs	Solution orientation materials
	Training Plan

6.2.2 Current & Future State Analysis

The Current & Future State Analysis provides the Project stakeholders and Tyler an understanding of process changes that will be achieved with the new system.

The Sherman and Tyler will evaluate current state processes, options within the new software, pros and cons of each based on current or desired state and make decisions about the future state configuration and processing. This may occur before or within the same timeframe as the configuration work package. The options within the new software will be limited to the scope of this implementation and will make use of standard Tyler functionality.

The Sherman will adopt the existing Tyler solution wherever possible to avoid project schedule and quality risk from over customization of Tyler products. It is the Sherman's responsibility to verify that in-scope requirements are being met throughout the implementation if functional requirements are defined as part of the contract. The following guidelines will be followed when evaluating if a modification to the product is required:

- A reasonable business process change is available.
- Functionality exists which satisfies the requirement.
- Configuration of the application satisfies the requirement.
- An in-scope modification satisfies the requirement.

Requirements that are not met will follow the agreed upon change control process and can have impacts on the project schedule, scope, budget, and resource availability.

STAGE 2	Current & Future State Analysis																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Current State process review			A	R	I	I	I				C	C	C	C			C
Discuss future-state options			A	R	C	C	C				C	C	C	C			C
Make future-state decisions (non-COTS)			C	C	C	C	C				A	R	I	C			C
Document anticipated configuration options required to support future state			A	R	C	C	C				I	I	I	I			I

Inputs	Sherman current state documentation
	Solution Orientation completion

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Documentation that describes future-state decisions and configuration options to support future-state decisions.	Delivery of document

Work package assumptions:

- Sherman attendees possess sufficient knowledge and authority to make future state decisions.
- The Sherman is responsible for any documentation of current state business processes.
- The Sherman can effectively communicate current state processes.

6.2.3 Conversion Assessment

Data Conversions are a major effort in any software implementation. Tyler's conversion tools facilitate the predictable, repeatable conversion process that is necessary to support a successful transition to the Tyler system. The first step in this process is to perform an assessment of the existing ("legacy") system(s), to better understand the source data, risks, and options available. Once the data has been analyzed, the plan for data conversion is completed and communicated to the appropriate stakeholders.

Objectives:

- Communicate a common understanding of the project goals with respect to data.
- Ensure complete and accurate source data is available for review/transfer.
- Map the data from the source to the Tyler system.
- Document the data conversion/loading approach.

STAGE 2	Data Conversion Assessment															
	Tyler								Sherman							
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Extract Data from Source Systems			I		C						A						R
Review and Scrub Source Data			I	I	I						A	R		C			I
Build/Update Data Conversion Plan			R	C	C						C	I	I	I			I

Inputs	Sherman Source data
	Sherman Source data Documentation (if available)

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Data Conversion Plan built/updated	Sherman Acceptance of Data Conversion Plan, if Applicable

Work package assumptions:

- Tyler will be provided with data from the Legacy system(s) in a mutually agreed upon format.
- Tyler will work with the Sherman representatives to identify business rules before writing the conversion.
- Sherman subject matter experts and resources most familiar with the current data will be involved in the data conversion planning effort.

6.2.4 Intentionally left blank.

6.2.5 Intentionally left blank.

6.2.6 Control Point 2: Assess & Define Stage Acceptance

Acceptance criteria for this Stage includes completion of all criteria listed below.

Note: Advancement to the Prepare Solution Stage is dependent upon Tyler's receipt of the Stage Acceptance.

Assess & Define Stage Deliverables:

- Documentation of future state decisions and configuration options to support future state decisions.
- Modification specification document.
- Assess & Define Stage Acceptance Criteria:
- All stage deliverables accepted based on criteria previously defined.
- Solution Orientation is delivered.
- Conversion data extracts are received by Tyler.
- Data conversion plan built.

6.3 Prepare Solution

During the Prepare Solution stage, information gathered during the Initiate & Plan and Assess & Define stages will be used to install and configure the Tyler software solution. Software configuration will be validated by the Sherman against future state decisions defined in previous stages and processes refined as needed to ensure business requirements are met.

6.3.1 Initial System Deployment

The timely availability of the Tyler Solution is important to a successful Project implementation. The success and timeliness of subsequent work packages are contingent upon the initial system deployment of Tyler Licensed Software on an approved network and infrastructure. Delays in executing this work package can affect the project schedule.

Objectives:

- All licensed software is installed and operational.
- The Sherman can access the software.

STAGE 3	Initial System Deployment (Hosted/SaaS)*															
	Tyler								Sherman							
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Prepare hosted environment			A				R				I						C
Install Licensed Software with Initial Database on Server(s) for			A				R				I						C

Included Environments																
Install Licensed Software on Sherman Devices (if applicable)			I				C				A					R
Tyler System Administration Training (if applicable)			A				R				I					C

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Licensed Software is Installed on the Server(s)	Software is accessible
	Licensed Software is Installed on Sherman Devices (if applicable)	Software is accessible
	Installation Checklist/System Document	System meets prescribed checklist
	Infrastructure Design Document (C&J – If Applicable)	

Work package assumptions:

- The most current available version of the Tyler Licensed Software will be installed.
- The Sherman will provide network access for Tyler modules, printers, and Internet access to all applicable Sherman and Tyler Project staff.

6.3.2 Configuration

The purpose of Configuration is to prepare the software product for validation.

Tyler staff collaborates with the Sherman to complete software configuration based on the outputs of the future state analysis performed during the Assess and Define Stage. The Sherman collaborates with Tyler staff iteratively to validate software configuration.

Objectives:

- Software is ready for validation.
- Educate the Sherman Power User how to configure and maintain software.
- Prepare standard interfaces for process validation (if applicable).

STAGE 3	Configuration	
	Tyler	Sherman

RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Conduct configuration training			A	R							I	C		C			
Complete Tyler configuration tasks (where applicable)			A	R							I	I		I			
Complete Sherman configuration tasks (where applicable)			I	C							A	R		C			
Standard interfaces configuration and training (if applicable)			A	R			C				I	C		C			C
Updates to Solution Validation testing plan			C	C							A	R		C			C

Inputs	Documentation that describes future state decisions and configuration options to support future state decisions.

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Configured System	

Work package assumptions:

- Tyler provides guidance for configuration options available within the Tyler software. The Sherman is responsible for making decisions when multiple options are available.

6.3.3 Process Refinement

Tyler will educate the Sherman users on how to execute processes in the system to prepare them for the validation of the software. The Sherman collaborates with Tyler staff iteratively to validate software configuration options to support future state.

Objectives:

- Ensure that the Sherman understands future state processes and how to execute the processes in the software.
- Refine each process to meet the business requirements.
- Validate standard interfaces, where applicable.
- Validate forms and reports, where applicable.

STAGE 3	Process Refinement																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Conduct process training			A	R							I	C	I	C			
Confirm process decisions			I	C						A	R	C	I	C			
Test configuration			I	C							A	R		C			
Refine configuration (Sherman Responsible)			I	C							A	R		C			
Refine configuration (Tyler Responsible)			A	R							I	I		I			
Validate interface process and results			I	C			C				A	R		C			C
Update Sherman-specific process documentation (if applicable)			I	C							A	R		C			
Updates to Solution Validation testing plan			C	C							A	R		C			C

Inputs	Initial Configuration
	Documentation that describes future state decisions and configuration options to support future state decisions.
	Solution validation test plan

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Updated solution validation test plan	
	Completed Sherman-specific process documentation (completed by Sherman)	

Work package assumptions:

- None

6.3.4 Conversion Delivery

The purpose of this task is to transition the Sherman's data from their source ("legacy") system(s) to the Tyler system(s). The data will need to be mapped from the legacy system into the new Tyler system format. A well-executed data conversion is key to a successful cutover to the new system(s).

With guidance from Tyler, the Sherman will review specific data elements within the system and identify / report discrepancies. Iteratively, Tyler will collaborate with the Sherman to address conversion discrepancies. This process will allow for clean, reconciled data to transfer from the source system(s) to the Tyler system(s). Reference Conversion Appendix for additional detail.

Objectives:

- Data is ready for production (Conversion).

STAGE 3	Data Delivery & Conversion																	
	Tyler								Sherman									
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads	
Provide data crosswalks/code mapping tool			A	C	R						I	I		I				

Populate data crosswalks/code mapping tool			I	C	C						A	R		C			
Iterations: Conversion Development			A	C	R						I						I
Iterations: Deliver converted data			A		R		I				I						I
Iterations: Proof/Review data and reconcile to source system			C	C	C						A	R		C			C

Inputs	
	Data Conversion Plan
	Configuration

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Code Mapping Complete / Validated	
	Conversion Iterations / Reviews Complete	Conversion complete, verified, and ready for final pass

Work package assumptions:

- The Sherman will provide a single file layout per source system as identified in the investment summary.
- The Sherman subject matter experts and resources most familiar with the current data will be involved in the data conversion effort.
- The Sherman project team will be responsible for completing the code mapping activity, with assistance from Tyler.

6.3.5 Intentionally left blank.

6.3.6 Intentionally left blank.

6.3.7 Control Point 3: Prepare Solution Stage Acceptance

Acceptance criteria for this Stage includes all criteria listed below in each Work Package.

Note: Advancement to the Production Readiness Stage is dependent upon Tyler's receipt of the Stage Acceptance.

Prepare Solution Stage Deliverables:

- Licensed software is installed.
- Installation checklist/system document.
- Conversion iterations and reviews complete.

Prepare Solution Stage Acceptance Criteria:

- All stage deliverables accepted based on criteria previously defined.
- Software is configured.
- Solution validation test plan has been reviewed and updated if needed.

6.4 Production Readiness

Activities in the Production Readiness stage will prepare the Sherman team for go-live through solution validation, the development of a detailed go-live plan and end user training. A readiness assessment will be conducted with the Sherman to review the status of the project and the organizations readiness for go-live.

6.4.1 Solution Validation

Solution Validation is the end-to-end software testing activity to ensure that the Sherman verifies all aspects of the Project (hardware, configuration, business processes, etc.) are functioning properly, and validates that all features and functions per the contract have been deployed for system use.

Objectives:

- Validate that the solution performs as indicated in the solution validation plan.
- Ensure the Sherman organization is ready to move forward with go-live and training (if applicable).

STAGE 4	Solution Validation																	
	Tyler								Sherman									
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Update Solution Validation plan			A	R	C						C	C		C			
Update test scripts (as applicable)			C	C	C						A	R		C			
Perform testing			C	C	C						A	R		C			
Document issues from testing			C	C	C						A	R		C			
Perform required follow-up on issues			A	R	C						C	C		C			

Inputs	Solution Validation plan
	Completed work product from prior stages (configuration, business process, etc.)

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables

	Solution Validation Report	Sherman updates report with testing results

Work package assumptions:

- Designated testing environment has been established.
- Testing includes current phase activities or deliverables only.

6.4.2 Go-Live Readiness

Tyler and the Sherman will ensure that all requirements defined in Project planning have been completed and the Go-Live event can occur, as planned. A go-live readiness assessment will be completed identifying risks or actions items to be addressed to ensure the Sherman has considered its ability to successfully Go-Live. Issues and concerns will be discussed, and mitigation options documented. Tyler and the Sherman will jointly agree to move forward with transition to production. Expectations for final preparation and critical dates for the weeks leading into and during the Go-Live week will be planned in detail and communicated to Project teams.

Objectives:

- Action plan for go-live established.
- Assess go-live readiness.
- Stakeholders informed of go-live activities.

STAGE 4	Go-Live Readiness																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Perform Readiness Assessment	I	A	R	C	C	I	C	I	I	I	I		I				I
Conduct Go-Live planning session		A	R	C							C	C	C	C	C		C
Order peripheral hardware (if applicable)			I							A	R						C
Confirm procedures for Go-Live issue reporting & resolution		A	R	I	I	I	I				C	C	I	I	I	I	I
Develop Go-Live checklist		A	R	C	C						C	C	I	C			C
Final system infrastructure review (where applicable)			A				R				C						C

Inputs	Future state decisions
	Go-live checklist

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Updated go-live checklist	Updated Action plan and Checklist for go-live delivered to the Sherman

Work package assumptions:

- None

6.4.3 End User Training

End User Training is a critical part of any successful software implementation. Using a training plan previously reviewed and approved, the Project team will organize and initiate the training activities.

Tyler Led: Tyler provides training for all applicable users. One or multiple occurrences of each scheduled training or implementation topic will be covered.

Tyler will provide standard application documentation for the general use of the software. It is not Tyler's responsibility to develop Sherman specific business process documentation. Sherman-led training labs using Sherman specific business process documentation if created by the Sherman can be added to the regular training curriculum, enhancing the training experiences of the end users.

Objectives:

- End users are trained on how to use the software prior to go-live.
- The Sherman is prepared for on-going training and support of the application.

STAGE 4	End User Training																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Update training plan		A	R	C							C		I		C		
End User training (Tyler-led)		A	R	C							C	C	I	C	C	C	
Train-the-trainer		A	R	C							C	C	I	C			
End User training (Sherman-led)			C	C							A	R	I	C	C	C	

Inputs	Training Plan
	List of End Users and their Roles / Job Duties
	Configured Tyler System

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	End User Training	Sherman signoff that training was delivered

Work package assumptions:

- The Sherman project team will work with Tyler to jointly develop a training curriculum that identifies the size, makeup, and subject-area of each of the training classes.
- Tyler will work with the Sherman as much as possible to provide end-user training in a manner that minimizes the impact to the daily operations of Sherman departments.
- The Sherman will be responsible for training new users after go-live (exception—previously planned or regular training offerings by Tyler).

6.4.4 Control Point 4: Production Readiness Stage Acceptance

Acceptance criteria for this stage includes all criteria listed below. Advancement to the Production stage is dependent upon Tyler's receipt of the stage acceptance.

Production Readiness stage deliverables:

- Solution Validation Report.
- Update go-live action plan and/or checklist.
- End user training.

Production Readiness stage acceptance criteria:

- All stage deliverables accepted based on criteria previously defined.
- Go-Live planning session conducted.

6.5 Production

Following end user training the production system will be fully enabled and made ready for daily operational use as of the scheduled date. Tyler and the Sherman will follow the comprehensive action plan laid out during Go-Live Readiness to support go-live activities and minimize risk to the Project during go-live. Following go-live, Tyler will work with the Sherman to verify that implementation work is concluded, post go-live activities are scheduled, and the transition to Client Services is complete for long-term operations and maintenance of the Tyler software.

6.5.1 Go-Live

Following the action plan for Go-Live, defined in the Production Readiness stage, the Sherman and Tyler will complete work assigned to prepare for Go-Live.

The Sherman provides final data extract and Reports from the Legacy System for data conversion and Tyler executes final conversion iteration, if applicable. If defined in the action plan, the Sherman manually enters any data added to the Legacy System after final data extract into the Tyler system.

Tyler staff collaborates with the Sherman during Go-Live activities. The Sherman transitions to Tyler software for day-to day business processing.

Some training topics are better addressed following Go-Live when additional data is available in the system or based on timing of applicable business processes and will be scheduled following Go-Live per the Project Schedule.

Objectives:

- Execute day to day processing in Tyler software.
- Sherman data available in Production environment.

STAGE 5	Go-Live																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Provide final source data extract, if applicable			C		C						A						R
Final source data pushed into production environment, if applicable			A	C	R						I	C		C			C
Proof final converted data, if applicable			C	C	C						A	R		C			
Complete Go-Live activities as defined in the Go-Live action plan			C	C	C					A	R	C	I	C			
Provide Go-Live assistance			A	R	C	C		I			C	C	I	C		I	C

Inputs	Comprehensive Action Plan for Go-Live
	Final source data (if applicable)

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Data is available in production environment	Sherman confirms data is available in production environment

Work package assumptions:

- The Sherman will complete activities documented in the action plan for Go-Live as scheduled.
- External stakeholders will be available to assist in supporting the interfaces associated with the Go-Live live process.
- The Sherman business processes required for Go-Live are fully documented and tested.

- The Sherman Project team and subject matter experts are the primary point of contact for the end users when reporting issues during Go-Live.
- The Sherman Project Team and Power User's provide business process context to the end users during Go-Live.
- The Tyler Go-Live support team is available to consult with the Sherman teams as necessary.
- The Tyler Go-Live support team provides standard functionality responses, which may not be tailored to the local business processes.

6.5.2 Transition to Client Services

This work package signals the conclusion of implementation activities for the Phase or Project with the exception of agreed-upon post Go-Live activities. The Tyler project manager(s) schedules a formal transition of the Sherman onto the Tyler Client Services team, who provides the Sherman with assistance following Go-Live, officially transitioning the Sherman to operations and maintenance.

Objectives:

- Ensure no critical issues remain for the project teams to resolve.
- Confirm proper knowledge transfer to the Sherman teams for key processes and subject areas.

STAGE 5	Transition to Client Services																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Transfer Sherman to Client Services and review issue reporting and resolution processes	I	I	A	I	I			R	I	I	C	C		C			
Review long term maintenance and continuous improvement			A					R			C	C		C			

Inputs	Open item/issues List

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Client Services Support Document	

Work package assumptions:

- No material project issues remain without assignment and plan.

6.5.3 Post Go-Live Activities

Some implementation activities are provided post-production due to the timing of business processes, the requirement of actual production data to complete the activities, or the requirement of the system being used in a live production state.

Objectives:

- Schedule activities that are planned for after Go-Live.
- Ensure issues have been resolved or are planned for resolution before phase or project close.

STAGE 5	Post Go-Live Activities																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Schedule contracted activities that are planned for delivery after go-live		A	R	C	C	C	C	I			C	C	I	C			C
Determine resolution plan in preparation for phase or project close out		A	R	C	C	C		I			C	C	I	C			

Inputs	List of post Go-Live activities

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Updated issues log	

Work package assumptions:

- System is being used in a live production state.

6.5.4 Control Point 5: Production Stage Acceptance

Acceptance criteria for this Stage includes completion of all criteria listed below:

- Advancement to the Close stage is not dependent upon Tyler's receipt of this Stage Acceptance.
- Converted data is available in production environment.

Production Stage Acceptance Criteria:

- All stage deliverables accepted based on criteria previously defined.
- Go-Live activities defined in the Go-Live action plan completed.
- Client services support document is provided.

6.6 Close

The Close stage signifies full implementation of all products purchased and encompassed in the Phase or Project. The Sherman transitions to the next cycle of their relationship with Tyler (next Phase of implementation or long-term relationship with Tyler Client Services).

6.6.1 Phase Closeout

This work package represents Phase completion and signals the conclusion of implementation activities for the Phase. The Tyler Client Services team will assume ongoing support of the Sherman for systems implemented in the Phase.

Objectives:

- Agreement from Tyler and the Sherman teams that activities within this phase are complete.

STAGE 6	Phase Close Out																
	Tyler								Sherman								
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Reconcile project budget and status of contract Deliverables	I	A	R						I	I	C						
Hold post phase review meeting		A	R	C	C	C	C				C	C	C	C			C
Release phase-dependent Tyler project resources	A	R	I								I						

Participants	Tyler	Sherman
	Project Leadership	Project Manager
	Project Manager	Project Sponsor(s)
	Implementation Consultants	Functional Leads, Power Users, Technical Leads
	Technical Consultants (Conversion, Deployment, Development)	
	Client Services	

Inputs	Contract
	Statement of Work
	Project artifacts

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Final action plan (for outstanding items)	
	Reconciliation Report	
	Post Phase Review	

Work package assumptions:

- Tyler deliverables for the phase have been completed.

6.6.2 Project Closeout

Completion of this work package signifies final acceptance and formal closing of the Project.

At this time the Sherman may choose to begin working with Client Services to look at continuous improvement Projects, building on the completed solution.

Objectives:

- Confirm no critical issues remain for the project teams to resolve.
- Determine proper knowledge transfer to the Sherman teams for key processes and subject areas has occurred.
- Verify all deliverables included in the Agreement are delivered.

STAGE 6	Project Close Out																	
	Tyler								Sherman									
RACI MATRIX KEY: R = Responsible A = Accountable C = Consulted I = Informed	Executive Manager	Implementation Manager	Project Manager	Implementation Consultant	Data Experts	Modification Services	Technical Services	Client Services	Executive Sponsor	Steering Committee	Project Manager	Functional Leads	Change Management Leads	Subject Matter Experts (Power	Department Heads	End Users	Technical Leads
Conduct post project review		A	R	C	C	C	C				C	C	C	C			C
Deliver post project report to Sherman and Tyler leadership	I	A	R						I	I	C						
Release Tyler project resources	A	R	I								I						

Inputs	Contract
	Statement of Work

Outputs / Deliverables		Acceptance Criteria [only] for Deliverables
	Post Project Report	Sherman acceptance; Completed report indicating all project Deliverables and milestones have been completed

Work package assumptions:

- All project implementation activities have been completed and approved.
- No critical project issues remain that have not been documented and assigned.
- Final project budget has been reconciled and invoiced.
- All Tyler deliverables have been completed.

6.6.3 Control Point 6: Close Stage Acceptance

Acceptance criteria for this Stage includes completion of all criteria listed below.

Close Stage Deliverables:

- Post Project Report.

Close Stage Acceptance Criteria:

- Completed report indicating all Project deliverables and milestones have been completed.

7. General Assumptions

Tyler and the Sherman will use this SOW as a guide for managing the implementation of the Tyler Project as provided and described in the Agreement. There are a few assumptions which, when acknowledged and adhered to, will support a successful implementation. Assumptions related to specific work packages are documented throughout the SOW. Included here are general assumptions which should be considered throughout the overall implementation process.

7.1 Project

- Project activities will begin after the Agreement has been fully executed.
- The Sherman Project Team will complete their necessary assignments in a mutually agreed upon timeframe to meet the scheduled go-live date, as outlined in the Project Schedule.
- Sessions will be scheduled and conducted at a mutually agreeable time.
- Additional services, software modules and modifications not described in the SOW or Agreement will be considered a change to this Project and will require a Change Request Form as previously referenced in the definition of the Change Control Process.
- Tyler will provide a written agenda and notice of any prerequisites to the Sherman project manager(s) ten (10) business days or as otherwise mutually agreed upon time frame prior to any scheduled on-site or remote sessions, as applicable.
- Tyler will provide guidance for configuration and processing options available within the Tyler software. If multiple options are presented by Tyler, the Sherman is responsible for making decisions based on the options available.

- Implementation of new software may require changes to existing processes, both business and technical, requiring the Sherman to make process changes.
- The Sherman is responsible for defining, documenting, and implementing their policies that result from any business process changes.

7.2 Organizational Change Management

Unless otherwise contracted by Tyler, Sherman is responsible for managing Organizational Change. Impacted Sherman resources will need consistent coaching and reassurance from their leadership team to embrace and accept the changes being imposed by the move to new software. An important part of change is ensuring that impacted Sherman resources understand the value of the change, and why they are being asked to change.

7.3 Resources and Scheduling

- Sherman resources will participate in scheduled activities as assigned in the Project Schedule.
- The Sherman team will complete prerequisites prior to applicable scheduled activities. Failure to do so may affect the schedule.
- Tyler and the Sherman will provide resources to support the efforts to complete the Project as scheduled and within the constraints of the Project budget.
- Abbreviated timelines and overlapped Phases require sufficient resources to complete all required work as scheduled.
- Changes to the Project Schedule, availability of resources or changes in Scope will be requested through a Change Request. Impacts to the triple constraints (scope, budget, and schedule) will be assessed and documented as part of the change control process.
- The Sherman will ensure assigned resources will follow the change control process and possess the required business knowledge to complete their assigned tasks successfully. Should there be a change in resources, the replacement resource should have a comparable level of availability, change control process buy-in, and knowledge.
- The Sherman makes timely Project related decisions to achieve scheduled due dates on tasks and prepare for subsequent training sessions. Failure to do so may affect the schedule, as each analysis and implementation session is dependent on the decisions made in prior sessions.
- The Sherman will respond to information requests in a comprehensive and timely manner, in accordance with the Project Schedule.
- The Sherman will provide adequate meeting space or facilities, including appropriate system connectivity, to the project teams including Tyler team members.
- For on-site visits, Tyler will identify a travel schedule that balances the needs of the project and the employee.

7.4 Data

- Data will be converted as provided and Tyler will not create data that does not exist.
- The Sherman is responsible for the quality of legacy data and for cleaning or scrubbing erroneous legacy data.
- Tyler will work closely with the Sherman representatives to identify business rules before writing the conversion. The Sherman must confirm that all known data mapping from source to target have been identified and documented before Tyler writes the conversion.
- All in-scope source data is in data extract(s).
- Each legacy system data file submitted for conversion includes all associated records in a single approved file layout.

- The Sherman will provide the legacy system data extract in the same format for each iteration unless changes are mutually agreed upon in advance. If not, negative impacts to the schedule, budget and resource availability may occur and/or data in the new system may be incorrect.
- The Sherman Project Team is responsible for reviewing the converted data and reporting issues during each iteration, with assistance from Tyler.
- The Sherman is responsible for providing or entering test data (e.g., data for training, testing interfaces, etc.)

7.5 Facilities

- The Sherman will provide dedicated space for Tyler staff to work with Sherman resources for both on-site and remote sessions. If Phases overlap, Sherman will provide multiple training facilities to allow for independent sessions scheduling without conflict.
- The Sherman will provide staff with a location to practice what they have learned without distraction.

8. Glossary

Word or Term	Definition
Acceptance	Confirming that the output or deliverable is suitable and conforms to the agreed upon criteria.
Accountable	The one who ultimately ensures a task or deliverable is completed; the one who ensures the prerequisites of the task are met and who delegates the work to those responsible. [Also see RACI]
Application	A computer program designed to perform a group of coordinated functions, tasks, or activities for the benefit of the user.
Application Programming Interface (API)	A defined set of tools/methods to pass data to and received data from Tyler software products
Agreement	This executed legal contract that defines the products and services to be implemented or performed.
Business Process	The practices, policy, procedure, guidelines, or functionality that the client uses to complete a specific job function.
Business Requirements Document	A specification document used to describe Client requirements for contracted software modifications.
Change Request	A form used as part of the Change Control process whereby changes in the scope of work, timeline, resources, and/or budget are documented and agreed upon by participating parties.
Change Management	Guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success & outcomes
Code Mapping [where applicable]	An activity that occurs during the data conversion process whereby users equate data (field level) values from the old system to the values available in the new system. These may be one to one or many to one. Example: Old System [Field = eye color] [values = BL, Blu, Blue] maps to New Tyler System [Field = Eye Color] [value = Blue].
Consulted	Those whose opinions are sought, typically subject matter experts, and with whom there is two-way communication. [Also see RACI]
Control Point	This activity occurs at the end of each stage and serves as a formal and intentional opportunity to review stage deliverables and required acceptance criteria for the stage have been met.
Data Mapping [where applicable]	The activity determining and documenting where data from the legacy system will be placed in the new system; this typically involves prior data analysis to understand how the data is currently used in the legacy system and how it will be used in the new system.
Deliverable	A verifiable document or service produced as part of the Project, as defined in the work packages.
Go-Live	The point in time when the Client is using the Tyler software to conduct daily operations in Production.
Informed	Those who are kept up-to-date on progress, often only on completion of the task or deliverable, and with whom there is just one-way communication. [Also see RACI]

Infrastructure	The composite hardware, network resources and services required for the existence, operation, and management of the Tyler software.
Interface	A connection to and potential exchange of data with an external system or application. Interfaces may be one way, with data leaving the Tyler system to another system or data entering Tyler from another system, or they may be bi-directional with data both leaving and entering Tyler and another system.
Integration	A standard exchange or sharing of common data within the Tyler system or between Tyler applications
Legacy System	The software from which a client is converting.
Modification	Custom enhancement of Tyler's existing software to provide features or functions to meet individual client requirements documented within the scope of the Agreement.
On-site	Indicates the work location is at one or more of the client's physical office or work environments.
Organizational Change	The process of changing an organization's strategies, processes, procedures, technologies, and culture, as well as the effect of such changes on the organization.
Output	A product, result or service generated by a process.
Peripheral devices	An auxiliary device that connects to and works with the computer in some way. Some examples: scanner, digital camera, printer.
Phase	A portion of the Project in which specific set of related applications are typically implemented. Phases each have an independent start, Go-Live and closure dates but use the same Implementation Plans as other Phases of the Project. Phases may overlap or be sequential and may have different Tyler resources assigned.
Project	The delivery of the software and services per the agreement and the Statement of Work. A Project may be broken down into multiple Phases.
RACI	A matrix describing the level of participation by various roles in completing tasks or Deliverables for a Project or process. Individuals or groups are assigned one and only one of the following roles for a given task: Responsible (R), Accountable (A), Consulted (C), or Informed (I).
Remote	Indicates the work location is at one or more of Tyler's physical offices or work environments.
Responsible	Those who ensure a task is completed, either by themselves or delegating to another resource. [Also see RACI]
Scope	Products and services that are included in the Agreement.

Solution	The implementation of the contracted software product(s) resulting in the connected system allowing users to meet Project goals and gain anticipated efficiencies.
Stage	The top-level components of the WBS. Each Stage is repeated for individual Phases of the Project.
Standard	Software functionality that is included in the base software (off-the-shelf) package; is not customized or modified.
Statement of Work (SOW)	Document which will provide supporting detail to the Agreement defining Project-specific activities, services, and Deliverables.
System	The collective group of software and hardware that is used by the organization to conduct business.
Test Scripts	The steps or sequence of steps that will be used to validate or confirm a piece of functionality, configuration, enhancement, or Use Case Scenario.
Training Plan	Document(s) that indicate how and when users of the system will be trained relevant to their role in the implementation or use of the system.
Validation (or to validate)	The process of testing and approving that a specific Deliverable, process, program, or product is working as expected.
Work Breakdown Structure (WBS)	A hierarchical representation of a Project or Phase broken down into smaller, more manageable components.
Work Package	A group of related tasks within a project.

Part 4: Appendices

9. Conversion

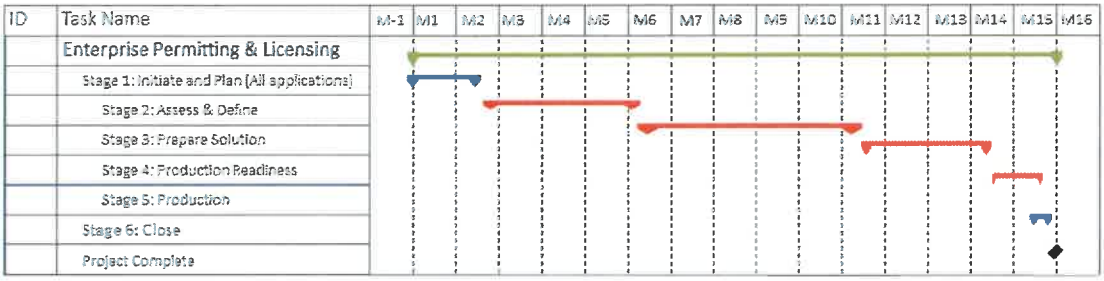
10. Additional Appendices

10.1 Intentionally left blank.

11. Project Timeline

11.1 Enterprise Permitting & Licensing 16 Month Timeline

Implementation Schedule: Enterprise Permitting & Licensing



example

This timeline is an example. Please use it as a general guide...ONLY. Its purpose is to demonstrate the order in which various products are typically implemented and the potential overlap of stages for each phase. The exact timing of each deliverable depends on many factors including, but not limited to, the client's ability to commit resources to the project, client blackout dates, and the alignment of client business practices with Tyler implementation methodology. Tyler makes no guarantees that implementation schedules will align with this example.

Attachment 2
Affidavit of No Prohibited Interest

THE STATE OF Maine §
§
THE COUNTY OF Cumberland §

I, Robert Kennedy-Jensen, a member of the Tyler team, make this affidavit and hereby on oath state the following:

I, and/or a person or persons related to me, have the following interest in a business entity that would be affected by the work or decision on the Project (Check all that apply):

_____ Ownership of ten percent (10%) or more of the voting shares of the business entity.

_____ Ownership of Twenty-Five Thousand and 00/100 Dollars ($25,000.00) or more of the fair market value of the business entity.

_____ Funds received from the business entity exceed ten percent (10%) of my income for the previous year.

_____ Real property is involved, and I have an equitable or legal ownership with a fair market value of at least Twenty-Five Thousand and 00/100 Dollars ($25,000.00).

_____ A relative of mine has substantial interest in the business entity or property that would be affected by my business decision of the public body of which I am a member.

_____ Other: _____.

_x____ None of the Above.

Upon filing this affidavit with the City of Sherman, Texas, I further affirm that no relative of mine, in the first degree by consanguinity or affinity, as defined in Chapter 573 of the TEX. GOV'T CODE, is a member of a public body which took action on the agreement.

Signed this 13th day of March, 2023.

_____/Group General Counsel
Signature of Official/Title

BEFORE ME, the undersigned authority, this day personally appeared Robert Kennedy-Jensen and on oath stated that the facts hereinabove stated are true to the best of his/her knowledge or belief.

Sworn to and subscribed before me on this 13th day of March, 2023.

JESSICA J. DOWNS
Notary Public-Maine
My Commission Expires
November 21, 2023

_____
Notary Public in and for the State of Maine
My commission expires: Nov 21, 2023

Attachment 3
Conflict of Interest Questionnaire, Form CIQ

CONFLICT OF INTEREST QUESTIONNAIRE — FORM CIQ

For vendor doing business with local governmental entity

	OFFICE USE ONLY
This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session. This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a). By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code. A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.	Date Received

1 Name of vendor who has a business relationship with local governmental entity.

2 ☐ Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

☐ Yes ☐ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

☐ Yes ☐ No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director or holds an ownership interest of one percent or more.

6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Signature of vendor doing business with the governmental entity — Date

Form provided by Texas Ethics Commission — www.ethics.state.tx.us — Revised 1/1/2021

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **G. 2.**

Meeting Date: 04/03/2023

Prepared By: Theresa Hutchinson, Parks & Recreation Manager

Approved By: Robby Hefton, City Manager

Caption:

**** REQUEST TO ADVERTISE***

Purchase of Playground Equipment and Park Equipment to be located in a park located in Northcreek Subdivision.

Issue:

Approval of request to advertise for purchase of playground equipment and park equipment located at park in Northcreek Subdivision.

Background:

This project is part of the 2022-2023 Capital Improvement Program Budget. The City requests bids to purchase playground equipment, pavilion, tables, benches, and water fountain for the park located in the Northcreek Subdivision.

Origination:

Parks and Recreation

Financial Consideration:

Funding for this project was approved in the fiscal year 2022-2023 Capital Improvement Program. The Sherman Rotary Club will also be donating funding for the playground and benches. Advertising costs are estimated at $200.00.

Staff Recommendation:

It is recommended that the City Council approve the advertising for the purchase of the playground equipment and pavilion.

Alternatives:

As may be directed by the City Council.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **H. 1.**

Meeting Date: 04/03/2023

Prepared By: Sarah McRae, Tourism/Main Street Manager

Approved By: Robby Hefton, City Manager

Caption:

**** OTHER BUSINESS***

Consider Request of the 2023 Earth Day Planning Committee to Temporarily Close Certain Streets for the 14th Annual "Texoma Earth Day Festival" on Saturday, April 22, 2023

Issue:

The 2023 Earth Day Planning Committee proposes holding the "Texoma Earth Day Festival" on Saturday, April 22nd. They have requested barricades for 2 street closures and requested the closure of the City Hall parking lot.

Background:

Ms. Amy Hoffman-Shehan, representing the 2023 Earth Day Planning Committee, proposes holding the 14th Annual "Texoma Earth Day Festival" on the Sherman Municipal Grounds, from 9:00 a.m. to 4:00 p.m., on Saturday, April 22nd. In order to accommodate the festival, the Committee requested delivery and pick up of barricades for street closures around the Municipal Building and City Hall parking lot closure. The street and parking lot closure times are from 6:00 a.m. - 5:00 p.m.

Origination:

Ms. Amy Hoffman-Shehan, Event Organizer, 2023 Earth Day Planning Committee

Financial Consideration:

Barricade placement and removal will be provided by the City of Sherman Street Department.

Staff Recommendation:

It is recommended that the City Council authorize the street closures, City Hall parking lot closure, the utilization of the Municipal Grounds and City resources to accommodate this event.

Alternatives:

As directed by the Council

Attachments

Event Packet
Street Closure Map
Recycling Layout 2023
Containers for Recycling

Sherman
CLASSIC TOWN. BROAD HORIZON.

Special Events

Policies and Procedures Manual & Application

Community and Support Services Department
405 N. Rusk
903-892-7230

The City of Sherman is host to a wide variety of special events each year. Those events range from small gatherings to larger community events. The City has recognized that these special events have become an important part of our resident's life by enhancing tourism, culture, recreation and education as well as providing economic benefit to businesses in the City.

Some gatherings due to their size and special requirements may place unique demands on public resources. In order to plan for those demands and to ensure that public health and safety is protected, it is necessary that the city have advance notice of these special events. This manual will provide details outlining what types of events can be hosted and where.

The purpose of the Special Events Policies and Procedures Manual is to provide a consolidated manual to enable special event coordinators or those thinking of hosting an event easy access to the necessary information to help make the event a success. The primary goal of this manual is to create a win-win relationship between the City of Sherman and event organizers. By creating this relationship both parties will be able to receive, in a timely manner, the required information to plan a special event, big or small.

The specific objectives of the policy and procedure manual ensure that:

- The City of Sherman's assets are protected;
- The City of Sherman's citizens interests are met;
- The event organizers work with the merchants and residents to ensure that any negative impact is kept to a minimum;
- All Federal, County and Municipal laws, regulations and statutes are observed;
- The event organizers work closely with the Community and Support Services Department or designee;
- All special event applications are handled in a fair and equitable manner;
- Each event is evaluated in a consistent manner;
- All direct costs related to the services provided by the City of Sherman are recovered.

A special event is defined as a one time, annual, or infrequently occurring event on City of Sherman property that is reserved for exclusive use. Types of events may include but are not limited to: Cultural events that celebrate/educate heritage and cultures; Theatrical events; Commemorative events acknowledging significant dates or occurrences; Community events that provide the community with an opportunity to celebrate; Athletic events; Artistic events that celebrate/display creative and artistic works; or Commercial events designed to generate surplus revenue.

Special Event Permit Application Process

1. Complete the Special Event Permit Application and submit it to the Department of Community and Support Services, along with any applicable fees, sixty (60) days prior to the event date. The Community and Support Services Office is located in the Sherman Municipal Building at 405 N. Rusk on the 2nd Floor.

2. To ensure that your event is moved along in a timely manner, include as much information as possible on the application. You will be contacted for verification if questions arise.

3. After departmental approval from all affected departments, event approval will be placed on the City Council agenda.

4. You will be notified within 30 days of application submittal the date your event will go to City Council for approval. (All special events require City Council approval.)

5. It is advised, but not required; that you or someone from your organization is present at the City Council meeting to answer any questions that may arise.

6. After the City Council has approved your event you will receive written notification of the approval of your Special Event Application.

Events that will be held on the Municipal Grounds or at a park facility will require facility reservation prior to completion of the Special Event Application. Facility reservation does not guarantee event approval, nor does event approval guarantee facility reservation. Facility reservations will be checked prior to event approval and any event that does not have the appropriate facility reserved will be denied.

For annual events, you can submit a Date Request Form to hold the date of your event for the following year. Event date requests should be submitted by October 31st prior to the event year. An event date request may still be submitted after October 31st; however, the event application must be submitted a minimum of sixty (60) days prior to your event. Remember to check facility availability prior to submitting a Date Request Form.

General Policies and Procedures

1. All legislation, bylaws, regulations and City of Sherman Code of Ordinances must be adhered to.

2. The special event staff and volunteers must adhere to all special event policies and procedures. In the interest of public safety, a zero tolerance policy is enforced for all special events. This means failure to comply with standards will result in ticketing and/or closure of event.

3. The special event operator is required to provide evidence of all necessary licenses/permits required to operate the event.

4. The special event operator is required to submit an Emergency Plan with the special event application. The Emergency Plan must identify potential risks and provide information on how to respond to those risks (i.e. severe weather, notification system and evacuation plan).

5. All special events must comply with current ADA standards to allow participation of all residents at the special event they are planning. For useful information on planning an accessible event, please contact the Community and Support Services Office.

6. No person may be permitted at any special event to: (a) carry or sell firearms or prohibited weapons or (b) carry or sell illegal drugs or (c) carry or sell alcohol.

7. Notwithstanding any of the above, the community and support services department or its designee may vary any element of this policy at their sole discretion.

8. Chalk can be used on a limited basis, as outlined by the Public Works Department or designate to enhance the event setup.

9. Facilities will not be used for anything other than what is permitted by the Community and Support Services Department.

Special Event Insurance

1. The special event organizer must maintain commercial liability insurance, with the city listed as an additional insured before the special events permit will be issued.

2. The certificate shall serve as evidence of a policy written by a company licensed in the state.

3. The policy is to be in effect for the duration of the event, with minimum limits of liability of $500,000.00 per occurrence, $1,000,000.00 aggregate for bodily injury, personal injury and property damage, and $100,000.00 per injury, $300,000.00 per occurrence and $100,000.00 per occupational disease.

4. The liability insurance requirements shall not apply to private parties that will not be open to the general public.

5. The City of Sherman reserves the right, solely at its discretion, to set higher insurance limits. This may be required depending on the type of activity planned during the event (e.g. fireworks displays, amusement rides).

6. The special event organizer shall indemnify and hold the City of Sherman harmless from and against all liability, loss, claims, demands, costs, and expenses, including reasonable legal fees, occasioned wholly or in part by any negligence or act of omissions by the above names, their officers, agents, employees, volunteers or others for whom they are responsible at law, arising out of any cause whatsoever, either direct or indirect, through its use and/or operation of city property in connection with the special event.

Special Event Emergency Procedures

1. Fire Code requires a Public Safety Plan for certain events. If a Plan is required, it must address how the organizer plans to alert both the attendees and emergency services personnel to the emergency, how they plan to move attendees to safety and provide Fire and Police access to the scene. The City will notify you if a Plan is required.

2. At no time may the activities of the special event restrict access to the street by police and fire vehicles.

3. Prepare an emergency plan to address the following issues:

   - Medical Aid: Know the location of first-aid kits; identify people who have knowledge of CPR and/or a medical background.
   - Fire Emergencies: Provide fire extinguishers/extinguishing equipment, garden hoses, etc., for all cooking areas.
   - Maintaining and/or providing emergency access (moving barricades, tables, etc.) when necessary.

   The emergency plan should identify all persons assigned to execute the emergency plan operation, the method to alert the personnel (i.e., bullhorn, whistle, bell, etc.), and the response to put into action for the emergency situation.

4. Fire hydrants shall not be blocked at any time by vehicles, tables, decoration, etc. A minimum six-foot clearance must be maintained around hydrants at all times, and a clear unobstructed path from the street to the hydrant. Ropes or other objects shall not be attached to fire hydrants at any time.

5. In the event an emergency vehicle must enter the event area, a minimum sixteen (16) foot wide road clearance must be maintained for the emergency vehicles. At all times during the event, persons shall be designated to be available to move barricades, tables, chairs, etc. if necessary.

6. If emergency vehicles are requested to respond to your event, the designated personnel must immediately go to the appropriate barricades and standby, as the responding vehicles will need access to your event. Having this standby procedure will prevent any delays for the emergency vehicles.

City of Sherman – Police & Fire Rescue Services

1. Crowd control will be the responsibility of the event organizer. A detailed plan outlining the measures put in place to deal with crowd control will be the responsibility of the event organizer. The plan will need to be submitted to the Community and Support Services department along with application submission.

2. The need for the use of security will be evaluated by the Sherman Police Department on an event by event basis. The cost of special/additional support will be the responsibility of the event organizer.

3. The plan will be forwarded by the Community and Support Services department, as needed, to the City of Sherman Fire Department to ensure adequate measures are in place for fire and life safety concerns. If there are any concerns, the event organizer will be contacted prior to your event being placed on the City Council agenda.

Street Closure

1. Applicants requesting a temporary street (meaning any part of the municipal road allowance) closure for any special event will need to request the street closure on the Special Event application.

2. Approval is contingent upon ensuring adequate signage and barricades, a traffic control plan and providing adequate emergency access at all times to the satisfaction of the Community and Support Services department or designate.

3. To request a temporary street closure, the applicant may be asked to submit a petition signed and approved by 100% of the business and residence owners or habitants of adjacent properties on the affected street(s) or block(s).

4. In the event an emergency vehicle must enter the closed area, a minimum sixteen (16) foot wide road clearance must be maintained.

5. The applicant or designee must be present on the site during the entire duration of the street closure.

6. Possession and/or consumption of alcoholic beverages on the closed portion of the street is prohibited, unless approval is granted by motion and order by the City Council.

Noise Policy

1. Noise issues will fall subject to the guidelines set forth in Article 8.07 of the Sherman Code of Ordinances.

2. The creating of any unreasonably loud, disturbing and unnecessary noise within the corporate city limits of the city is prohibited.

3. Any noise of such character, intensity or duration as to be detrimental to the life or health of any individual, or in disturbance of the public peace and welfare, is prohibited.

4. The maintenance or operation of any loudspeaker or amplifying device on the outside of any building or structure in the city whereby music, speaking or noises of any type are or may be transmitted outside the confines of a fully enclosed stone or wood structure is prohibited.

5. The amplification of sound for special events will be limited to the hours of 8:00a.m. until 9:00p.m., per City Ordinance.

Garbage/Recycling/Site Cleanup/General Maintenance

1. The special event organizer is responsible for the cleanup of the location to the satisfaction of the Community and Support Services Director or designee and the removal of all garbage by noon the day after the event ends.

2. The City will provide all normal maintenance services to its current routine standards including, but not restricted to, grass cutting, snow and ice clearing and any regular janitorial services and supplies at the event location before and during the event. Any additional maintenance required by the special event organizer prior to or during the event, may be at the cost and responsibility of the special event organizer.

3. The City of Sherman will not supply any additional garbage containers over and above the current level for special events, without prior notification. It will be the sole responsibility of the special event organizer to notify the City of collection service needs for the event. Additional fees may be required for additional services.

4. The special event organizer will use recycling containers for beverage cans and bottles.

5. Each event should have the same number of recycling containers as garbage containers and place them appropriately throughout the site.

6. The special event organizer will ensure that a suitable location is provided for food and merchandise vendors to place flattened corrugated cardboard boxes. These will be kept separate from any other recyclables or garbage.

Miscellaneous Requirements

1. Bathroom Facility Requirements

A. The following should be considered when determining the number of toilets to provide at your event.

- Duration of the event
- Weather conditions
- Crowd size, and
- Ticketed or unticketed event.

Where local laws or regulations do not exist, the following table can be used as a guide. Assume a 50/50 male/female split unless otherwise advised.

Crowd Size	Number of Facilities Necessary (dependent on event hours)								
	1	2	3	4	5	6	7	8	9
500	2	4	4	5	6	7	9	9	10
1,000	4	6	8	8	9	9	11	12	13
2,000	5	6	9	12	14	16	18	20	23
3,000	6	9	12	16	20	24	26	30	34
4,000	8	13	16	22	25	30	35	40	45
5,000	12	16	20	25	31	38	44	50	56
10,000	15	25	38	50	63	75	88	100	113

B. A copy of the contract with the Waste Disposal Company must be provided to the Community and Support Services Department no less than 14 days prior to the event.

- Note: the special event coordinator must ensure all washroom/hand wash stations are kept stocked with toilet paper and hand sanitizer.

C. There should be a minimum of one handwashing station with hot/warm water, liquid soap and paper towels immediately adjacent to the bathroom facilities. Washrooms in nearby stores or restaurants are not sufficient. The use of antiseptic hand gels can be used, but it is a good practice to have one handwashing station in case the need arises. The handwashing facilities must be accessible to all event attendees.

D. For more information on portable bathroom facilities please visit the Portable Sanitation Association website at www.psai.org/about.html.

2. Vendors

A. In the interest of public safety, a zero tolerance policy is enforced for all special events. This means failure to comply with standards may result in ticketing and/or closure.

B. All vendors will be required to ensure:

- All outdoor electrical cords used are in good operating condition.
- The use of manufactured extension cords with a three wire configuration or 2 wire polarized outdoor rated cords are acceptable (no modification to cords or equipment is permitted).
- The use of panels that are properly assembled and contained in an approved weatherproof enclosure supplying 15 and 20 amp receptacles only which are protected by Ground Fault Circuit Interrupters.
- Any non weatherproof equipment used in display enclosures (tents, gazebos etc) shall be protected from inclement weather.
- All vendors shall supply the event organizer with the voltage and current that their equipment will require to eliminate overloading of circuits.
- All trailers that are self contained and/or have lighting and equipment may be subjected to a field evaluation by the City of Sherman.

3. Food Vendors

A. The City of Sherman has adopted the provisions of the current rules or rules as amended by the state board of health found in 25 Texas Administrative Code, chapter 229, sections 161 through 171 and 173 through 175, regarding the regulation of food establishments in this jurisdiction.

B. All food vendors must have a temporary food permit.

C. For further information regarding permitting of food vendors please contact the Grayson County Health Department.

4. Alcohol & TABC Licensing

A. The drinking of any alcoholic beverages or the possession of any open container which contains an alcoholic beverage is prohibited and unlawful in the following places:

- In any public park; on the sidewalks, streets and alleys; on any public parking lot; the Ham Center and the Youth Center.
- In or on any public school district campus or facility.

- On any private parking lot of any shopping center or any parking lot of any retail or commercial business.
- In any theatre building and/or drive-in theater within the corporate limits of the city.

B. An alcoholic beverage is defined as any spirits, wine, beer, ale or other liquid containing more than one-half of one (1) percent alcohol by volume.

C. Event organizers must acquire the appropriate temporary permit from the TABC for all events where alcohol will be consumed. If a letter of permission is needed from the City, the request must be made no later than 2 (two) weeks prior to the event date.

5. Petting Zoos or Open Farms

A. Your petting zoo or farm is designed to provide children and students with the joy of coming close to animals. You must remember, however, animals can carry diseases that can make humans ill, and proper precautions must be taken to ensure that the health and safety of all visitors are protected, especially children.

B. For the safety of attendees, the City of Sherman requires the following:

Handwashing:

- Staff/Volunteers must encourage all visitors to wash their hands after handling the animals and before consuming food or drinks.
- There should be a minimum of one handwashing station with hot/warm water, liquid soap and paper towels immediately adjacent to the animal petting area. Washrooms in nearby stores or restaurants are not sufficient.
- The use of antiseptic hand gels can be used, but it is a good practice to have one handwashing station in case the need arises.
- Temporary handwash stations should be installed when permanent facilities are not immediately available.
- The exit to the animal area should be controlled to ensure that all participants pass by the handwash facilities and can use them if they choose.
- Handwashing facilities must be accessible to all visitors.

Operation:

- The public should not be permitted access to any animal enclosure except under the direct supervision of trained personnel. These enclosures should be kept locked outside of regular business hours.

- Ensure that any manure is quickly and thoroughly cleaned up, and appropriately discarded. Straw and sawdust bedding should be replaced at least daily.
- Staff/Volunteers must report all animal bites or scratches, or other injuries resulting from animal contact to Sherman Police Dispatch at 903-892-7290.

Animals:

- Potentially dangerous animals should not be included in a petting zoo. Reptiles and amphibians are not recommended.
- All animals must be in good health, and any animals with diarrhea must be excluded from display immediately.
- All animals must have up to date vaccinations for diseases applicable to the region. Vaccination records must be readily available when requested.
- All animals must have a friendly disposition, and must be comfortable with extensive petting or handling.

Signs:

- Ensure signs are erected at the entrance of the petting zoo or farm encouraging the act of washing hands upon leaving the animal area and before eating.

Sherman
CLASSIC TOWN. BROAD HORIZON.

Special Event Application

This agreement is between the City of Sherman, hereinafter referred to as City, and an event/event coordinator, hereinafter referred to as event, for the cooperation of planning and operating a Special Event.

City reserves the right to close down or cancel any Event that is in violation of any City Ordinance or deviation from this agreement. The City also reserves the right to close down or cancel the Event if public safety or affected department supervisors deem the event unsafe for public participation.

- Application must be submitted at least 60 days prior to the event date.
- The Event must carry property, bodily injury and municipal liability insurance of $1,000,000.00 per occurrence. The City of Sherman must be shown as an additional named insured on the insurance declaration. One (1) original copy of insurance must be submitted 30 days prior to event date.
- Alcohol distribution or consumption in any City Park and/or street is prohibited, unless approval is granted by motion and order by the City Council. A special event permit for alcohol on private property in conjunction with a Sherman private club may be permitted with a T.A.B.C license. Certain city-owned properties may allow for the consumption of alcohol.
- Please provide all information pertaining to the event as accurately as possible.

General Event Information

Official Name of Event: Texoma Earth Day Festival

Type of Event: (i.e. Carnival, Circus, 1 Mile/5 K Run, etc.) Family festival

Event Date: April 22, 2023 Event Times: 9:00 am to 4:00 pm

Alternate Date: _____ Event Times: _____

*Alternate date required in case of weather delays

Location of Event: Municipal Building, Lucy Kidd-Key Park, S Rusk & Elm Streets adjacent to park

Event Contact Name: Amy Hoffman-Shehan

Event Contact Address: 1503 S Travus St, Sherman, TX 75090

Event Contact Phone: 903-821-8198

Event Contact Email: amychs17@gmail.com

Alternate Event Contact Name: Marla Loturco

Alternate Event Contact Address: 1725 S FM 1417 #17109

Alternate Event Contact Phone: 940-367-3291

Alternate Event Contact Email: marla.rruu@gmail.com

Event Day Emergency Contact: Amy Hoffman-Shehan Phone: 903-821-8198

Event Day Emergency Contact: Marla Loturco Phone: 903-821-8198

Estimated # of Participants: 200 vendors & volunteersSpectators: 1000-1500

Is Event Private or Open to the Public? _____ Private Event **X** Public Event

Description of Event

Include background/history of this event or type of event and a timeline of event. Maps and site plans are required; site plans should include location of concessions, port-a-lets and dumpsters; description of routes to be used, severe weather emergency plan, etc. Clean-up deposit may be required.

This will be the 15th annual Texoma Earth Day Fetival. The festival includes vendors, workshops, entertainment, demonstrations, displays, and a wide variety of recycling opportunities

Public Services

Will event take place at a public park/facility? X Yes _____ No

If yes, which park/facility? Municipal Building & Lucy Kidd-Key Park
*Park and/or facility reservation(s) required prior to completing this application.

Will you need any public street closures? X Yes _____ No

If Yes, which streets? S Elm Street between Mulberry and Pecan, including barricades at Mulberry adjacent to City Hall. S Rusk Street between Mulberry and Pecan

In addition, we will need traffic cones on Pecan Street to reserve parking spaces for the sound truck and musicians.

*Closure of TxDOT controlled streets will need prior approval by TxDOT.
*Police and Fire vehicles must have access through street closures if the need arises.

Street closure time: 6:00 am on 4/22/23 Time closure removed: 5:00 pm on 4/22/23
*Barricades will be provided by the City for the listed street closures. Fees may be required for additional barricade requests.

Where are the parking areas located: (Include on site plan) vendors will park on west side of Rusk adjacent to stadium, public parking on N parking lot, City Hall parking lots

Does your event require special/additional support? (Fee may be required)

X Police
(crowd control, traffic control, etc.)
If yes, contact Jarena Capps, Police Department, 903-892-7397

____ Fire Department
(EMT Support, etc.)
If yes, contact Chief Jones, Fire Department, 903-892-7263

X Other recycling services, including drug collection from police, traffic control for recycling event
(provide detail)

If any special/additional support is checked above it is the responsibility of the event coordinator to contact the person listed above, prior to approval. If no contact is made by the event coordinator, the approval process for your special event will cease.

Number of trash containers and size requested over and above the current level: 6 trash cans on grounds, see attached list for recycling containers
*Per city ordinance, all solid waste services must be provided by the city. Additional fees are possible for solid waste services.

Concessions

Will food concessions be present at the event? X Yes _____ No

Name, Address & Phone Number for Food Vendors: To be provided by early April. Registrations to date are Tacos Hondumex, Coffee Obsessed & Blessed, Rollin' Woodfired Pizza Granny & Pa's Pecan Co.

*All food vendors are required to have the appropriate permits required by the city or the county.

Fire Prevention

Will you have any tents at the event? X Yes _____ No

Will any tents be over 200sq. ft.? X Yes _____ No
*No smoking signs and 5lb. ABC extinguishers are required in all tents over 200sq. ft.

Will any tents be enclosed? X Yes _____ No
*A permit ($50.00 fee) must be obtained from the Developmental Services Department for enclosed tents.
*A flame certificate for the tent and a site plan showing the setback from the property lines will be required to obtain this permit.

Will you have bounce houses? _____ Yes X No Number: _____

Will you have other air supported structures? _____ Yes X No

Will there be fireworks? _____ Yes X No

Will there be any temporary structures built or placed on site? _____ Yes X No

If Yes, describe: One 10x30 foot tent with sides for workshops One 20 x 10 tent without sides for dining area

Miscellaneous

Will you need the use of city water and/or electricity? X Yes _____ No
*Additional fees will apply to the usage of city utilities
Need electricity turned on by 7:00 am

Where will restroom facilities be located? portable toilets on parking lot south side of Municipal building

*Depending on accessibility of restroom facilities, city may require portable toilets to be used

Will there be music or any other use of a loudspeaker? X Yes _____ No

If Yes, please fill out the following:
Type of loudspeakers: Cadence Studios set up How many: _____

Type of Amplifiers: _____ How many: _____

Type of electrical devices: _____ How many: _____

Date and time loudspeakers/amplifiers/electrical devices will be in use: _____
*Loudspeakers/Amplifiers/Electrical Devices cannot be used during the hours of 9pm to 8am

Will you have any animals at the event? X Yes _____ No

If yes, are any prohibited/regulated animals? Pet adoptions through Sherman Animal Shelter only

*All pet owners must abide by Grayson County leash law

Public Information

Describe signage that will be used for the event, to include placement of signs: banner on gazebo stage, sign stakes as indicated on the map

Describe how you will notify residents affected by the event either living on the route/course or nearby. no nearby residents

*Proof of notification may be required

Overnight Accommodation Needs

Will event produce overnight stays in Sherman hotels, motels or bed and breakfasts? If so, how many rooms potentially? unknown but two vendors will travel from outside the area

* The Sherman Chamber of Commerce is available for assistance with hotel information and accommodation needs for the event.

Agreement:

Initial AHS I hereby attest that the information contained in this application is true and correct. I understand that this is only an application and not a guarantee that a permit will be issued. If a permit is issued, I agree that: (1) if any of the information contained in this application is found to be false: or (2) should my conduct, or the conduct of any participants or guests, not adhere to the Special Event Policies and Procedures: or (3) should any applicable city, county, state or federal rules, regulations, codes or laws be violated, any permit issued shall automatically become null and void and any activity associated with this permit will immediately cease.

Initial AHS Applicant agrees to assume the defense of and indemnify and save harmless the City, its council members, boards, commissions, officers, employees and agents, from all suits, actions, damages or claims to which the City may be subjected of any kind or nature whatsoever resulting from, caused by, arising out of or as a consequence of such temporary street closure and the activities permitted in connection therewith. The city may require, as a condition of issuance of a permit, that the applicant obtain insurance to serve this end, in such an amount and with such terms as the City determines to be appropriate under the circumstances. This shall be a continuing release and shall remain in effect until revoked in writing.

Initial AHS In case of emergency or for reasons beyond the City's control, the City reserves the right to cancel the permit prior to scheduled use without liability. Refunds will be made if cancellation by the City is necessary.

Initial AHS Alcohol must be confined to private property. Alcohol consumed on Public property is a violation of city Ordinance and is prohibited.

Signature:

I the undersigned representative have read the policies and procedures with reference to this application. The information contained herein is complete and accurate.

Amy Hoffman-Shehan
Signature

2-22-23
Date

For Office Use Only

DEPARTMENT APPROVALS

DEPARTMENT	DATE	SIGNATURE
City Council Approval		
Fire Department		
Police Department		
Public Works Department		
Solid Waste & Recycling Department		
Parks & Recreation Department		

Sherman
CLASSIC TOWN. BROAD HORIZON.

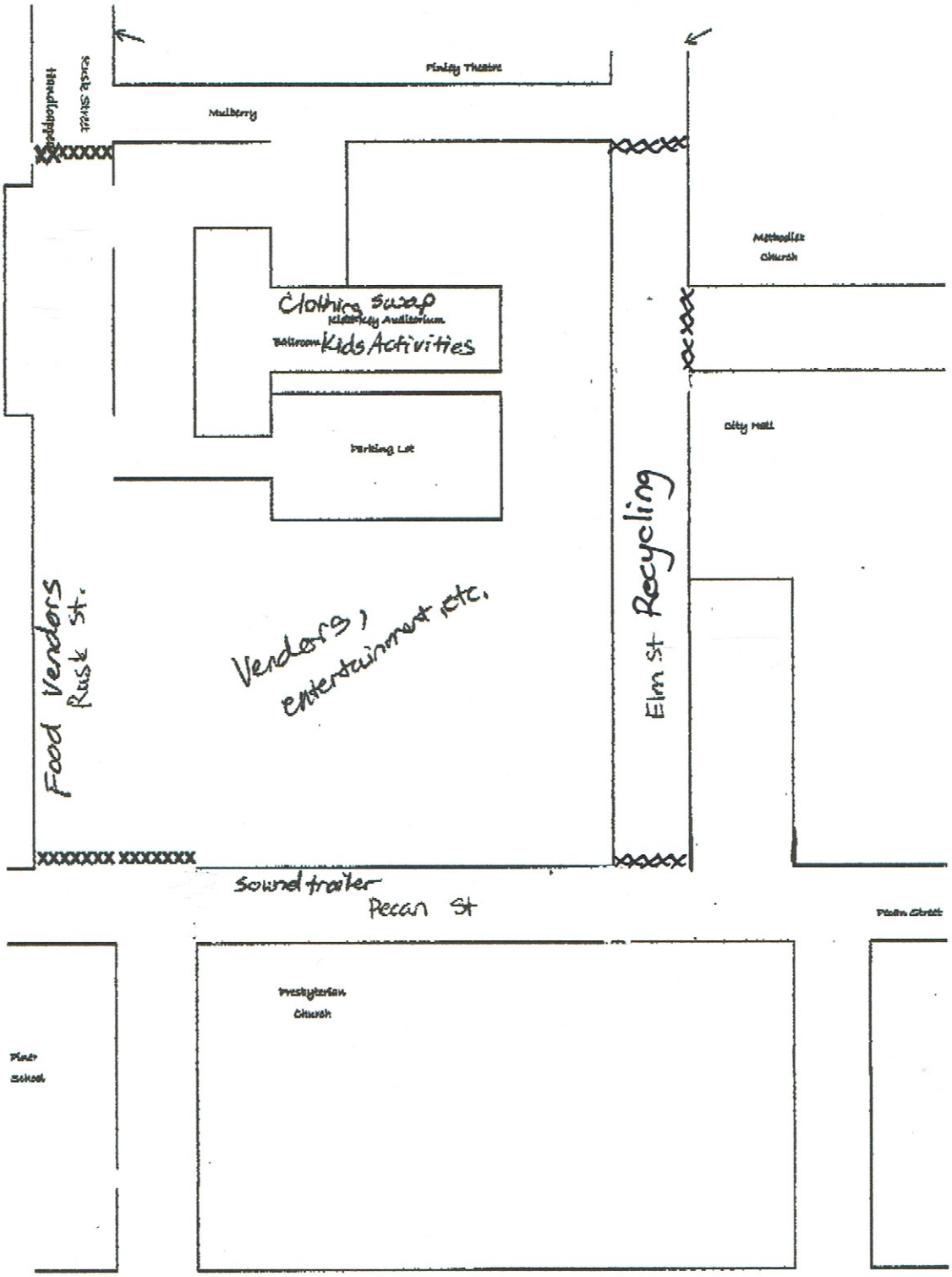
Special Event
Date Request Form

Name of Event:
Type of Event (i.e. Carnival, Circus, Festival, 1 Mile/5 K Run, etc.):
Location of Event:
Date of Event:
Event Contact Name:
Event Contact Address:
Event Contact Phone:
Event Contact Email:

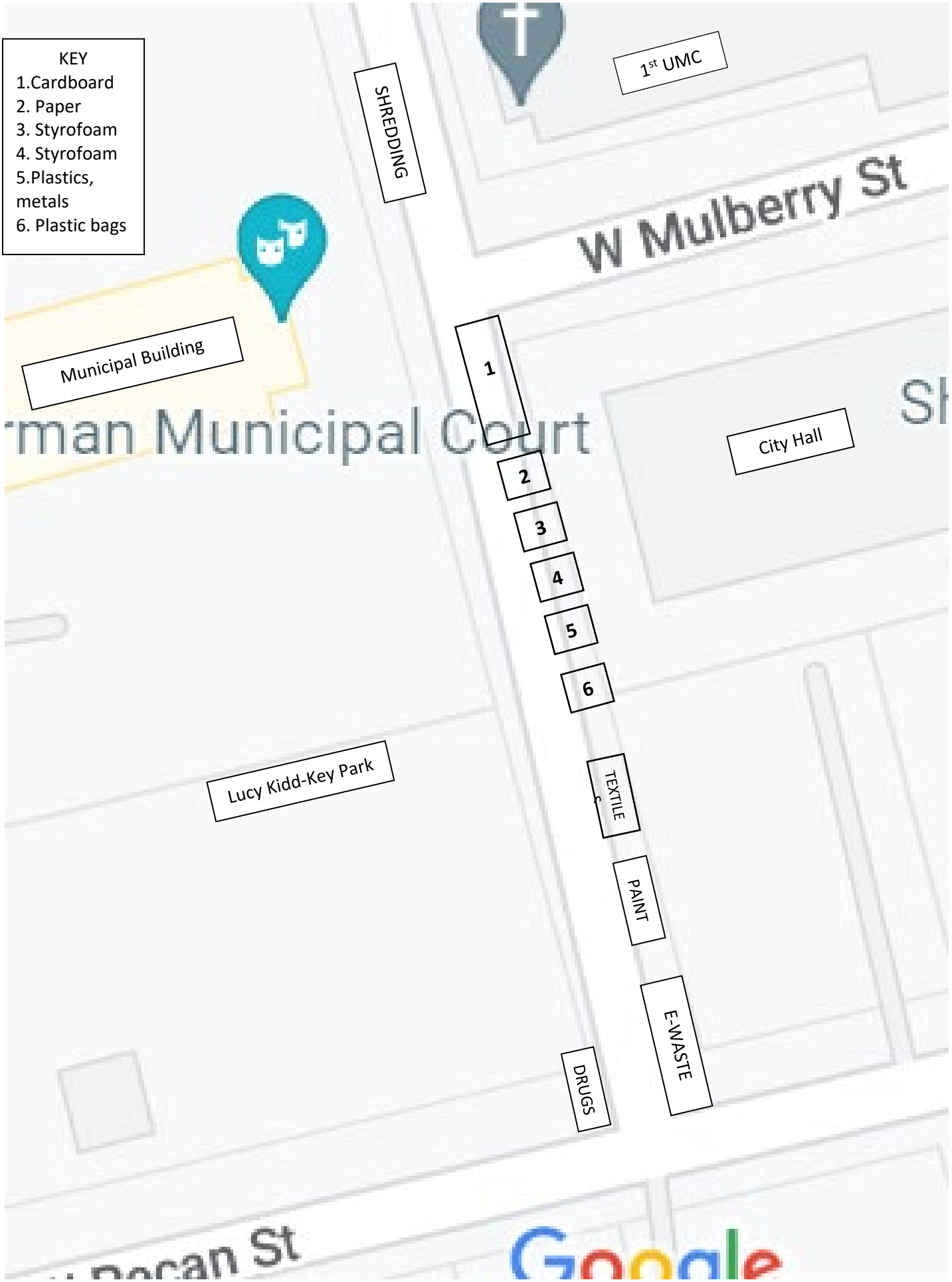
Completion and approval of the Special Event Date Request Form does not guarantee event approval. The Community and Support Services Department must receive the completed Special Event Application 60 days prior to the event date. If the application is not received the date will be released 60 days prior to the event.

Requester Signature: Date:

*Office Use Only
Date Request Received:
Event Date Hold Approved: YES NO
If NO, reason:
Date 60 Days Prior to the Event Date:
Date Special Event Application Received:
Requested Event Date Released: YES NO Date:
Community and Support Services Department Signature:


Finley Theatre
Mulberry
Methodist Church
Clothing Swap
Kids Activities
Parking Lot
City Hall
Food Vendors
Rusk St.
Vendors, entertainment etc.
Elm St Recycling
Sound trailer
Pecan St
Presbyterian Church

RECYCLING LAYOUT 2023
(Approximate Locations, Not to Scale)



CONTAINERS FOR RECYCLING AREA
CITY OF SHERMAN RECYCLING
APRIL 22, 2023

1. 30-foot container for cardboard
2. 8-yard container for paper
3. 8-yard container for Styrofoam and ink & toner cartridges
4. 8-yard container for Styrofoam
5. 8-yard container for plastic bags
6. 8-yard container for plastics 1, 2, & 5 and aluminum & tin food cans

SIGNAGE NEEDED FOR THE CONTAINERS
(JIMMY SAID THE CITY CAN ADD SIGNAGE TO THE CONTAINERS)

1. Cardboard, flat or corrugated - make 2
2. Paper, office paper, junk mail, catalogs, magazines, phone books, shredded paper
3. Styrofoam (hard foam only, no soft foam allowed) - make 2
4. Plastic Bags, shrink film, grocery bags, produce bags, bubble wrap (no food bags)
5. Plastics 1, 2 and 5, Aluminum and Tin food & beverage cans

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **H. 2.**

Meeting Date: 04/03/2023

Prepared By: Sarah McRae, Tourism/Main Street Manager

Approved By: Robby Hefton, City Manager

Caption:

**** OTHER BUSINESS***

Consider Request of Downtown Sherman NOW to Temporarily Close Certain Streets for "Craft the Night Away" on Saturday, May 13, 2023

Issue:

Assistance for Downtown Sherman NOW's "Craft the Night Away" event on Saturday, May 13, 2023

Background:

Downtown Sherman NOW is requesting to temporarily close Crockett Street (between Lamar Street and Houston Street) and Travis Street (between Lamar Street and Houston Street) on Saturday, May 13, 2023 from 1:00 p.m. to 11:00 p.m. for "Craft the Night Away". The event will feature craft beer from 30 Texas breweries for sampling, food trucks, artisan crafters will display and sell their art, musicians will perform and Texas Old Time Fiddlers Association will host a sanctioned competition. Downtown Sherman NOW will obtain necessary permits from the Texas Tobacco and Alcohol Commission for the sale of craft beer to the patrons of this event.

Origination:

Mrs. Karen Tooley, Executive Director of Downtown Sherman NOW

Financial Consideration:

Barricades and cones would be provided by the City of Sherman Street Department. Solid waste receptacles would be provided by the City's Solid Waste Department. Downtown Sherman NOW would work with the Sherman Police Department to arrange for security officers necessary for the event. Downtown Sherman NOW has been instructed that emergency vehicle accessibility must be maintained throughout the closed streets at all times.

Staff Recommendation:

It is recommended that the Council authorize the use of City resources to provide barricades, cones, solid waste receptacles, and security support as requested.

Alternatives:

As directed by the Council

Attachments

Craft the Night Away Request Letter 2023

Craft the Night Away Special Event Packet 2023

Craft the Night Away 2023 Map

---

14 March 2023

Ms. Sarah McRae
Sherman Tourism Director/Main Street Manager
PO Box 1106
Sherman, TX 75091

Dear Sarah,

Downtown Sherman NOW would like City approval to hold an event, Craft The Night Away. The details are below. If I can help answer any questions, please do not hesitate to contact me by email (kctooley@msn.com) or text (903-816-2811).

Sincerely,

Karen Tooley

Karen Tooley
Executive Director, Downtown Sherman NOW

Name of Event:
Craft The Night Away

Date/Time of Event:
May 13, 2023 from 5:00-9:00 PM

Description of Event:
Craft beer from 24 Texas breweries will be available for tasting. Food trucks will provide food for sale, artisan crafters will display and sell original art, and bands will perform on 2 stages.

Street Closure Request:
May 13, 2023 from 1:00-11:00 PM

Supplies Requested:
32 Rolling Trash Cans and 50 Orange Traffic Cones (left on the West Side of the courthouse neat the dumpster.

Sherman
CLASSIC TOWN. BROAD HORIZON.

Special Event
Date Request Form

Name of Event:	Craft the Night Away
Type of Event (i.e. Carnival, Circus, Festival, 1 Mile/5 K Run, etc.):	craft beer festival
Location of Event:	Courthouse Lawn, 100 blocks of S. Crockett & S. Travis
Date of Event:	June 11, 2022
Event Contact Name:	Karen Tooley
Event Contact Address:	PO Box 2054, Sherman 75091
Event Contact Phone:	903 816 2811
Event Contact Email:	KCtooley@msn.com

Completion and approval of the Special Event Date Request Form does not guarantee event approval. The Community and Support Services Department must receive the completed Special Event Application 60 days prior to the event date. If the application is not received the date will be released 60 days prior to the event.

Requester Signature:	KC Tooley
Date:	3-14-23

*Office Use Only
Date Request Received:
Event Date Hold Approved: YES NO
If NO, reason:
Date 60 Days Prior to the Event Date:
Date Special Event Application Received:
Requested Event Date Released: YES NO Date:
Community and Support Services Department Signature:

Sherman
CLASSIC TOWN. BROAD HORIZON.

Special Event Application

This agreement is between the City of Sherman, hereinafter referred to as City, and an event/event coordinator, hereinafter referred to as event, for the cooperation of planning and operating a Special Event.

City reserves the right to close down or cancel any Event that is in violation of any City Ordinance or deviation from this agreement. The City also reserves the right to close down or cancel the Event if public safety or affected department supervisors deem the event unsafe for public participation.

- Application must be submitted at least 60 days prior to the event date.
- The Event must carry property, bodily injury and municipal liability insurance of $1,000,000.00 per occurrence. The City of Sherman must be shown as an additional named insured on the insurance declaration. One (1) original copy of insurance must be submitted 30 days prior to event date.
- Alcohol distribution or consumption in any City Park and/or street is prohibited, unless approval is granted by motion and order by the City Council. A special event permit for alcohol on private property in conjunction with a Sherman private club may be permitted with a T.A.B.C license. Certain city-owned properties may allow for the consumption of alcohol.
- Please provide all information pertaining to the event as accurately as possible.

General Event Information

Official Name of Event: Craft the Night Away

Type of Event: (i.e. Carnival, Circus, 1 Mile/5 K Run, etc.) Craft beer festival

Event Date: 5-13-23 Event Times: 5-9 pm

Alternate Date: — Event Times: _____

*Alternate date required in case of weather delays

Location of Event: Courthouse Lawn + 100 blocks of S. Crockett & S. Travis

Event Contact Name: Karen Tooley

Event Contact Address: PO. Box 2054 Sherman 75091

Event Contact Phone: 903 816 2811

Event Contact Email: KCtooley@msn.com

Alternate Event Contact Name: Sherry Little

Alternate Event Contact Address: 101 N. Travis Sherman 75090

Alternate Event Contact Phone: 903 436 8374

Alternate Event Contact Email: sherry.little74@gmail.com

Event Day Emergency Contact: Karen Tooley Phone: 903 816 2811

Event Day Emergency Contact: Sherry Little Phone: 903 436 8374

Estimated # of Participants: 1200 Spectators: _____

Is Event Private or Open to the Public? ____ Private Event ✓ Public Event

Description of Event

Include background/history of this event or type of event and a timeline of event. Maps and site plans are required; site plans should include location of concessions, port-a-lets and dumpsters; description of routes to be used, severe weather emergency plan, etc. Clean-up deposit may be required.

This is The 6th annual craft beer festival featuring craft beer, food trucks, musicians, artists.

Public Services

Will event take place at a public park/facility? ____ Yes ✓ No

If yes, which park/facility? _____

*Park and/or facility reservation(s) required prior to completing this application.

Will you need any public street closures? ✓ Yes ____ No

If Yes, which streets? 100 blocks of S. Crockett and S. Travis

*Closure of TxDOT controlled streets will need prior approval by TxDOT.
*Police and Fire vehicles must have access through street closures if the need arises.

Street closure tir 1:00 pm Time closure removed: 11:00 pm

*Barricades will be provided by the City for the listed street closures. Fees may be required for additional barricade requests.

Where are the parking areas located: (Include on site plan) lots at Wall/Walnut, Lamar/Houston, Jones/Crockett plus street parking

Does your event require special/additional support? (Fee may be required)

✓ Police
(crowd control, traffic control, etc.)
If yes, contact Jarena Capps, Police Department, 903-892-7397

____ Fire Department
(EMT Support, etc.)
If yes, contact Chief Jones, Fire Department, 903-892-7263

____ Other
(provide detail)

If any special/additional support is checked above it is the responsibility of the event coordinator to contact the person listed above, prior to approval. If no contact is made by the event coordinator, the approval process for your special event will cease.

Number of trash containers and size requested over and above the current level: ____

32 rolling trash cans

*Per city ordinance, all solid waste services must be provided by the city. Additional fees are possible for solid waste services.

50 orange traffic cones

Concessions

Will food concessions be present at the event? ✓ Yes _____ No

Name, Address & Phone Number for Food Vendors: Unknown at this time. We will require a copy of their festival food handlers permit

*All food vendors are required to have the appropriate permits required by the city or the county.

Fire Prevention

Will you have any tents at the event? ✓ Yes _____ No

Will any tents be over 200sq. ft.? _____ Yes ✓ No

*No smoking signs and 5lb. ABC extinguishers are required in all tents over 200sq. ft.

Will any tents be enclosed? _____ Yes ✓ No

*A permit ($50.00 fee) must be obtained from the Developmental Services Department for enclosed tents.

*A flame certificate for the tent and a site plan showing the setback from the property lines will be required to obtain this permit.

Will you have bounce houses? _____ Yes ✓ No Number: _____

Will you have other air supported structures? _____ Yes ✓ No

Will there be fireworks? _____ Yes ✓ No

Will there be any temporary structures built or placed on site? _____ Yes ✓ No

If Yes, describe: _____

Miscellaneous

Will you need the use of city water and/or electricity? _____ Yes ✓ No

*Additional fees will apply to the usage of city utilities

Where will restroom facilities be located? Corners of Crockett/Lamar and Travis/Lamar

*Depending on accessibility of restroom facilities, city may require portable toilets to be used

Will there be music or any other use of a loudspeaker? ✓ Yes _____ No

If Yes, please fill out the following:
Type of loudspeakers: Unknown at this time How many: _____

Type of Amplifiers: _____ How many: _____

Type of electrical devices: _____ How many: _____

Date and time loudspeakers/amplifiers/electrical devices will be in use: _____
*Loudspeakers/Amplifiers/Electrical Devices cannot be used during the hours of 9pm to 8am

Will you have any animals at the event? _____ Yes ✓ No

If yes, are any prohibited/regulated animals? _____

*All pet owners must abide by Grayson County leash law

Public Information

Describe signage that will be used for the event, to include placement of signs: Along the event perimeter we will have signage that says "No alcohol beyond this point."

Describe how you will notify residents affected by the event either living on the route/course or nearby. N/A

*Proof of notification may be required

Overnight Accommodation Needs

Will event produce overnight stays in Sherman hotels, motels or bed and breakfasts? If so, how many rooms potentially? Estimated: 30 rooms

* The Sherman Chamber of Commerce is available for assistance with hotel information and accommodation needs for the event.

Agreement:

Initial XC I hereby attest that the information contained in this application is true and correct. I understand that this is only an application and not a guarantee that a permit will be issued. If a permit is issued, I agree that: (1) if any of the information contained in this application is found to be false: or (2) should my conduct, or the conduct of any participants or guests, not adhere to the Special Event Policies and Procedures: or (3) should any applicable city, county, state or federal rules, regulations, codes or laws be violated, any permit issued shall automatically become null and void and any activity associated with this permit will immediately cease.

Initial XC Applicant agrees to assume the defense of and indemnify and save harmless the City, its council members, boards, commissions, officers, employees and agents, from all suits, actions, damages or claims to which the City may be subjected of any kind or nature whatsoever resulting from, caused by, arising out of or as a consequence of such temporary street closure and the activities permitted in connection therewith. The city may require, as a condition of issuance of a permit, that the applicant obtain insurance to serve this end, in such an amount and with such terms as the City determines to be appropriate under the circumstances. This shall be a continuing release and shall remain in effect until revoked in writing.

Initial XC In case of emergency or for reasons beyond the City's control, the City reserves the right to cancel the permit prior to scheduled use without liability. Refunds will be made if cancellation by the City is necessary.

Initial XC Alcohol must be confined to private property. Alcohol consumed on Public property is a violation of city Ordinance and is prohibited.

Signature:

I the undersigned representative have read the policies and procedures with reference to this application. The information contained herein is complete and accurat~

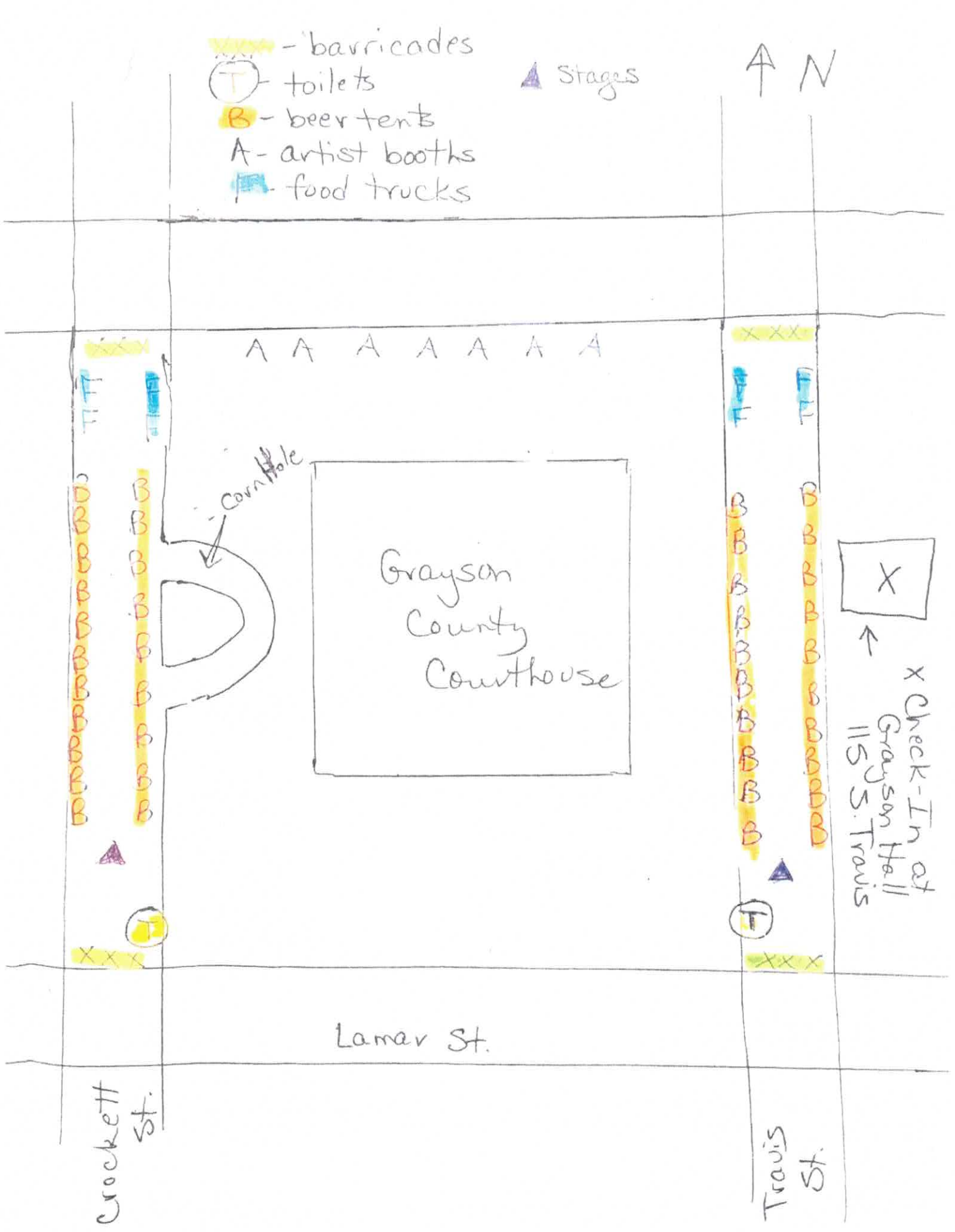
XC Jolly — 3-14-23

Signature — Date

For Office Use Only

DEPARTMENT APPROVALS

DEPARTMENT	DATE	SIGNATURE
City Council Approval		
Fire Department		
Police Department		
Public Works Department		
Solid Waste & Recycling Department		
Parks & Recreation Department		


XXX - barricades
T - toilets
B - beer tents
A - artist booths
- food trucks
Stages
N
A A A A A A A
Corn Hole
Grayson County Courthouse
X
x Check-In at Grayson Hall 115 S. Travis
Lamar St.
Crockett St.
Travis St.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **I. 1.**

Meeting Date: 04/03/2023
Prepared By: Linda Ashby, City Clerk
Approved By: Robby Hefton, City Manager

Caption:

APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS AND COMMISSIONS

(a) Parks and Recreation Advisory Board (1)

Issue:

Amanda Phillips' term on the Parks and Recreation Advisory Board expired on March 21, 2023. She has served three terms and is not eligible for reappointment. We have an application from Christy Baca, for service on the board. Ms. Baca does not live in the Sherman City Limits; however residences is not required in the by-laws, and there is another member of the board does not live in Sherman.

Background:

The Parks and Recreation Advisory Board advises the City Council on long-range planning and the implementation of programs and activities conducted by the Parks and Recreation Department.

Origination:

The appointment originated with the City Clerk's Office.

Financial Consideration:

There is no financial consideration.

Staff Recommendation:

The staff recommends that Ms. Baca be appointed to the Parks and Recreation Board.

Alternatives:

The alternative is to delay an appointment or appoint someone else to the Board.

Attachments

Roster
Fact Sheet
Applicant Liist
Christy Baca Application

MEMBERSHIP ROSTER

PARKS & RECREATION BOARD

LENGTH OF TERMS: TWO YEARS
Ord. 4112 Consecutive Term Limit (3)*effective 7/24/89

MEMBER	DISTRICT	TERM BEGINS	TERM EXPIRES	TERMS	MEMBERSHIP REQUIREMENTS
Ronald Rose	1	A 5/4/2021	5/4/2023	1	
Amanda Phillips	1	A 3/21/2017 R 3/21/2019 R 3/21/2021	3/21/2019 3/21/2021 3/21/2023	1 2 3	
Brantley Blackburn	n/a	A 5/8/2018 R 5/8/2020 R 5/8/2022	5/8/2020 5/8/2022 5/8/2024	1 2 3	
Shane Martin	4	A 5/8/2018 R 5/8/2020 R 5/8/2022	5/8/2020 5/8/2022 5/8/2024	1 2 3	
Michael Kelly	1	A 12/19/2017 R 12/19/2019 R 12/19/2021	12/19/2019 12/19/2021 12/19/2023	1 2 3	
Nathaniel Lightfoot	3	A 3/22/2022	3/22/2024	1	
Michelle Casey	3	A 2/4/2020 R 2/4/2022	2/4/2022 2/4/2024	1 2	

NOTE:

Chair:
Vice Chair:

CITY STAFF: Theresa Hutchinson, Parks and Recreation Manager
Revised 5/17/2022

FACT SHEET

PARKS AND RECREATION BOARD

Established by ORDINANCE 3181 – MARCH 28, 1977

1. **Number of Members: SEVEN (7)**
2. **Term of Appointment: TWO (2) YEARS**
3. **Consecutive Term Rule: THREE (3) TERMS – ORDINANCE 4112 (7/24/89)**
4. **Qualifications for Membership: INTEREST IN PROGRAMS AND ACTIVITIES CONDUCTED BY PARKS AND RECREATION DEPARTMENT. A STUDENT OF SHERMAN HIGH SCHOOL DESIGNATED BY STUDENT COUNCIL, AND THE DIRECTOR OF PARKS AND RECREATION SHALL BE EX-OFFICIO, NON-VOTING MEMBERS**
5. **Appointed by: MAYOR AND CITY COUNCIL**
6. **Board Organization**

CHAIRPERSON E VICE CHAIRPERSON ____ SECRETARY A_____

ELECTED ___ APPOINTED ____

7. **Departmental Responsibility: PARKS AND RECREATION DEPARTMENT**
8. **Meeting Date: FIRST WEDNESDAY OF EACH MONTH**
9. **Attendance Requirements: WILL FORFEIT SEAT BY MISSING 3 CONSECUTIVE MEETING WITHOUT GOOD CAUSE**

==========

PURPOSE:
To assist in long-range planning and implementation of programs and activities conducted by the Parks and Recreation Department.

RESPONSIBILITIES:
Advise concerning future development; to study and make recommendations concerning additional park land or sites; and to recommend means for maximum utilization of facilities.

APPLICANT LIST

Parks and Recreation Advisory Board **Positions Vacant 1**

Applicant	Address	District	Qualifications
Christy Baca	1237 J.P. Cave Road	n/a	Texoma Swim Academy

COMMENTS:

RECEIVED
MAR 16 2023
City Clerk's Office

CITY OF SHERMAN
APPLICATION FOR BOARD OR COMMISSION MEMBERSHIP

Return completed application to:
City Clerk's Office
220 W. Mulberry
P.O. Box 1106
Sherman, TX 75091
Fax: (903) 892-7394

Please type or use black ink
Please complete one application for each board or commission membership
Please limit attachments to two pages
For questions or additional information, call the City Clerk's Office, (903) 892-7206

Name: Christy Baca
(Please print legal name and your name as you wish it to appear, if different.)

Name of Board or Commission: Sherman Parks and Recreation Advisory Board

☑ Yes, I would be interested in serving on subcommittees that may be formed.

Personal Information

Home Address: 1237 JP Cave Road
Mailing Address: Sherman, Tx. 75090
Telephone: 903.267.6634 Fax:
E-Mail: christy@texomaswimacademy.com
Sherman Resident for 26 years County: Grayson
Drivers License No.: 11647767
Voter Registration No.: 10255 46842 ✓

Occupational Information

Business Name: Texoma Swim Academy
Occupation: Swim Instructor / Aqua Therapy
Address: 1237 JP Cave Road
Telephone: 903.267.6634 Fax:
E-Mail: christy@texomaswimacademy.com

Which Council District do you live in? *(see attached map)* n/a ✓

Prior work experience: *(please include dates)*
Education — aquatic Therapy — aquatic adaptive Swim
Speaker — Aqua aerobics — Instructor
Consultant — Health ed. curriculum development & implementation nationally

Educational Achievement:

High School Graduate? ☑ Yes ☐ No Year Graduated/Left School? 1992
Business College, Correspondence School, Adult Education, Other?
Name of College/University: Texas A&M University ☑ Bachelor's ☐ Master's ☐ PhD

Volunteer Work: *(please include dates)*
the Owen Foundation - 2021 - current
SISD - SHAC (2014 - current) House of Hi Board of Directors (child wise) · Precinct Chair (2019-2021)
· CAC advisory board
SISD - Long range planning facilities committee (2021-2023) · Texas TEKS Health revision board - SBOE appointment (2019-2021)

Have you ever been convicted of a crime (except for minor traffic offenses that resulted only in a fine)? ☐ Yes ☒ No

If yes, please explain in complete detail. State the nature and approximate date of the conviction, the sentence imposed, whether the sentence has been completed, and any other information you consider to be relevant.

Application held for 12 months from date received

no taxes

Are you presently serving on a City board or commission? ☐ Yes ☒ No

If so, which one? _____

Why do you want to become a member of this particular board or commission *(how would you use this experience to benefit the City)*?
I want to become a member of Park & Rec. Adv. board because I have a desire to help guide the growth of Sherman Parks & Recreation to serve the needs of our growing community.

Briefly explain what you believe are the three most important issues facing this board or commission and how you believe this board or commission should address each issue?

1) creating space to serve growing recreation & athletic needs for growing community.

2) location for facility that fulfills needs coming due to growth for natatorium - aquatic center that ~~there~~ space for SISD, community & recreation use.

3) timing of development - funding - infrastructure development timing & again funding.

List any abilities, skills, licenses, certificates, specialized training, or interests you have which are applicable to this board or commission:
athletic professional for 10 years, leadership development, broad visionary perspective for growth, grant writing, past recipient

Please specify any business or personal relationships with the City or other activities, which might create a serious conflict of interest or affect your ability to serve if you should be appointed to this board or commission:

none

Have you attended a meeting of the board/commission you are applying to or talked to anyone currently on the board? ☐ Yes ☐ No
Comments: I have spoken briefly previously with a Parks board member.

Statement of Intent

I am aware of the requirements of the City regarding conflicts of interest of appointees to the City of Sherman Boards and Commissions, as noted in the overview. I am aware of meeting dates and times of the Board/Commission for which I have applied, and that Board/Commission members are expected to attend a minimum of 75 percent of regularly scheduled meetings annually of their Board/Commission. If appointed, I agree to serve on the Board/Commission for which I have applied. Applications, including those received after the posted deadline, will remain on file for one year from the date of receipt.

Signature: Christy Bach *Date:* 3/9/2023

In compliance with Chapter 552, Vernon's Texas Codes Annotated (Open Records Law), information provided on this application may be available to the public, upon request.

Sherman
CLASSIC TOWN. BROAD HORIZON.

Christy E. Baca

1237 JP Cave Road, Sherman, Texas 75090 ▯ 903.267.6634 ▯ christybaca28@yahoo.com

QUALIFICATIONS SUMMARY

Highly motivated, detail oriented, and versatile professional with experience in education, business, counseling, speaking and all levels of aquatic instruction. Leadership service state, county, and district levels. Learned skills include specialized adaptive swim instruction, word processing, filing and data archiving, office equipment operations, accounts payable/receivable, and problem solving. Energized by serving people and meeting their needs.

EXPERIENCE HIGHLIGHTS

Special Needs Consulting, Substitute teaching, testing, and tutoring

- Developed strategies for creating a positive learning environment based on the learning style of each student.
- Closely followed state-mandated testing guidelines and regulations for alternative ways to implement the annual state required tests.
- District Program Support - Reviewed and reported curriculum needs for a specific content area to District Superintendent
- Founder and Owner of Texoma Swim Academy

Managing a professional office

- Maintained inventory of office supplies, client accounts, project filing systems, and office equipment.
- Responsible for bookkeeping through QuickBooks, keeping track of all business taxes due, paying business taxes, employee salaries, rents, loans, and insurances. Continuously researching better rates for insurance and supplies to make the company more profitable.

Professional Speaking

- Published book that teaches health benefits of sexual abstinence until marriage to parents and social media integrity
- Ability to speak in front of groups of people, encouraging them to participate, and answering questions on the spot
- Implemented health education and social media curriculum in public/private schools providing district administration training, staff development, parent programs and student programs Nationwide

EMPLOYMENT & WORK HISTORY

Texoma Christian School
Special Needs Consulting
Pre-School 3 Teacher
Sherman Independent School District
Substitute teaching, State mandated testing administration, tutoring at-risk students
STAAR tutoring and test administration
Program Support Directly working with Superintendent on Curriculum Alignment
David Baca Studio
Office Manager
Pregnancy Care Center of Texoma
Abstinence Education Coordinator, Counseling
Bryan County Pregnancy Care Center
Health Education Consulting and speaking
Elevate Youth
Author, Speaker & Mentor
YES (Youth Equipped to Succeed)
Social Media Education and Health Education speaker
Howe ISD
Special Education Inclusion Teacher

Owner & Founder of Texoma Swim Academy
Adaptive Swim Instruction Specialist
Private Swim Instructor
US Masters Swim Coach
ASCA Swim Coach
Hire and oversee swim instructors

Nautilus Family Fitness Center
AEA Certified Aqua Boot Camp Instructor
AEA Certified Aqua Barre Instructor

EDUCATION & TRAINING

Texas A&M University, College Station, Texas (1995-1997)
Bachelor of Science - Interdisciplinary Studies
Elementary Education, Reading and certified in Special Education

Continuing Education
Hours completed for Technology, Dyslexia, Reading, Writing, and Gifted & Talented
When Life Hands you Teenagers – Mental Health & Social Media conference 20 CEU hours
Level 3 Certified Swim Angelfish Adaptive Swim Instructor Specialist
Swim Whisperer in Water Lab training 2022
Certified ASCA Swim Coach
Certified US Master Swim Coach
7 Mindsets SEL Program
ASCEND Sexual Risk Avoidance Specialist Certification
Completed 30 hours of CDC focused Health Education focusing on providing evidence-based SRA programs
Red Cross certified Water Safety Instructor
Certified Life Coach

COMMUNITY INVOLVEMENT

Committed to community service. Extensive volunteer history includes: SBOE appointed State level 2019-2021 Health TEKS revision committee member, County Precinct Chair, District wide PTA, Special Education district improvement committee, district SHAC committee, SISD Legacy Leader, SISD Long Range Facilities Improvement Committee member, Hotline counseling and education for local Pregnancy Care Center, serving as co-director for Vacation Bible School, teaching Sunday School, leading Women's Bible Studies, Jr. High girls character training, mission trip to help rebuild after Hurricane Katrina, and a mission trip to orphanages in Romania.

More detailed information about Employment History and Education, including Professional References will be provided upon request.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting

Meeting Date: 04/03/2023

Approved By: Robby Hefton, City Manager

Caption:

COUNCIL CALENDAR

Attachments

2023 Council Calendar

2023
Council Calendar

January

Su	Mo	Tu	We	Th	Fr	Sa
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

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
11	12	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March

Su	Mo	Tu	We	Th	Fr	Sa
			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

Su	Mo	Tu	We	Th	Fr	Sa
						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

Su	Mo	Tu	We	Th	Fr	Sa
	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

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	6	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July

Su	Mo	Tu	We	Th	Fr	Sa
						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

Su	Mo	Tu	We	Th	Fr	Sa
		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

Su	Mo	Tu	We	Th	Fr	Sa
					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

Su	Mo	Tu	We	Th	Fr	Sa
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

Su	Mo	Tu	We	Th	Fr	Sa
			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

Su	Mo	Tu	We	Th	Fr	Sa
					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						

	Holiday
	Holiday for Firefighters/Police Only
	City Council Regular Meeting
	Special Called Meeting
	Budget Workshop
	Cancelled City Council Meeting

CALLED MEETINGS	
4/20/20223	Budget Planning Meeting
5/25/2023	CIP Work Session
6/15/2023	Budget Workshop Day 1
6/16/2023	Budget Workshop Day 2
7/5/2023	Called City Council Meeting (Rescheduled)