STATE OF TEXAS §

February 6, 2012

COUNTY OF GRAYSON §

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

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

MEMBERS ABSENT: **COUNCIL MEMBER SMITH.**

CALL TO ORDER — **CALL TO ORDER**

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

APPROVE MINUTES — **APPROVE MINUTES**

The Council reviewed the Minutes of the Regular City Council Meeting of January 16, 2012. Deputy Mayor Steele moved to approve the Minutes as presented; Second by Council Member Wacker. All present voted AYE.
MOTION CARRIED.

SPECIAL PRESENTATION
INTRODUCTION OF THE SHERMAN ECONOMIC DEVELOPMENT CORPORATION'S NEW PRESIDENT — **SEDCO'S NEW PRESIDENT**

Todd Thompson, Chairman of the Sherman Economic Development Corporation, introduced Scott Connell, who has been hired as SEDCO's new president.

During the period when SEDCO was without a president, the Board reviewed a survey and met with City Council Members and civic leaders to determine what SEDCO needed to be and where it needed to go. As a result, many new policies and practices have been put into place and they have made decisions about what will and will not receive incentives or tax abatements.

Mr. Thompson added that the last five companies that came to Sherman did not include a tax abatement. They did receive money from incentives.

One main thing the survey revealed was that there seemed to be a lack of urgency and complacency in the organization. Mr. Thompson said they did not want this to be the perception because people in Grayson County that don't have a job, need a job. SEDCO needs to bring those jobs to Grayson County.

Therefore, SEDCO performed a nationwide search for the next president and received applications from approximately 60 people, with five actually having the required credentials.

They interviewed all five candidates and finally selected Scott Connell from Waco, Texas, as the new SEDCO President. Mr. Connell is a graduate of the University of Texas and is a certified Economic Developer. Most recently he was employed with the Waco Chamber of Commerce.

Mr. Thompson highlighted some of Mr. Connell's career including his work with the TexasOne Program, which is a major source of economic development marketing funds for the State of Texas, through the Governor's Office. He also has experience in a community with two airports, one regional and one industrial.

Mr. Connell told Council Members he appreciated the opportunity to come to Sherman and lead SEDCO. He appreciated the confidence that the SEDCO Board has placed in him and said he was excited about the opportunity. He added that Sherman has some tremendous industries and has opportunities and resources that are not available to many cities.

He said he looked forward to working with City Manager George Olson and all the Council Members. He asked them to tell SEDCO how they can serve them and said it was important for them to be good advocates of the community.

Mayor Magers confirmed that Mr. Connell will begin work on February 15, 2012. Council Member Wacker said the Council looks forward to working with him.

Mayor Magers recognized the great job SEDCO and Mr. Thompson did on the extensive search process for a new president. He added that expectations are high. Sherman is a great town with clean air, lots of water, and is next to the fastest growing area in the country.

<u>INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 5732 AND AN APPLICATION TO DRILL AN OIL AND GAS WELL</u>

ORD 5732
OIL AND GAS
SUP AND PERMIT

Mayor Magers introduced Ordinance 5732 and called for a public hearing on the ordinance and on the application to drill an oil and gas well:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW THE DRILLING OF AN OIL/GAS WELL (SKAGGS #4) IN AN R-1 (ONE FAMILY RESIDENTIAL) DISTRICT AND C-1 (RETAIL BUSINESS) DISTRICT AT 2300 SKAGGS ROAD, BEING 120 ACRES IN THE FLEMING JENNINGS SURVEY, ABSTRACT NO. 638 AND THE C.C. FITCH SURVEY, ABSTRACT NO. 1556 (JACK AND PATSY PIERCE, MINERAL RIGHTS OWNERS; GREG SPALDING, LONGFELLOW ENERGY, LP, REPRESENTATIVE; AND SARTIN & ASSOCIATES, INC., SURVEYORS); PROVIDING FOR A REPEALER; PROVIDING THAT THIS SPECIFIC USE PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN

CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED $2,000.00.

No citizens appeared before the City Council to discuss Ordinance 5732 or the application to drill an oil and gas well.

INTRODUCTION AND PUBLIC HEARING OF ORDINANCES

Mayor Magers introduced Ordinance 5733 and called for a public hearing:

ORD 5733
ZONE CHANGE
(2612 W. LAMBERTH)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 12, ORDINANCE NO. 2280, SO AS TO INCLUDE CERTAIN PROPERTIES WITHIN THE C-O (OFFICE) DISTRICT AT 2612 WEST LAMBERTH ROAD (BEN DYE, OWNER; NATHAN GRAY, NBS DRAFTING AND DESIGN, ARCHITECT; AND SARTIN & ASSOCIATES, INC., SURVEYORS); PROVIDING FOR A REPEALER.

Ben Dye, owner of the property, said they are excited about the extension of Lamberth Road and it was a prime choice for one of their tenants.

No other citizens appeared before the City Council to discuss Ordinance 5733.

Mayor Magers introduced Ordinance 5734 and called for a public hearing:

ORD 5734
STOP SIGN

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR PERMANENT "STOP" SIGNS AT THE INTERSECTION OF CIMMARON TRAIL AND PARK AVENUE AND AT THE INTERSECTION OF SEMINOLE DRIVE AND TEJAS DRIVE WITHIN THE CITY LIMITS OF THE CITY OF SHERMAN; PROVIDING FOR A PENALTY PROVISION; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

No citizens appeared before the City Council to discuss Ordinance 5734.

The Public Hearing was closed.

ADOPTION OF ORDINANCES

Ordinance 5732

ORD 5732
OIL AND GAS SUP

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW THE DRILLING OF AN OIL/GAS WELL (SKAGGS #4) IN AN R-1 (ONE FAMILY RESIDENTIAL) DISTRICT AND C-1 (RETAIL BUSINESS) DISTRICT AT 2300 SKAGGS ROAD, BEING 120 ACRES IN THE FLEMING JENNINGS SURVEY, ABSTRACT NO. 638 AND THE C.C. FITCH SURVEY, ABSTRACT NO. 1556 (JACK AND PATSY PIERCE, MINERAL RIGHTS OWNERS; GREG SPALDING, LONGFELLOW ENERGY, LP, REPRESENTATIVE; AND SARTIN & ASSOCIATES, INC., SURVEYORS); PROVIDING FOR A REPEALER; PROVIDING THAT THIS SPECIFIC USE

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

Ordinance 5733 — **ORD 5733 ZONE CHANGE (2612 W. LAMBERTH)**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 12, ORDINANCE NO. 2280, SO AS TO INCLUDE CERTAIN PROPERTIES WITHIN THE C-O (OFFICE) DISTRICT AT 2612 WEST LAMBERTH ROAD (BEN DYE, OWNER; NATHAN GRAY, NBS DRAFTING AND DESIGN, ARCHITECT; AND SARTIN & ASSOCIATES, INC., SURVEYORS); PROVIDING FOR A REPEALER.

Ordinance 5734 — **ORD 5734 STOP SIGN**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR PERMANENT "STOP" SIGNS AT THE INTERSECTION OF CIMMARON TRAIL AND PARK AVENUE AND AT THE INTERSECTION OF SEMINOLE DRIVE AND TEJAS DRIVE WITHIN THE CITY LIMITS OF THE CITY OF SHERMAN; PROVIDING FOR A PENALTY PROVISION; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

ACTION TAKEN.

Motion by Council Member Wacker to approve Ordinance Nos. 5732, 5733, and 5734, as presented. Second by Council Member Howeth.

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

CONSENT AGENDA — **CONSENT AGENDA**

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

RESOLUTIONS

RESOLUTION NO. 5650 – AUTHORIZING EXECUTION OF AN AGREEMENT WITH JASON AND DARESA SOFEY UNDER THE CITY OF SHERMAN'S CENTRAL BUSINESS DISTRICT HISTORIC BUILDING RESTORATION AND IMPROVEMENT GRANT PROGRAM FOR IMPROVEMENTS TO 116 WEST LAMAR STREET — **RES 5650 CBD HISTORIC BLDG RESTORATION/ IMPROVEMENT GRANT (116 W. LAMAR)**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH JASON AND DARESA SOFEY UNDER THE CITY OF SHERMAN'S CENTRAL BUSINESS DISTRICT HISTORIC BUILDING RESTORATION AND IMPROVEMENT GRANT PROGRAM FOR IMPROVEMENTS TO 116 WEST LAMAR STREET.

Jason Sofey said he was forced to move his office and operating facility due to an expansion in one of their buildings. He always had a passion for the downtown area and was able to purchase the building at 116 West Lamar

Street from Knight Furniture Company. Currently the building has no electricity, plumbing, or sewer, but Mr. Sofey hopes to get it back on the tax rolls and using water and sewer.

They are excited to be in the downtown area and besides the construction and design; they plan to bring in some of the vendors they work with for some retail business. The retail will include flooring and other household businesses.

Mayor Magers said he expected the project to be first rate. The $25,000 grant is a one-to-four match and the entire project is estimated to cost $100,000. The grant is funded by Hotel/Motel Sales Tax to help renovate the downtown area.

Council Member Howeth confirmed that the project is expected to take two months. The building is 5,000 square feet but is a "shell" at this point and has been empty for about 30 years.

ACTION TAKEN.

Motion by Council Member Howeth to approve Resolution No. 5650, as presented. Second by Council Member Softly.

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

RES 5651 ATMOS STEERING COMMITTEE FOR RATE CHANGE

RESOLUTION NO. 5651 – SUSPENDING THE MARCH 6, 2012 EFFECTIVE DATE OF ATMOS ENERGY CORP., MID-TEX DIVISION ("ATMOS MID-TEX" OR "COMPANY") REQUESTED RATE CHANGE TO PERMIT THE CITY TIME TO STUDY THE REQUEST AND TO ESTABLISH REASONABLE RATES; APPROVING COOPERATION WITH THE ATMOS CITIZEN STEERING COMMITTEE ("ACSC") AND OTHER CITIES IN THE ATMOS MID-TEX SERVICE AREA TO HIRE LEGAL AND CONSULTING SERVICES AND TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS; REQUIRING REIMBURSEMENT OF CITIES' RATE CASE EXPENSES; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL FOR THE STEERING COMMITTEE

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, SUSPENDING THE MARCH 6, 2012 EFFECTIVE DATE OF ATMOS ENERGY CORP., MID-TEX DIVISION ("ATMOS MID-TEX" OR "COMPANY") REQUESTED RATE CHANGE TO PERMIT THE CITY TIME TO STUDY THE REQUEST AND TO ESTABLISH REASONABLE RATES. APPROVING COOPERATION WITH THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND OTHER CITIES IN THE ATMOS MID-TEX SERVICE AREA TO HIRE LEGAL AND CONSULTING SERVICES AND TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS; REQUIRING REIMBURSEMENT OF CITIES' RATE CASE EXPENSES; REQUIRING NOTICE OF

THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL FOR THE STEERING COMMITTEE.

Brandon Shelby, City Attorney, explained that the City is suspending the effective date of the ATMOS rate increase to work with the consultants in the steering committee, of which Sherman is a member. The committee will review the request for a rate increase and hopefully negotiate a smaller increase.

Mayor Magers said ATMOS is a "fixed-cost" business and the gas rates are going down. He explained that Sherman is a member of a consortium which handles the proposed rate increases.

ACTION TAKEN.

Motion by Council Member Howeth to approve Resolution No. 5651, as presented. Second by Council Member Softly.

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

RES 5652 ANNUAL CHEMICALS FOR WTP

RESOLUTION NO. 5652 – AWARDING BIDS TO AND AUTHORIZING EXECUTION OF CONTRACTS WITH MULTIPLE VENDORS FOR AN ANNUAL SUPPLY OF CHEMICALS FOR THE SHERMAN WATER TREATMENT PLANT

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

CONSENT AGENDA.

OTHER BUSINESS

LONGFELLOW ENERGY OIL & GAS WELL PERMIT (SKAGGS #4)

CONSIDER LONGFELLOW ENERGY, LP'S APPLICATION FOR A PERMIT TO DRILL AN OIL AND GAS WELL (SKAGGS #4) IN AN R-1 (ONE FAMILY RESIDENTIAL) DISTRICT AND C-1 (RETAIL BUSINES) DISTRICT AT 2300 SKAGGS ROAD, BEING 120 ACRES IN THE FLEMING JENNINGS SURVEY, ABSTRACT NO. 638 AND THE C.D. FITCH SURVEY, ABSTRACT NO. 1556

The City Council approved the application from Longfellow Energy, LP to drill an oil/gas well at 2300 Skaggs Road. They also applied for a specific use permit earlier in the meeting.

CONSENT AGENDA.

QUARTERLY INVESTMENT REPORTS

APPROVE QUARTERLY INVESTMENT REPORTS FOR PERIOD ENDING DECEMBER 31, 2011

The City Council approved the Investment Reports for the quarter ending December 31, 2011. As of the end of the quarter, both portfolios were in compliance with applicable State laws and the City's internal Investment Policy.

The Operating Portfolio had a book value of about $21.8 million, up about $0.8 million from three months ago. This portfolio is appropriately liquid and its weighted-average maturity decreased to about 250 days, down from 262 days last period because of investments maturing during the quarter. The portfolio yield of 0.48% for the quarter is higher than the benchmark yield of 0.06%. The portfolio value on the City's books is essentially equal to the market value of the overall portfolio.

The Debt Proceeds Portfolio balance decreased about $0.2 million due to payments made for construction projects during the period. The portfolio remains adequately liquid with all of the funds available within one day. Its yield of 0.12% for the quarter was slightly higher than the benchmark yield. The portfolio value on the City's books is essentially equal to the market value of the overall portfolio.
CONSENT AGENDA.

CITIZENS REQUESTS — **CITIZENS REQUESTS**
There were no citizen's requests.

MEDIA QUESTIONS — **MEDIA QUESTIONS**
There were no media questions.

COUNCIL COMMENTS
SHERMAN ECONOMIC DEVELOPMENT CORPORATION — **SEDCO**
Deputy Mayor Steele said he was excited about the SEDCO activity and looked forward to Mr. Connell being "on board."

SHERMAN ECONOMIC DEVELOPMENT CORPORATION — **SEDCO**
Council Member Wacker agreed with Deputy Mayor Steele's comments about SEDCO and felt the Council was looking at a good year in Sherman.

SHERMAN HIGH SCHOOL GIRL'S BASKETBALL — **SHS GIRL'S BASKETBALL**
Council Member Softly congratulated the Sherman High School Girl's Basketball Team for their back-to-back District Championships.

SHERMAN HIGH SCHOOL GIRL'S BASKETBALL — **SHS GIRL'S BASKETBALL**
Council Member Howeth said the Girl's Basketball Team plays against Denison tomorrow night, and then it will be "complete."

DOWNTOWN RETAIL ZONE — **DOWNTOWN RETAIL ZONE**
Mayor Magers said the Council is trying to make it easier to renovate the older downtown buildings and spur development.

He asked the staff to look at developing a special retail zone in downtown Sherman, to help the vendors and restaurants bring business to the area. He verified that the staff is almost ready to bring the proposal back to the Council.

He was proud of what the Council has done in the past five years to help the downtown area flourish without putting the cost on the taxpayers. He felt the City is beginning to see some results from the programs.

UPDATE ON STREET PROJECTS **STREET PROJECTS**

Mayor Magers asked that the staff provide an update on street projects that are coming up, especially the Texas Department of Transportation project around the downtown square. That project is scheduled to begin soon. He felt it was important for the community to support the downtown and make it easier to do business in that area, without "burning" the taxpayer.

ADJOURNMENT **ADJOURNMENT**

On Motion duly made and carried, the meeting adjourned at 5:23 p.m.

MAYOR

CITY CLERK