

STATE OF TEXAS

§

October 3, 2011

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 October 3, 2011.

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

MEMBERS ABSENT: NONE.

CALL TO ORDER

Mayor Magers called the meeting to order at 5:01 p.m. The Pledge of Allegiance and the Invocation were given by Mayor Bill Magers.

CALL TO ORDER

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of September 19, 2011. Council Member Smith moved to approve the Minutes as presented; Second by Council Member Softly. All present voted AYE. MOTION CARRIED.

APPROVE MINUTES

PUBLIC HEARING

Mayor Magers called for the second public hearing on the proposed annexation of approximately one thousand feet (1,000') on both sides of U.S. Highway 82 and S.H. 289 in the City's extra-territorial jurisdiction.

ANNEXATION --  
1,000' ON BOTH SIDES  
OF U.S. HWY 82 &  
S.H. 289

The property included in the proposed annexation consists of 15.108 acres in the City's ETJ.

No citizens appeared before the City Council to discuss the proposed annexation of approximately one thousand feet (1,000') on both sides of U.S. Highway 82 and S.H. 289 in the City's extra-territorial jurisdiction.

The Public Hearing was closed.

CONSENT AGENDA

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

CONSENT AGENDA

RESOLUTIONS

RESOLUTION NO. 5616 – REPEALING IN ITS ENTIRETY RESOLUTION NO. 5393, WHICH AUTHORIZED THE EXECUTION OF AN AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES WITHIN INDUSTRIAL REINVESTMENT ZONE NO. 072009-2

RES 5616  
REPEAL RES 5393  
PANDA ENERGY  
TAX ABATEMENT

COUNCIL MINUTES – OCTOBER 3, 2011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, REPEALING IN ITS ENTIRETY RESOLUTION NO. 5393, WHICH AUTHORIZED EXECUTION OF AN AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES WITHIN INDUSTRIAL REINVESTMENT ZONE NO. 072009-2.

RESOLUTION NO. 5617 – AUTHORIZING EXECUTION OF AN AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES WITHIN INDUSTRIAL REINVESTMENT ZONE NO. 072009-2

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES WITHIN INDUSTRIAL REINVESTMENT ZONE NO. 072009-2.

RES 5617  
PANDA ENERGY  
NEW TAX ABATEMENT

RESOLUTION NO. 5618 – REPEALING IN ITS ENTIRETY RESOLUTION NO. 5394, WHICH AUTHORIZED THE EXECUTION OF AN ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR THE GRANT OF INCENTIVES PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, REPEALING IN ITS ENTIRETY RESOLUTION NO. 5394, WHICH AUTHORIZED EXECUTION OF AN ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR THE GRANT OF INCENTIVES PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE.

RES 5618  
REPEAL RES 5394  
PANDA ENERGY  
380 ECONOMIC  
DEVELOPMENT  
AGREEMENT

RESOLUTION NO. 5619 – AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR THE GRANT OF INCENTIVES PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH PANDA SHERMAN POWER, LLC FOR THE GRANT OF INCENTIVES PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE.

RES 5619  
PANDA ENERGY  
380 ECONOMIC  
DEVELOPMENT  
AGREEMENT

Mayor Magers explained that Resolution Nos. 5616, 5617, 5618, and 5619 all dealt with Panda Energy. The City is extending some dates and the resolutions make these administrative changes.

Robby Hefton, Assistant City Manager/CFO, said a couple of years ago Panda Energy requested a tax abatement which was granted in 2009. Since that time the markets have not been favorable for Panda Energy to raise financing for the project.

## **COUNCIL MINUTES – OCTOBER 3, 2011**

Recently the market has been turning around and Panda Energy has asked if the timeline could be extended a couple of years to allow them to recoup the lost time. The Tax Abatement Committee agreed to the extension.

Two of the resolutions repeal the original tax abatement agreement and the original 380 agreement, which is a five year agreement that starts after the tax abatement period is over. The other two resolutions approve the new agreements on basically the exact terms, just extended a couple of years.

Mayor Magers added this is designed to give Panda Energy the full advantage of the tax abatement once they begin construction.

Council Member Adami said originally the City Council felt the agreements were a good deal from a tax standpoint and from the improvement in the property base, as well as the opportunity to sell water to a large water user. He supported the approval of the agreements.

Mr. Hefton added that the water services agreement will probably be on the next City Council Meeting agenda. The two parties agree in concept to the changes but the agreement still needs to be reviewed by the attorneys.

Council Member Adami asked for an explanation of the difference between a tax abatement and a 380 agreement. Mr. Hefton explained that the Tax Code doesn't allow for a tax abatement in excess of 10 years. Since the City's incentive package to Panda Energy was for 15 years, the first 10 years are covered by the tax abatement agreement, which is allowed by law. The 380 agreement is a broad statute which allows cities to offer other economic incentives beyond a tax abatement agreement.

The 380 agreement will effectively extend the tax benefits to Panda Energy for a period of five years after the tax abatement agreement. These benefits do decline over the time of the agreements.

Mr. Hefton said unlike a tax abatement which comes off the top of Panda Energy's bill, a 380 agreement is a tax rebate. They will pay the money in and if the conditions of the agreement are met, then the City will rebate a portion of that money back to the company.

### **ACTION TAKEN.**

Motion by Council Member Adami to approve Resolution Nos. 5616, 5617, 5618, and 5619, as presented. Second by Council Member Smith.

**VOTING AYE:** Adami, Howeth, Smith, Softly, Steele, Wacker.

**VOTING NAY:** None.

**MOTION CARRIED.**

**RESOLUTION NO. 5620 – NOMINATING A CANDIDATE TO THE GRAYSON CENTRAL APPRAISAL DISTRICT BOARD OF DIRECTORS**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, NOMINATING A CANDIDATE TO THE GRAYSON CENTRAL APPRAISAL DISTRICT BOARD OF DIRECTORS.

RES 5620  
GRAYSON CENTRAL  
APPRAISAL DISTRICT  
BOARD NOMINEE  
(TABLED)

Mayor Magers said two years ago, the City Council abstained from voting on this issue. The Grayson Appraisal District's votes are based on tax levy instead of tax value. Because of the extremely low property tax in Sherman and despite the fact that Sherman is the second largest value holder in the Appraisal District, Sherman's vote is symbolic.

He has discussed the issue with Dr. Al Hambrick, Sherman Independent School District, in relation to their votes. The deadline has been extended to October 17, 2011 for consideration of the issue.

Mayor Magers said the City could abstain again, nominate their own candidate, or support the School District and their candidate. He asked that the City Council consider tabling consideration of Resolution No. 5620 until the next City Council Meeting.

**ACTION TAKEN.**

Motion by Council Member Smith to table Resolution No. 5620. Second by Deputy Mayor Steele.

VOTING AYE: Adami, Howeth, Smith, Softly, Steele, Wacker.

VOTING NAY: None.

MOTION CARRIED TO TABLE.

**RESOLUTION NO. 5621 – AUTHORIZING THE CITY MANAGER TO EXECUTE CONTRACTS WITH THE SHERMAN COUNCIL FOR THE ARTS & HUMANITIES, INC. AND THE SHERMAN MUSEUM**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE CONTRACTS WITH THE SHERMAN COUNCIL FOR THE ARTS & HUMANITIES, INC. AND THE SHERMAN MUSEUM.

CONSENT AGENDA.

RES 5621  
COUNCIL FOR THE  
ARTS & HUMANITIES  
& SHERMAN MUSEUM

**RESOLUTION NO. 5622 – AUTHORIZING THE PURCHASE OF FOUR (4) CHEVROLET TAHOE POLICE PATROL VEHICLES FOR THE SHERMAN POLICE DEPARTMENT THROUGH THE TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD)**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE PURCHASE OF FOUR (4) CHEVROLET TAHOE POLICE PATROL VEHICLES FOR THE SHERMAN POLICE DEPARTMENT THROUGH THE TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD).

RES 5622  
PURCHASE POLICE  
VEHICLES

COUNCIL MINUTES – OCTOBER 3, 2011

Mr. Hefton explained that these four vehicles were approved by the City Council during the budget approval process. Since that time the City has been awarded a State grant to purchase an additional Tahoe, which will be purchased at a later date.

**ACTION TAKEN.**

Motion by Council Member Wacker to approve Resolution No. 5622, as presented. Second by Council Member Softly.

VOTING AYE: Adami, Howeth, Smith, Softly, Steele, Wacker.

VOTING NAY: None.

MOTION CARRIED.

**RESOLUTION NO. 5623 – AUTHORIZING THE PURCHASE OF A NEW COMMERCIAL FRONT LOAD SOLID WASTE COLLECTION TRUCK CHASSIS FOR THE SOLID WASTE SERVICES DEPARTMENT THROUGH THE HOUSTON-GALVESTON AREA COUNCIL OF GOVERNMENTS (H-GAC)**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE PURCHASE OF A NEW COMMERCIAL FRONT LOAD SOLID WASTE COLLECTION TRUCK CHASSIS FOR THE SOLID WASTE SERVICES DEPARTMENT THROUGH THE HOUSTON-GALVESTON AREA COUNCIL OF GOVERNMENTS (H-GAC).  
CONSENT AGENDA.

RES 5623  
PURCHASE  
COMMERCIAL  
SOLID WASTE  
TRUCK CHASSIS

**RESOLUTION NO. 5624 – AUTHORIZING THE PURCHASE OF A NEW COMMERCIAL FRONT LOAD COLLECTION TRUCK BODY FOR THE SOLID WASTE SERVICES DEPARTMENT THROUGH THE TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD)**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE PURCHASE OF A NEW COMMERCIAL FRONT LOAD COLLECTION TRUCK BODY FOR THE SOLID WASTE SERVICES DEPARTMENT THROUGH THE TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD).  
CONSENT AGENDA.

RES 5624  
PURCHASE  
COMMERCIAL  
SOLID WASTE  
TRUCK BODY

**RESOLUTION NO. 5625 – AUTHORIZING EXECUTION OF AN AGREEMENT WITH KIGHT FAMILY, LP #1 FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 1333 EAST JONES STREET**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH KIGHT FAMILY, LP #1 FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 1333 EAST JONES STREET.  
CONSENT AGENDA.

RES 5625  
RESIDENTIAL TAX  
ABATEMENT  
(1333 E. JONES)

**CITIZENS REQUESTS**

There were no citizens requests.

CITIZENS REQUESTS

**MEDIA QUESTIONS**

There were no media questions.

**MEDIA QUESTIONS**

**APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO  
BOARDS AND COMMISSIONS:**

**PARKS AND RECREATION ADVISORY BOARD (2)**

**ACTION TAKEN.**

Motion by Council Member Adami to reappoint John Murphy to the Parks and Recreation Advisory Board for a term from October 6, 2011 to October 6, 2013, and to appoint Paul “Michael” Gillum for a term from October 4, 2011 to October 4, 2013. Second by Council Member Howeth.

VOTING AYE: Adami, Howeth, Smith, Softly, Steele, Wacker.

VOTING NAY: None.

MOTION CARRIED.

**PARKS & REC  
ADVISORY BOARD**

**COUNCIL COMMENTS**

**PANDA ENERGY**

Council Member Adami said the Council looks for warded to kicking off the project with Panda Energy.

**PANDA ENERGY**

**SHERMAN RATED FIFTH LOWEST COST OF LIVING IN  
UNITED STATES**

Mayor Magers said Kiplinger recently rated Sherman, Texas as the fifth lowest cost of living place in the United States.

**FIFTH LOWEST  
COST OF LIVING**

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

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.

**EXECUTIVE SESSION**

**SECTION 551.074**

**PERSONNEL MATTERS  
CONSIDER THE QUALIFICATION,  
APPOINTMENT AND REMOVAL  
OF MEMBERS TO BOARDS AND  
COMMISSIONS:  
SHERMAN ECONOMIC  
DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS (3)**

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 5:17 p.m.

On Motion duly made and carried, the Executive Session recessed at 5:33 p.m. and reconvened in Open Meeting.

**OPEN MEETING**

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

**OPEN MEETING**

**APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO  
BOARDS AND COMMISSIONS:  
SHERMAN ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS (3)**

SEDCO

**ACTION TAKEN.**

Motion by Council Member Smith to reappoint Todd Thompson and Juston Dobbs to the Sherman Economic Development Corporation Board of Directors for a term from October 1, 2011 to October 1, 2013. Second by Council Member Wacker.

**VOTING AYE:** Adami, Howeth, Smith, Softly, Steele, Wacker.

**VOTING NAY:** None.

**MOTION CARRIED.**

**ADJOURNMENT**

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at 5:34 p.m.

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MAYOR

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CITY CLERK