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**This Little Town
has Big City Plans**

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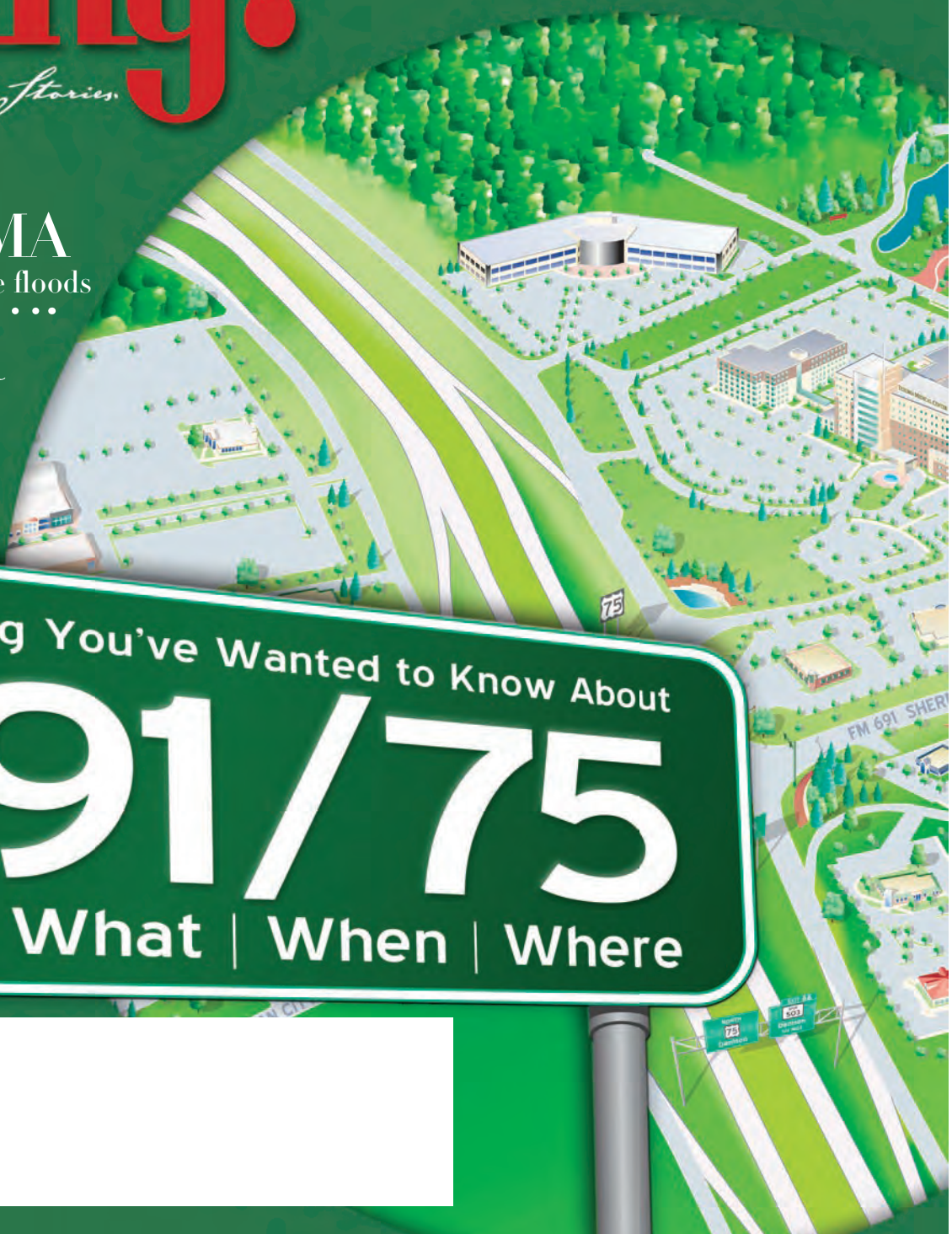


**LAKE
TEXOMA**
a year after the floods

**HIS HONOR
THE
MAYOR**



by Edward Southerland



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Sherman and Denison have a sort of big brother, little brother relationship.

In the early years, the Sherman newspapers referred to the city to the north as “little Denny.” Denison may not like it, but that is the way it is.

Or perhaps was. The fact is, “little Denny” has grown up.

by Joe Muñoz

additional research by Will Watson

site illustration by Eric Hunden





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Denison is cooking. There is a new library in the works, the Texoma Children's Museum celebrates its first year of operation this month, the Art Walk in March was the most successful ever, the Arts and Wine Renaissance is back and the Red River Railroad Museum has come alive with high-powered energy. Although they are not crowing out loud, some people in Denison think it may be time to reassess this 136-year sibling rivalry.

The latest focus of this enthusiasm is the corner of US 75 and FM 691. Within the next year and a half, a state-of-the-art \$200 million hospital, **Texoma Medical Center** (TMC) reborn as a for-profit subsidiary of **Universal Health Services, Inc.** (UHS Inc.), will open on the northeast corner. It will be adjacent to the 144,000 square foot Cigna Call Center/Operations Center/Office Building, which relocated from a Sherman facility in 2006.

Across the freeway, on the northwest corner, a \$20 million **Hilton Garden Inn** with 150 rooms and a 7,500 square foot conference center will open its doors as well. Local power brokers say the combination will be like a second wind for a city that has taken it on the economic chin for decades.

Jerdy Gary, Chairman of the Board for TMC, cannot say enough about the new hospital that UHS Inc. is building. "The main building will be eight stories with a bed tower located right next to it," he said. "It will have roughly 240 beds initially. The tower could add another 250."

The new facility will utilize the latest in medical technology, replacing the old, non-profit TMC, which Gary described as functionally obsolete. "These will be private rooms, on a 40-acre campus. There will be a medical office building between Cigna and the hospital, with room to build another office building," he said.

Scott Smathers, vice president of Business Development with the **Denison Development Alliance** (DDA), said that the hospital's switch from non-profit to private for-profit status will have a big impact on the city's tax base, as well as implications for the rest of this region. "The non-profit TMC paid no taxes. Now that it is privately owned, it's a \$200 million facility that will pay property and sales taxes. Everything will be on the rolls."

Well, not immediately. Incentives to UHS Inc., include a 75-percent property tax abatement for five years. Even with that abatement, Smathers is thrilled. "The college, the county, the city, everyone gets a windfall from it."

But the benefit to Denison's coffers won't end there. UHS Inc., indicated to Gary that similar hospitals the company has constructed brought a huge monetary boost to the areas where they were built. "In about five or six years the businesses that were attracted to those areas exceeded the investment originally put into the hospital," Gary said. So, if the new TMC costs \$200 million to build, Denison might expect to see more than \$200 million in ancillary business development, with restaurants, retailers and housing following the hospital.

UHS Inc. is the nation's third largest hospital management company. It owns hospitals across the nation, 18 in Texas alone. Its stock trades on the NYSE.

Information from the Securities and Exchange Commission reports that UHS Inc. founder and CEO, Alan Miller receives an annual salary of \$1.35 million, along with \$1.5 million in stock. The company has estimated annual sales of more than \$4 billion. So when UHS Inc. says other businesses will follow, Denison's leaders figure it is a safe bet that it will happen.

Financially-savvy investors on the Sherman side of FM 691 are also confident that the area will succeed. "You can see that Cigna and Texoma Medical Center will attract other

continued on page 54

1

Proposed retail development with at least one large name brand department store.

2

Expansion site for additional rooms to be developed as part of the Hilton Garden Inn project.

3

Hilton Garden Inn and adjoining Convention Center facility.

4

Typically restaurants and free-standing retail stores (pads) will surround any larger development.

5

Existing Cigna facility.

6

Proposed Reba's Ranch House project depends on successful private fundraising efforts.

7

Texoma Medical Center main structure includes bed towers, emergency services and medical offices.

8

Additional TMC owned and operated medical offices and clinics.

9

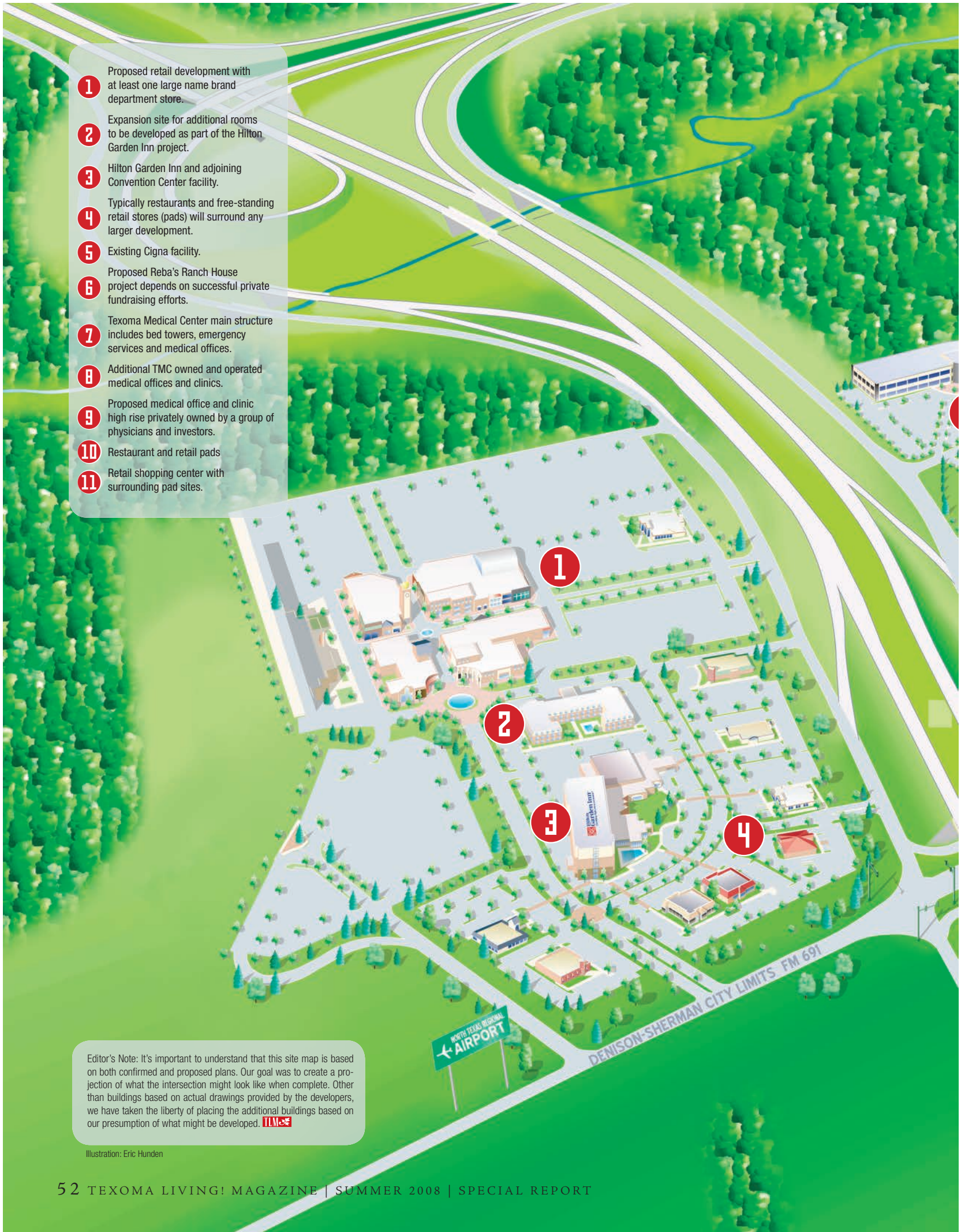
Proposed medical office and clinic high rise privately owned by a group of physicians and investors.

10

Restaurant and retail pads

11

Retail shopping center with surrounding pad sites.



Editor's Note: It's important to understand that this site map is based on both confirmed and proposed plans. Our goal was to create a projection of what the intersection might look like when complete. Other than buildings based on actual drawings provided by the developers, we have taken the liberty of placing the additional buildings based on our presumption of what might be developed. **ITLM**

Illustration: Eric Hunden



continued from page 51

entities that will support the hospital," said a Sherman developer who preferred not to be identified. "This will be just as busy as Sherman Town Center. We [the developer and his partners] have figured out there will be close to five thousand people working there on a daily basis."

Back in Denison, Smathers acknowledges that developers already are knocking on the DDA's doors, expressing interest in the intersection. Once concrete and steel are in the ground, that interest will take a more serious and specific turn. "People will say, 'it's really there', and the demand will be there. Pad sites are available for service industries and restaurants, and there's the potential of much more retail coming to the corner." Then Smathers spoke about "anchors"—large brand name retailers—coming within a few years..

Denison Mayor **Robert Brady** is grateful for the opportunities that are presenting themselves. "When Perrin Field (Perrin Air Force Base) closed, we didn't think we'd survive that. The same thing when Katy Railroad moved their headquarters and when Pillsbury left," Brady recalled as he shook his head. "Thousands of jobs were lost. Something like the hospital, you don't get a boost like that often. Along with the hotel and convention center project, that's going to spur economic growth along 75 and 691."

The Hilton's \$20 million dollar shot in the city's southern sector is also part of the cure for what has been ailing Denison. The city has suffered from a shortage of first class hotel rooms, and they have lost travelers to Sherman's hotels. Now, with the Hilton, a new Best Western and the recently completed Holiday Inn Express, there will be beds aplenty.

The Hilton project has been in the works for two years, and Denison has needed it for much longer than that. Figures from the Army Corps of Engineers show that Lake Texoma gets more than

The Stats:

- 150 rooms in the first phase of the hotel to begin construction by September with completion late 2009
- Conference center will have 6 rooms, the largest approx. 7,500 sq.ft.
- Hilton Garden Inn franchisee is Gateway Hospitality Group



(top) The first floor layout of the Hilton Garden Inn and North Texas Regional Conference Center; (below) a front view elevation of the facility, facing east, as it will be seen from Hwy 75.

six million visitors annually. Like the travelers up and down US 75, many of them need a place to rest their weary heads for a few days. Now those places will be in Denison.

The Hilton's 7,500 square foot conference center is even exciting people who are not politicians. **Karen Gilley** of Gilley's Antiques on West Main is one of them. "This is a resort community; what better place to bring people for conferences?" she asked. "They have the lake, downtown with all the arts and antiques and the casinos in Oklahoma. I met a couple from New York here yesterday who were amazed at the culture we have."

Otis and Fran Higginbotham, who were having a cup of coffee at the Java Hut on Main Street, were delighted, too. "We have needed a good convention

center," said Fran. "We're thrilled with the Hilton coming in. They'll have a wonderful center!"

Otis nodded in agreement. "Our Lions Club has been meeting in the Presbyterian Church. The Lions Districts have conventions of 150 people. Now they'll have a place to meet in Denison."

Scott Smathers is excited about the hotel development, too. "This will be the only upscale hotel and conference center in the whole area, including southern Oklahoma," he said, pointing at a spot on the map where the Hilton will be built. "Now that we have the conference center, a place to hold and attract groups and meetings, we can increase our tourism business."

Mayor Brady said Denison had batted around the idea of creating a new city job, at about \$80,000 a year, to market the city and bring in tourists. Now,

"This will be just as busy as Sherman Town Center. We [the developer and his partners] have figured out there will be close to five thousand people working there on a daily basis."

“When Perrin Field (Perrin Air Force Base) closed, we didn’t think we’d survive that. The same thing when Katy Railroad moved their headquarters and when Pillsbury left.”

Denison Mayor Robert Brady



Photo: Will Watson

Above: Tony Kaai, President of the Denison Development Alliance and Denison Mayor Robert Brady on the northwest corner of the Hwy 75/FM 691 intersection where the Hilton Garden Inn and North Texas Regional Conference Center will be constructed.

the Hilton will take care of that. “They have someone whose job is to keep that conference center booked,” said Brady. “Keeping it booked means bringing in conventions and tourists. That saves us money we can use somewhere else.”

Sherman had been looking at a hotel and conference center development, as well. According to a source familiar with the deal, another Hilton franchise group (the Denison Hilton is also a franchise operation) was expressing interest in Sherman when Denison announced its deal first at a news conference in March.

As it did for the hospital, the city

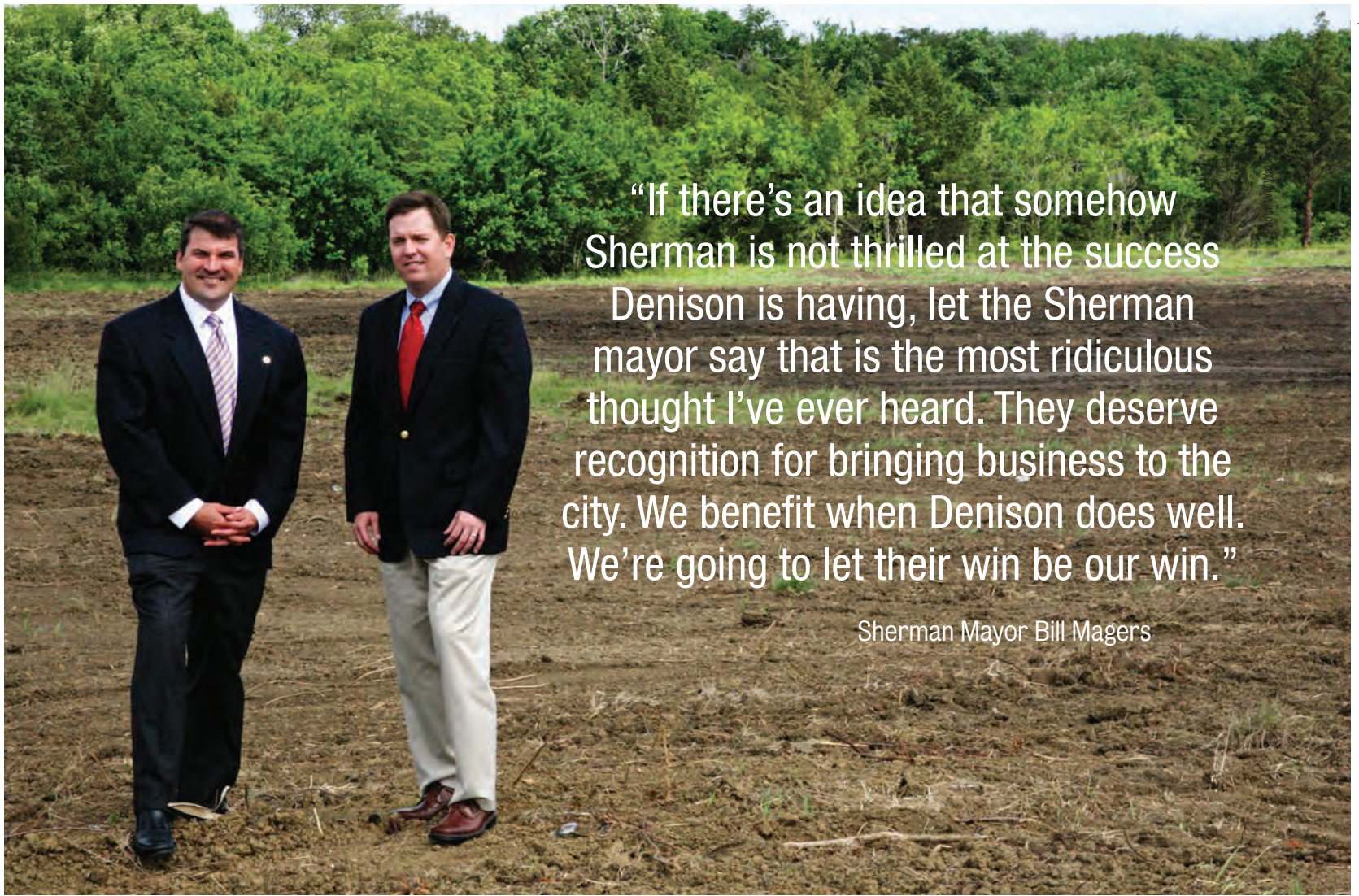
sweetened the pot for the Hilton, giving them \$1 million for infrastructure work as well as tax abatements—50 percent on property taxes for five years and a hotel-motel tax abatement for ten years on a sliding scale.

Initially, the new hotel and hospital should bring Denison \$670,000 in tax revenue. When the abatements end, that figure will rise to more than \$1 million a year. Those figures do not take into account ancillary property and sales tax revenues from new businesses that sprout around the development.

Some people may see all this develop-

ment as a fast-blooming money tree, but if it is, it will have to be fertilized before it bears dollar bills, and the fertilizer is expensive. The necessary expansion of city services and infrastructures will be costly. For example, the Denison Fire Department does not have a fire truck that can tackle a blaze in an eight-story structure like the new TMC. “A new fire truck will run a million bucks,” said Mayor Brady, “and we have to relocate our southern fire station to a more accessible area, so we can support the growth in the region.”

continued on page 56



“If there’s an idea that somehow Sherman is not thrilled at the success Denison is having, let the Sherman mayor say that is the most ridiculous thought I’ve ever heard. They deserve recognition for bringing business to the city. We benefit when Denison does well. We’re going to let their win be our win.”

Sherman Mayor Bill Magers

Above: Sherman Mayor Bill Magers and John Boswell, President of the Sherman Economic Development Corp. on the southeast corner of the US 75/FM 691 intersection.

Photo: Alton Lynch

continued from page 55

The hotel will require a major investment as well. “We have to run a sewer line across US 75 to the northeast corner,” Mayor Brady said. “That’s another million bucks, so there’s a lot the city is going to have to pay out front. I’m tickled to death that we’re able to do it. We have to do it or there wouldn’t be any growth.”

There also need to be major changes to FM 691, a two-lane road that needs expansion to four lanes. Jerdy Gary said traffic estimates currently put vehicle flow at US 75 and FM 691 at 62,000 vehicles daily, and when the hospital, hotel and other businesses open, the intersection will experience a huge increase in traffic.

It is not just a matter of drivers being stuck in gridlock that concerns

planners. Who might be caught in bumper-to-bumper snarls also raises concerns. “My biggest fear ever is that ambulances start getting stuck in traffic,” said one official.

The fix seems simple enough. Widen the road. But that’s easier said than done. Denison owns the north side of FM 691. Sherman owns the south side. The county also has a stake in the highway, as does the Texas Department of Transportation (TxDOT).

“The county has told me they’ll participate. We will kick in some money. TxDOT assured me on three occasions they have a million dollars for the project,” said Mayor Brady.

TxDOT assistant area engineer **Noel Paramanatham** confirms the money

is there. “Right now, the district engineer has set aside one million dollars to help widen a mile and a half section of FM 691.”

Mayor Brady said it is up to Denison’s southern neighbor now. “If Sherman kicks in some money, we can get it done.”

What does Sherman think? “Before we kick in a million dollars on any project, we’re going to study it,” said Sherman Mayor, Bill Magers. “FM 691 is a good thoroughfare, so it would seem reasonable that if cost sharing is taking place, then it’s a deal we would need to look at.

However, before we make any final decision using our infrastructure dollars, we're going to look at it and make sure it's the best thing for the citizens of Sherman." As part of the Metropolitan Planning Organization, Mayor Magers voted to fund a study on the needs at that intersection.

John Boswell, President of the **Sherman Economic Development Corporation** (SEDCO), agrees with Sherman's mayor. "Unfortunately, Sherman doesn't have the money right now to throw into that intersection. It would tie up a lot of resources we're pumping into other things," he said. "Long term, we'll have to find a creative way to get it fixed."

Among the other things being funded, SEDCO is paying \$3.7 million to extend water and sewage services north to the Sherman side of the soon-to-be-booming 75/691 exchange. Presumably, once those utilities are in place and businesses are ready to break ground, Sherman will address the "long term, creative way" to improve FM 691.

Is this seeming reluctance to move on the road a bit of sour grapes on Sherman's part? Used to always winning the big deals, from Sherman Town Center to Tyson Foods and Texas Instruments, is Sherman experiencing a bit of heartburn over Denison's good fortune? "It has nothing to do with sour grapes. It

has to do with where you spend the limited funds you have," said Boswell.

Mayor Magers was quick to try to end that speculation as well. "If there's an idea that somehow Sherman is not thrilled at the success Denison is having, let the Sherman mayor say that is the most ridiculous thought I've ever heard. They deserve recognition for bringing business to the city. We benefit



when Denison does well. We're going to let their win be our win."

Tom Johnson, the developer who owns hundreds of acres of property in the developing area, looks at it the same way. "I see it as Grayson County, not Sherman-Denison. Grayson County is poised to take off with all its assets: residences, the airport, trade, commerce, sources of employment. Cities in Grayson County can work together to design an enviable future for all its citizens," he said.

Both mayors take that to heart. "I was born and raised here, played on Sherman High's team. I'm as maroon and white as they come. I'm proud of my city," said Mayor Magers. "But in the business world, those days are far gone. Mayor Brady is a man of his word; he can be trusted. I enjoy working with him."

The admiration goes both ways. "God bless him, Bill Magers is a friend of mine," said Mayor Brady. "One of the things we do is to cooperate with each other at every opportunity, understanding there will be competition."

SEDCO's Boswell says the analogy of the twin cities as brothers is appropriate. "You're perfectly willing to get in an argument with your brother, but if someone else gets in an argument with him, it's us against them," he said. "We razz each other, we compete against each other, but when we're working a deal

and it becomes this area versus another, we come together as a family. We're two cities in one community."

Two cities, one community, rivalries put aside as they battle together to help an entire region succeed. It sounds as if the sibling relationship is evolving.

Unless, of course, the battle is on the football field—for an axe. Then, it is safe to say, some rivalries, even in the family, will never end. **TIME**

Used to always winning the big deals, from Sherman Town Center to Tyson Foods and Texas Instruments, is Sherman experiencing a bit of heartburn over Denison's good fortune?

The Stats:

- › Official Address: 5016 US Hwy 75, Denison, Texas 75020
- › Scheduled open date: 2010
- › 8-story, 370,000 sq. ft. bed tower with 170 private room beds
- › 2-story hospital building
- › Main entrance facing west to US 75
- › Emergency entrance on the south side of the hospital building with 79 parking spaces
- › 284 visitor parking spaces for the main hospital building
- › 106 staff parking spaces
- › 27 physician parking spaces
- › 1 helicopter parking space
- › An outdoor dining area on the north end of the main hospital
- › Connected by a covered walkway, a 6-story 120,000 sq.ft. medical office building to the north of the main hospital
- › 600 parking spaces for the medical office building
- › \$1 million budgeted for landscaping
- › 12-room operating suite
- › 32-bed intensive care unit
- › 26-bed emergency department
- › General Contractor: Brasfield and Gorrie, Birmingham, Alabama
- › Architect: HKS Inc. Dallas, Texas
- › Mechanical, electrical & plumbing: CCRD Inc. Dallas
- › Interior design consultant: In Design Inc., Boca Raton, Florida
- › Food service consultant: SDI Inc. Greenwood Village, Colorado



Illustration provided by HKS

Photo: Daryl Shields for HKS



Architect Noel Barrick, Principal-in-charge and Project Manager of the Texoma Medical Center development



Angela Lee is a Vice President at HKS Inc. and design director on the TMC project. She has been immensely helpful in providing details of the project for this special report.

Noel Barrick is the Sherman Bearcat behind the design of the new TMC

Noel Barrick, AIA, a 1966 graduate of Sherman High School, is the principal-in charge and the project manager for the new **Texoma Medical Center**. He is a principal with **HKS**, an international architectural firm based in Dallas and has been involved in managing more than \$1 billion in healthcare facilities.

TMC is not Barrick's first rodeo. "I've been involved in healthcare architecture for 35 years and have projects from coast to coast, including The George Washington University Hospital. In an emergency, this is the hospital that serves the President of the United States. This was an interesting project, as we worked with the secret service, and it was a fairly complex project, but coming home and being involved in a facility that serves your community tops it all. I can't explain how excited I am about this project," admits Barrick

In addition Barrick has donated the architectural services of HKS for the design of **Reba's Ranch House** that will be constructed near Texoma Medical Center. "We were working with the staff on the design of the Reba Ranch House and I was informed that **Honey Minshew** was the co-chair person of the development committee of the Texoma Health Foundation responsible for Reba's Ranch House. Honey and **Bob Minshew** were my next door neighbors many years ago, and my wife babysat her children. It's just incredible and so rewarding to me personally to be able to give back to my home community," said Barrick.

Barrick's wife, Jeannie (Wilson) Barrick, is a 1969 graduate of Sherman High School. "We still have many friends and relatives in the Denison and Sherman community," she said.

After high school, Barrick earned a Bachelor of Architecture from Texas Tech in 1972. He joined HKS in 1977 to help establish a new healthcare practice for the firm. Today, the award-winning group is flourishing with more than \$10 billion in construction underway. HKS ranks as the top healthcare design firm in the United States in terms of both volume and value of healthcare architecture completed annually. 