

**MINUTES OF CALLED MEETING OF THE CITY COMMISSION**  
**OF THE CITY OF LUFKIN, TEXAS HELD ON THE**  
**26TH DAY OF MARCH, 1993 AT 12 NOON**

On the 26th day of March, 1993 at 12 noon, the City Commission of the City of Lufkin, Texas, convened in a Called Meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Louis Bronaugh  
Percy Simond, Jr.  
Don E. Boyd  
Larry Kegler  
Bob Bowman  
Jack Gorden  
Tucker Weems

Mayor  
Councilman, Ward No. 1  
Mayor pro tem  
Councilman, Ward No. 3  
Councilman, Ward No. 4  
Councilman, Ward No. 5  
Councilman, Ward No. 6

being present when the following business was transacted.

1. Meeting was opened with prayer by City Manager C. G. Maclin.

**2. RESOLUTION - APPROVED - PURCHASE CONTRACT - WATERWORKS & SEWER SYSTEM REFUNDING AND IMPROVEMENT REVENUE BONDS - SERIES 1993-A**

Mayor Bronaugh stated that the first item for consideration was a Resolution approving and authorizing the execution of a Purchase Contract in relation to the "City of Lufkin, Texas, Waterworks and Sewer System Refunding and Improvement Revenue Bonds, Series 1993-A; and, resolving other matters incident and related to the issuance and sale of such bonds, including the approval and distribution of an Official Statement pertaining thereto.

City Manager Maclin stated that Mike Byrd of First Southwest Company was present to represent this item. City Manager Maclin stated that he would like to make note of the fact that as part of the preparation of this bond issuance, in the bond ratings from the two bond rating agencies in New York, the City retained its "A" rating for revenue bonds with Standard and Poors and were upgraded from a BAA to a BAA1 with Moodys.

City Manager Maclin stated that these bonds are the \$7 million issue that have been discussed for the water and sewer improvements including the 2 million gallon elevated storage tank, the distribution line on the east side of town, 300 new fire hydrants and a \$500,000 addition to the sewage treatment plant in the form of a clarifier.

Mike Byrd stated that with this transaction the City is not only meeting the financial needs of today, but have now set the stage to finance the future growth of Lufkin.

Mr. Byrd stated that A. G. Edwards & Sons, Inc. and Alex Brown & Sons, Inc. were the two underwriters for this transaction. Mr. Byrd stated that as a result of Wednesday's pricing the effective interest rate is 5.47%. Mr. Byrd stated that if the City Council approves this Resolution it will award the sale of the revenue bonds to A. E. Edwards & Sons, Inc. and Alex Brown & Sons, Inc. The delivery of the issue will take place on April 27, 1993. Mr. Byrd stated that it is his recommendation to the Council that they make this award and approve the Resolution.

Motion was made by Councilman Tucker Weems and seconded by Councilman Jack Gorden, Jr. that Resolution be approved as presented. A unanimous affirmative vote was recorded.

### **3. RESOLUTION - APPROVED - PROVIDING FOR THE REDEMPTION OF CERTAIN OUTSTANDING BONDS OF THE CITY**

Mayor Bronaugh stated that the next item for consideration was a Resolution providing for the redemption of certain outstanding obligations of the City; and resolving other matters incident and related to the redemption of such obligations.

Motion was made by Councilman Jack Gorden, Jr. and seconded by Councilman Larry Kegler that Resolution be approved as presented. A unanimous affirmative vote was recorded.

### **4. SAM RAYBURN DAM SPILLWAY REPAIRS - DISCUSSED**

Mayor Bronaugh stated that the next item was further consideration of the City's participation in the construction costs for Sam Rayburn Dam Spillway repairs.

City Manager Maclin stated that basically this item is on the agenda because Council requested a Workshop to get further clarification and information, and there are two items of information he would like to present. City Manager Maclin stated that staff had posed a question to Mr. Jordan of the Corps of Engineers as to whether or not if the City chose Alternative #2, which was in the packet on March 16th, the City would be paying as progress constructed. City Manager Maclin stated that basically the City's liability is for \$115,000 of the \$45 million project based on the contract and the Dam Safety Act of 1986 as passed by the U. S. Congress. City Manager Maclin stated that Mr. Jordan was not clear at the March 16th meeting as to whether or not the City would be libel for interest accumulations if we paid as progress construction was completed. City Manager Maclin stated that included in the packet is a faxed letter from Mr. Jordan stating that if the City utilized Alternative #2, the City would not be required to pay interest during construction, which is a favorable report to the City.

City Manager Maclin stated that there were some things that he had concern over; in the estimated payment schedule the first payment would be due this December and the second to be due next August, 1994, and the third in August of 1995. City Manager Maclin stated that he called Mr. Jordan's office today and expressed the fact that the City would need payments to coincide with the contract within a fiscal year to be delayed 60 days at least making the dates October/November 1, 1994 and October/November 1, 1995 (to be spread out over three fiscal years.) Under this program, the City would be making two payments in one fiscal year, the first one being December 1, 1993 of the '93-'94 budget, and the second one being August, 1994 within the '93-'94 budget. Mr. Jordan was out of the office today and City Manager Maclin spoke with Mr. Tom Voyt of the same office, and he indicated that it would not be a problem but will have to go through the channels to have the request cleared. City Manager Maclin stated that he would get this change in writing and have it available at the April 6th meeting. City Manager Maclin stated that he also questioned Mr. Voyt about the provisions of the Escrow Agreement. It makes some notation in the contract on page 2, paragraph 2, that the City was required to absolutely and irrevocably deliver to the bank the funds required to be provided to the government during the construction period. City Manager Maclin stated that on surface value that would indicate that the City would have to have the whole \$115,000 in the escrow account. Mr. Voyt stated that the intent was probably that the funds were to be provided during each fiscal year to the government during the construction period. Mr. Voyt stated that he would also put this in writing for clarification. City Manager Maclin stated that the Escrow Agreement does allow the City to earn interest, and to keep the interest its earned off the Escrow Account.

Councilman Simond stated that at an earlier meeting he had raised the question about receiving packet information at 3:30 p.m. on Friday and then having to act on the information on Tuesday. Councilman Simond stated that he was told by the City Manager that this information had been furnished to Councilmembers in October and his staff was unable to find it in his files. City Manager Maclin stated

that last November he had sent out a memo in the bi-weekly Councilmember's newsletter where he explained in detail the result of a meeting when he, Ron Wesch and the City Attorney went to Ft. Worth and met with the Corps of Engineers. City Manager Maclin stated that after he returned from the meeting he wrote Councilmembers an executive summary of that meeting, what was to be expected and approximately what the City's responsibility was to be paid. City Manager Maclin stated that he could provide Councilman Simond with another copy of this information. City Manager Maclin stated that he had tried his best to keep the Council apprised of what was developing. City Manager Maclin stated that the City staff had met with the Corps of Engineers with the intent to protect the City's interest to the greatest degree possible. City Manager Maclin stated that an attorney attending the meeting who had been retained by the Sam Rayburn Power Agency went through a lengthy litigation process with the Corps of Engineers and the U. S. Government about what the percentage would be for the payment towards the Dam Safety Act of 1986. Originally the City's percentage, and anyone else who would have participated, was going to be much greater, but as a result of the litigation provided by the Sam Rayburn Power Agency, they were able to lower it back to the 1.683, in our case in terms of percentage. City Manager Maclin stated that had that not happened, the City would have had a liability of \$300-400,000.

Councilman Simond stated that the Contract refers to the City appointing representatives to coordinate the plan and other matters relating to the construction and he would like to know who the City's representative is. City Manager Maclin stated that he is designated as the contact person as a result of being City Manager. City Manager Maclin stated that if there are any changes in the construction schedule, or cost overruns, he would be the person to be notified on behalf of the City, and he would immediately forward this information on to members of the Council.

Councilman Simond stated that he is concerned that the project will exceed the budget. City Manager Maclin stated that in the event the project does exceed the budget the contact persons would be Charlie Wilson, Phil Gramm or Lloyd Bentsen, who were part of the Congress that passed the Dam Safety Act.

In response to statement by Councilman Simond, City Manager Maclin stated that technically, if the project were to come in under budget, and Congress had allocated in that fiscal year budget the full \$45 million, the City would probably get a refund.

In response to question by Councilman Gorden, City Manager Maclin stated that the Sam Rayburn Power Agency (City of Jasper) and the Lower Neches River Authority are two other participants in this contract.

In response to question by Councilman Gorden, City Manager Maclin stated that we really do not have a choice about participating or not participating, because if we did not participate we would loose 26 million gallons of water per day. City Manager Maclin stated that the other entities are paying a lot more than the City of Lufkin.

In response to question by Councilman Weems, City Manager Maclin stated that the City of Lufkin signed as a participant in 1969 to insure a water supply for the citizens and industry in Lufkin for the foreseeable future.

City Manager Maclin stated that staff recommendation is Alternate No. 2. City Manager Maclin stated that if the Council has any other direction for staff in regards to changes in the contract or redirection, let him know and he will try to get something in writing from the Corps of Engineers before the April 6th meeting.

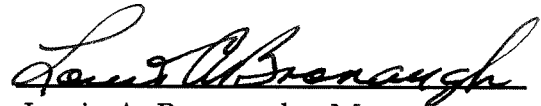
## **5. EXECUTIVE SESSION**

Regular session recessed at 12:25 p.m. to enter into Executive Session. Regular session reconvened at 1:44 p.m. and Mayor Bronaugh stated that personnel matters had been discussed. No decisions were made in Executive Session.

6. COMMENTS

Councilman Boyd stated that at the next meeting he would like a report on the fines and forfeitures.

7. There being no further business for consideration, meeting adjourned at 1:47 p.m.

  
Louis A. Bronaugh - Mayor

ATTEST:

  
Atha Stokes - City Secretary