

MINUTES OF REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF
LUFKIN, TEXAS, HELD ON THE
16TH DAY OF JUNE, 1998 AT 5:00 P. M.

On the 16th day of June, 1998 the City Council of the City of Lufkin, Texas, convened in a regular meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Jack Gorden, Jr.	Mayor pro tem
R. L. Kuykendall	Councilmember, Ward No. 1
Don Boyd	Councilmember, Ward No. 2
Betty Jones	Councilmember, Ward No. 3
Bob Bowman	Councilmember, Ward No. 4
Tucker Weems	Councilmember, Ward No. 6
C. G. Maclin	City Manager
James Hager	Asst. City Manager/Finance
Bob Flournoy	City Attorney
Atha Stokes	City Secretary
Keith Wright	City Engineer
Stephen Abraham	Director of Planning
Kenneth Williams	Director of Public Works

being present, and

Louis A. Bronaugh	Mayor
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being absent when the following business was transacted.

1. Meeting was opened with prayer by Rev. E. I. Sullivan, Pastor, Long Chapel CME Church.
2. Mayor pro tem Gorden welcomed visitors present.
3. **APPROVAL OF MINUTES**

Motion was made by Councilmember Don Boyd and seconded by Councilmember Bob Bowman that the minutes of the Regular Meeting of June 2, 1998 be approved as presented. A unanimous affirmative vote was recorded.

4. ORDINANCE - APPROVED - SECOND READING - ZONE CHANGE - DUPLEX TO RESIDENTIAL SMALL SINGLE FAMILY DISTRICT - LOTS 6 THROUGH 9 - POWELLS RESUBDIVISION - KELTYS STREET - HIGHLAND AVENUE - VIRGINIA LEWIS

Mayor pro tem Gorden stated that the next item for consideration was Second Reading of an Ordinance to change the zoning from "D" Duplex to "RS" Residential Small Single Family District on Lots 6 through 9 of the Powells Resubdivision and generally located at the northeast corner of the intersection of Keltys Street and Highland Avenue as requested by Virginia Lewis.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Bob Bowman that Ordinance to change the zoning from "D" Duplex to "RS" Residential Small Single Family District on Lots 6 through 9 of the Powells Resubdivision and generally located at the northeast corner of the intersection of Keltys Street and Highland Avenue as requested by Virginia Lewis be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

5. ORDINANCE - APPROVED - SECOND READING - ZONE CHANGE - RESIDENTIAL LARGE SINGLE FAMILY TO RESTRICTIVE PROFESSIONAL OFFICE DISTRICT - CARD AND TULANE DRIVES - SPENCER KNUTSON

Mayor pro tem Gorden stated that the next item for consideration was Second Reading of an Ordinance to change the zoning from "RL" Residential Large Single Family to "RPO" Restrictive Professional Office District on property located at the southeast corner of the intersection of Card and Tulane Drives as requested by Spencer Knutson.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Betty Jones that Ordinance to change the zoning from "RL" Residential Large Single Family District to "RPO" Restrictive Professional Office District on property located at the southeast corner of the intersection of Card and Tulane Drives as requested by Spencer Knutson be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

6. LETTER OF REQUEST - WITHDRAWN - FIRST SOUTHWEST - CERTIFICATE OF OBLIGATION BONDS, SERIES 1998

Mayor pro tem Gorden stated that the next item for consideration was a letter of request from First Southwest Company to bid on Certificates of Obligation Bonds, Series 1998.

Mr. Byrd stated that he would like to request that this item be withdrawn from consideration.

Motion was made by Councilmember Tucker Weems and seconded by Councilmember R. L. Kuykendall that letter of request from First Southwest Company be withdrawn from consideration. A unanimous affirmative vote was recorded.

7. ORDINANCE - APPROVED - SECOND READING - TAX AND WATERWORKS AND SEWER SYSTEM REVENUE - CERTIFICATES OF OBLIGATION, SERIES 1998

Mayor pro tem Gorden stated that the next item for consideration was First Reading of an Ordinance authorizing the issuance of "City of Lufkin, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 1998", specifying the terms and features of said certificates providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues from the operation of the City's Waterworks and Sewer System; and resolving other matters incident and relating to the issuance, payment, security, sale and delivery of said Certificates, including the approval and execution of a Paying Agent/Registrar Agreement and the approval and distribution of an Official Statement; and providing an effective date.

Mike Byrd of First Southwest Company, Bond Counsel for the City of Lufkin, handed out a copy of the bids relating to the sale of the bonds. Mr. Byrd stated that he was pleased to report to Council that this is a very favorable interest rate market. Mr. Byrd stated that the purpose of today's agenda item is to consider the Ordinance, and if Council moves to approve the Ordinance, it will award the sale to the best bidder and establish the rates. Mr. Byrd stated that in connection with the sale of the Certificates of Obligation, this is a follow up to a Council meeting held in February or March, at which time the project was established. Mr. Byrd stated that it is now timely to take the bids. Mr. Byrd stated that his firm prepared the official statement and notice of sale and distributed this to a little over 200 perspective purchasers (fire and casualty companies, investment banking firms, people who can buy the whole issue in the primary market). Mr. Byrd stated that in addition thereto, his firm had advertised the sale in the Texas Bond Reporter. Mr. Byrd

stated that he applied for ratings from Moody's Investors Service and from Standard & Poor's Corporation. Mr. Byrd stated that he was pleased to tell Council that Moody's confirmed the City's A2 rating, which is a pretty lofty rating for a city this size. Mr. Byrd stated that this speaks well of the City Council, and speaks well of the City Administration. Mr. Byrd stated that there have been a lot of positive changes in the way the City handles its affairs. Mr. Byrd stated that on the last rating application to Standard & Poor's, there had finally been a rating upgrade going from a BBB+ to a A- rating.

Mr. Byrd stated that the bids for the Certificates of Obligation were due this morning at 11 a.m., and were opened and tabulated for their accuracy. Mr. Byrd stated that he would read for the audience what the bids on the certificates are:

Legg Mason Wood Walker, Inc.	4.8718%
Dean Witter Reynolds	4.8357%
Southwest Securities	4.8199%
Everen Securities, Inc.	4.8190%
Griffin, Kubik, Stephens & Thompson	4.8045%
Piper Jaffray, Inc.	4.7970%
Nike Securities, L. P.	4.7835%
A. G. Edwards & Sons, Inc.	4.7749%
First Tennessee Capital Markets/Kansas City	4.7438%

Mr. Byrd stated that he personally is quite pleased with the City of Lufkin, and with the levels of rates that are being seen today. Mr. Byrd stated that the turbulence in the Asian market does affect the bond market and recently it has had a very positive influence on it, which is to the City's benefit. Mr. Byrd stated that he had no problem in recommending to Council that they accept the bid of First Tennessee Capital Markets.

Mayor pro tem Gorden asked City Manager Maclin to briefly remind Council what the \$4.6 million bond issue is for. City Manager Maclin stated that \$3.6 million is from the General Fund, which includes a new fire station to be built in the bottom of the elevated storage tank on White House Drive, improvements to Tulane, \$1.8 million for two detention ponds (one located north of Old Union Road and one located north of Lotus Lane), \$200,000 from the Utility Fund for the extension of sanitary sewer for the Brentwood area which was annexed last year, \$800,000 from the Solid Waste Fund for the construction of a new Solid Waste fund facility, which will be a revenue neutral addition in that the City already has funds allocated for lease payments that now will be applied towards the bond payments.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Don Boyd to accept the bid of First Tennessee Capital Markets/Kansas City at a 4.7438% rating, and that Ordinance authorizing the issuance of "City of Lufkin, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 1998", specifying the terms and features of said certificates providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues from the operation of the City's Waterworks and Sewer System; and resolving other matters incident and relating to the issuance, payment, security, sale and delivery of said Certificates, including the approval and execution of a Paying Agent/Registrar Agreement and the approval and distribution of an Official Statement, and providing an effective date be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

8. AMENDMENT - APPROVED - SECOND READING - DRAINAGE CRITERIA ORDINANCE

Mayor pro tem Gorden stated that the next item for consideration was Second Reading of an Amendment to the Drainage Criteria Ordinance.

City Manager Maclin stated that this is Second Reading of the modifications that were discussed at length at the last Council meeting that the City staff feels like will provide a more appropriate preparation of drainage needs in development for the City of Lufkin. City Manager Maclin stated that it is staff's opinion that these modifications will apply some common sense understanding and will not adversely impact the effect of the Drainage Criteria Manual, but will provide some relief in some areas staff feels is appropriate.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Tucker Weems that the Amendment to the Drainage Criteria Ordinance be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

9. ORDINANCE - APPROVED - SECOND READING - REGIONAL DETENTION MITIGATION ORDINANCE

Mayor pro tem Gorden stated that the next item for consideration was Second Reading of the Regional Detention Mitigation Ordinance.

City Manager Maclin stated that this Ordinance is similar to an Ordinance that was adopted by the City of Pearland last year, and one under consideration by the City of Longview at this time. City Manager Maclin stated that the Ordinance provides for off-site detention to mitigate and allow a developer to use capacity in a regional detention facility rather than having to build on-site detention. City Manager Maclin stated that this is another innovative way that can help be more cost effective and allow greater and better utilization from a development standpoint of a smaller tract of property. City Manager Maclin stated that for those areas where there is regional detention influence, this will be a great alternative for a developer to consider utilization of.

Rufus Duncan, Jr. stated that he is speaking in favor of the Resolution. Mr. Duncan stated that the developers, the citizens and the City have been very concerned with the drainage in Lufkin and the related problems over the past two or three years. Mr. Duncan stated that, in his opinion, everyone is in favor of the regional detention center, which is a good use of money, but the developers of Lufkin, and the builders in particular, do not feel like that is enough to take care of the problems in the Cedar Creek drainage area. Mr. Duncan stated that they strongly believe that channelization and cleaning out of Cedar Creek below the City limits of Lufkin is needed. Mr. Duncan stated that FEMA is in the process right now of redrawing the flood plain and the floodway lines in that basin, and when they do that there is a good chance that they could remove over \$2 million worth of value off of homeowners values in that area. Mr. Duncan stated that this is a problem that hurts developers, hurts the City, and it hurts the citizens. Mr. Duncan stated that certain developers in the past offered to pay for a good percentage of the channelization and cleaning out below the City limits. Mr. Duncan stated that he wanted to make his opinion known and wanted to reiterate that there is a time bomb out there, and they are more than willing to kick in their share of help to solve this problem. Mr. Duncan stated that the developers like the way the City is headed, but feel that more can be done and they are really concerned.

City Manager Maclin stated that to give Council an update, the City Engineer received a progress update from the hydrology/hydrological engineering consulting firm, Dotson & Associates of Houston, and the major part of the preliminary work on the impact and cost estimates for channelization is complete. City Manager Maclin stated that a report will be sent to the City staff next week and as soon as it is received it will be brought back to City Council for further review in terms of both, what will channelization do to further impact the reduction of the new flood plain, and what are the cost estimates and associated items related to when you do that type of channelization how do you go about doing it, and what will be required.

Motion was made by Councilmember Tucker Weems and seconded by

Councilmember Bob Bowman that the Regional Detention Mitigation Ordinance be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

10. ORDINANCE - APPROVED - FIRST READING - ZONE CHANGE - RESIDENTIAL SMALL SINGLE FAMILY TO LOCAL BUSINESS - CHESTNUT STREET AND RAY STREET - MIKE AND LINDA THOMPSON - G. M. COX

Mayor pro tem Gorden stated that the next item for consideration was the request of Mike and Linda Thompson and G. M. Cox to change the zoning from "RS" Residential Small Single Family to "LB" Local Business on tracts 123 and 127, abstract A-40 of the J. L. Quinalty Survey and generally located at the northeast corner of the intersection of Chestnut Street and Ray Street.

City Manager Maclin stated that included in the Council packet is a memorandum of explanation from the Planning Department indicating that the Comprehensive Land Use Plan calls for this area to be Commercial. City Manager Maclin stated that the Planning & Zoning Commission, by unanimous vote, recommends approval of the zone change as requested.

Motion was made by Councilmember R. L. Kuykendall and seconded by Councilmember Bob Bowman that request of Mike and Linda Thompson and G. M. Cox for a zone change from "RS" Residential Small Single Family to "LB" Local Business on tracts 123 and 127, abstract A-40 of the J. L. Quinalty Survey and generally located at the northeast corner of the intersection of Chestnut Street and Ray Street be approved as presented. A unanimous affirmative vote was recorded.

11. RESOLUTION - APPROVED - NATIONAL LEAGUE OF CITIES - CORE BELIEFS

Mayor pro tem Gorden stated that the next item for consideration was a Resolution in support of the National League of Cities Core Beliefs.

Mayor pro tem Gorden stated that this information was brought to Council's attention a few weeks ago, and was put on the agenda at Councilmember Boyd's request.

Councilmember Boyd stated that this is some information he received from the National League of Cities in reference to their Strategic Plan, which included their Core Beliefs. Councilmember Boyd stated that the National League of Cities had requested that each member City pass a Resolution in support of the Core Beliefs.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Tucker Weems that Resolution in support of the National League of Cities Core Beliefs be approved as presented. A unanimous affirmative vote was recorded.

12. RESOLUTION - APPROVED - CHAMPION INTERNATIONAL CORPORATION'S ENTERPRISE PROJECT TRANSFERRED - DONOHUE, INC.

Mayor pro tem Gorden stated that the next item for consideration was a Resolution approving the transfer of Champion International Corporation's Enterprise project designation to Donohue, Inc.

City Manager Maclin stated that included in the Council packet is a memorandum from the Planning Department explaining this request. City Manager Maclin stated that Champion received this designation as an Enterprise Project from the State Economic Development Department in August of 1994, and Donohue has agreed to meet the previous commitments for the remainder of the five year period and would request the transfer of the Enterprise Project designation. City Manager Maclin stated that a proposed Resolution had been included in the packet information, which comes with a staff recommendation that the transfer be

approved as requested.

Mayor pro tem Gorden recognized Mallory Caldwell from Vinson & Elkins Law Firm of Houston and Debbie Johnston and Seth Kursman from Donohoe, Inc.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Betty Jones that the transfer of Champion International Corporation's Enterprise project designation to Donohue, Inc. be approved as presented. A unanimous affirmative vote was recorded.

13. RESOLUTION - APPROVED - ISSUANCE OF BONDS - LUFKIN HEALTH FACILITIES DEVELOPMENT CORPORATION - FINANCE COST OF HEALTH FACILITIES FOR MEMORIAL HEALTH SYSTEM OF EAST TEXAS - PUBLIC HEARING

Mayor pro tem Gorden stated that the next item for consideration was a Resolution approving the issuance of bonds by the Lufkin Health Facilities Development Corporation to finance the cost of Health Facilities for Memorial Health System of East Texas and with respect to a Public Hearing.

Mayor pro tem Gorden stated that a meeting of the Lufkin Health Facilities Development Corporation was held just prior to the City Council meeting at 4:45 p.m., and the issuance of bonds was approved by that body.

City Manager Maclin stated that a Resolution approving the issuance of the bonds was included in the Council packet.

In response to statement by Councilmember Weems that the Resolution states \$25,000,000, Mr. Flournoy stated that the amount should be \$28,000,000.

Motion was made by Councilmember Tucker Weems and seconded by Councilmember Don Boyd that Resolution approving the issuance of bonds by the Lufkin Health Facilities Development Corporation to finance the cost of health facilities for Memorial Health System of East Texas and with respect to a Public Hearing be approved as presented.

Councilmember Bowman recused himself from voting. Motion carried with five affirmative votes.

14. PRESENTATION - SMALL BUSINESS DEVELOPMENT CENTER - BRIAN McCLAIN

Mayor pro tem Gorden stated that the next item for consideration was a presentation by Brian McClain of the Small Business Development Center to provide Council with an update on current activities.

Mr. McClain, Director of the Small Business Development Center at Angelina College, stated that he had brought a handout for Councilmembers to look at later. Mr. McClain stated that his budget is \$120,000 a year, \$60,000 of that amount comes from the SBA, \$15,000 comes from Angelina College, \$30,000 comes from Angelina College in in-kind type funding, \$7,500 comes from the City of Lufkin, and Angelina County also contributes \$7,500.

Mr. McClain stated that some of the objectives over the past year have been to build the awareness of the Small Business Development Center within the business community, and also to build the awareness of the business community as far as Angelina College's ability and desire to help the small business community in their training or research needs. Mr. McClain stated that another area that was set as an objective is to increase their ability in the technology areas as far as teaching business people the different computer software programs. Mr. McClain stated that they have done this with a computer lab with the help of NationsBank, the

University of Houston and Angelina College. Mr. McClain stated that another objective is to reach 1,000 business people attending the Small Business Development classes, and they are well on their way to reaching that goal this year. Mr. McClain stated that another area of concern and one of their big objectives is to help establish or open one business a month in the area they serve. Mr. McClain stated that two of the new areas he is looking at are international trade and will have an international trade resource center for the local business people, which will be on line by the end of their fiscal year, and (2) the development of a generational business planning resource center. Mr. McClain stated that there are a lot of successful business people in the area and one of their big problems is how to pass that business onto the next person in their family. Mr. McClain stated that this causes a lot of legal problems, a lot of emotional problems and a lot of tax problems, and he wanted to create a center where people could come and do research locally.

Mr. McClain stated that some of the things they have done in the past 18 months are: They have counselled 373 clients, spent 2,135 hours counselling those clients on business issues. They have helped open 26 businesses, helped refinance or acquire expansion capital for 10 businesses. They have acquired \$41,000 in Smart Jobs Grants for local businesses, which is done through the Department of Commerce. They have held 120 business classes under the SBDC guidelines at the College, and as of June 1st, 1998, 648 local business people have attended their classes.

Mr. McClain stated that some of the factors that are affecting the SBDC in the future will be House Bill 96, which basically establishes the SBDC as an informal resource for local business people in the area of OSHA, the IRS and the EPA. Mr. McClain stated that hopefully this Bill will pass by the end of this year. Mr. McClain stated that if the Bill passes, then the SBDC will become a training resource for local business people in those three areas, and will become an informal resource where they can come and ask questions without having to go through the reporting processes if they have a problem.

Mr. McClain stated that they are trying to get Congress to increase their funding at this time from \$75,000,000 to \$112,000,000, which is what is allotted, however, they have never been granted that much money.

Mr. McClain stated that locally the Angelina College SBDC is trying to increase its funding by \$11,000 this year. Mr. McClain stated that half of that amount will come from the SBA, and the other half will come from Angelina College in-kind. Mr. McClain stated that he is hoping that the cities of Crockett and Livingston will also participate in the funding.

Mr. McClain stated that the material included in the packet information is in more detail, and at this time he would answer any questions by the Council.

In response to question by Councilmember Bowman, Mr. McClain stated that of 26 businesses that he opened eight were in this community, eleven in Livingston, five in Crockett, and two in Diboll.

15. AUTHORIZATION TO PURCHASE REPLACEMENT VEHICLE - APPROVED - UTILITIES COLLECTION DEPARTMENT

Mayor pro tem Gorden stated that the next item for consideration was authorization to purchase a replacement vehicle for the Utilities Collection Department.

City Manager Maclin stated that included in the Council packet is a memo from the Assistant City Manager explaining that this vehicle was involved in an accident a few months ago. City Manager Maclin stated that the accident was the fault of the other driver and the City filed an insurance claim and has received a settlement in the amount of \$7,000. City Manager Maclin stated that the cost of repair to the vehicle exceeds the value of the vehicle itself, and staff feels that it is in the City's

best interest to go ahead and replace the vehicle. City Manager Maclin stated that staff is seeking authorization from Council today to proceed with seeking competitive bids for a replacement vehicle and to use approximately \$3,500 from the City's Insurance Loss Fund to make up the difference between the insurance settlement and the actual cost of the vehicle. City Manager Maclin stated that staff will know the exact amount to be taken from the Insurance Loss Fund when the bids are brought back to Council for consideration.

In response to question by Councilmember Boyd, City Manager Maclin stated that the wrecked vehicle was a 1992 S-10 pickup.

In response to question by Councilmember Boyd, City Manager Maclin stated that the City will bid locally, and also through HGAC in hopes of getting a cheaper price.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Don Boyd that authorization to purchase a replacement vehicle for the Utilities Collection Department be approved as submitted. A unanimous affirmative vote was recorded.

16. BID - APPROVED - DIRT WORK/CURB AND GUTTER - DANIEL McCALL DRIVE - B & J CONSTRUCTION - TROUT FELTS CONSTRUCTION/ED DUNCAN

Mayor pro tem Gorden stated that the next item for consideration was award of bid for dirt work and curb and gutter on Daniel McCall Drive.

City Manager Maclin stated that this project was actually brought up to Council at the retreat a year ago. City Manager Maclin stated that this came to the City as a request from Angelina College about the need for improvements to Daniel McCall Street, specifically from FM 819 going north back towards the bridge. City Manager Maclin stated that it is not likely that all of the work can be completed in one year but would be spread out over a two budget year period. City Manager Maclin stated that a replacement bridge would be included in the cost. City Manager Maclin stated that the College has agreed to assist in this project with the curb and guttering cost. City Manager Maclin stated that this street had been on the street overlay list, but will actually be rebuilt with the new milling machine, and will have a lime stabilization base.

In response to question by Councilmember Jones, Mr. Wright stated that this bid price is a little high compared to the original estimates. Mr. Wright stated that all the contractors are very busy at this time of year and bids are high. Mr. Wright stated that they will probably scale this project back to about half of what they originally intended. City Manager Maclin stated that the balance of the bridge will be finished in the next fiscal year. Mr. Wright stated that there have been several accidents at the bridge on Daniel McCall and he had planned to make repairs to the bridge but due to the failure of the bridge on Oleta, he has had to extend the Daniel McCall bridge until next year.

In response to question by Mayor pro tem Gorden as to whether there is State or Federal money available for bridges, Mr. Wright stated that he contacted TxDOT they chose not to participate on either of these two bridges. Mr. Wright stated that the bridge on Daniel McCall is a very well constructed bridge, it is just too narrow. Mr. Wright stated that the money for this project will come out of this year's budget, less \$30,000 from the College.

City Manager Maclin stated that the figure of \$81,890 for the dirt work will be scaled back to approximately \$49,000, which will be done by Change Order.

Motion was made by Councilmember Don Boyd and seconded by Councilmember R. L. Kuykendall that bid of B & J Construction for dirt work in the amount of \$81,890, and the bid of Trout Felts Construction/Ed Duncan for curb and gutter in the amount of \$24,507 be approved as submitted. A unanimous affirmative vote

was recorded.

17. BID - APPROVED - CHAMBERS PARK PAVILION - COX CONTRACTORS

Mayor pro tem Gorden stated that the next item for consideration was bids for Chambers Park Pavilion.

City Manager Maclin stated that the pavilion was a casualty of the storm in February. City Manager Maclin stated that this has gone out for bids once with Council's authorization, and there were some complications on bid specifications, consequently all bids were rejected. City Manager Maclin stated that new, more comprehensive bid specifications were drawn up, and three bids were received. City Manager Maclin stated that the staff recommendation is from Cox Contractors in the amount of \$29,985.

City Manager Maclin stated that in previous City Council discussion it was decided that this amount would come out of the General Fund Contingency.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Betty Jones that the bid of Cox Contractors in the amount of \$29,985 for replacement of the pavilion structure at Chambers Park be approved as submitted and that the funds be taken from the General Fund Contingency. A unanimous affirmative vote was recorded.

In response to question by Councilmember Bowman, Mr. Hannabas stated that the completion time on this project should be approximately six weeks.

18. RESOLUTION - APPROVED - TAX RESALES - LINEBARGER, HEARD, GOGGAN, BLAIR, GRAHAM, PENA & SAMPSON

Mayor pro tem Gorden stated that the next item for consideration was a Resolution relating to tax resales.

City Manager Maclin stated that included in the Council packet is a letter from Steven Bird with Linebarger, Heard, Goggan, Blair, Graham, Pena & Sampson who is the delinquent tax agency that contracts with the County Tax Assessor/Collector. City Manager Maclin stated that Mr. Bird had called him several months back with an idea for a tax resale proposal using an auction as an attempt to get some of these old properties that have on the tax rolls for several years sold. City Manager Maclin stated that he considers this to be a positive, innovative idea to be able to put some of these properties back on the tax roll, and Mr. Bird is going around to each of the taxing entities to seek their concurrence to the utilization of this tax resale proposal to attempt to get some of these properties back on the tax roll.

In response to question by Councilmember Jones, Mr. Bird stated that County-wide there are approximately 110 pieces of property that are in this category, and in the City of Lufkin he would estimate about 30 to 35 properties. In response to question by Councilmember Jones, Mr. Bird stated that most of the properties are abandoned lots with no improvements on them.

In response to question by Councilmember Bowman, Mr. Bird stated that actually his firm will receive very little benefit out of the tax resale. Mr. Bird stated that these properties, by and large, will not receive the full amount of the taxes and penalties and interest that have accrued on them. Mr. Bird stated that the Resolution will accomplish is it is going to accept the bid that is received and authorize the Tax Collector to adjust off any balance that might be due after that. Mr. Bird stated that it is good in that it puts the property back on the tax roll and the new owners will be paying taxes annually hereafter. Mr. Bird stated that his firm gets 15% of all the taxes, penalty and interest that are collected, but in these situations since the full amount is not collected, they are essentially not going to recover any amount.

In response to question by Councilmember Boyd, Mr. Bird stated that this will be a public auction and the property will be sold to the high bidder. Mr. Bird stated that the Resolution has been drafted so that the bid must be equal to at least 20% of what the appraised value is. Mr. Bird stated that a little bit of cushion has been built in to insure that they don't get nominal bids, or the amount of the taxes due.

Councilmember Boyd asked if the person purchasing the property will be advised if there are any liens against the property because the City has mowed a weedy lot. Mr. Bird stated that the properties have been checked one by one to verify whether or not there are any of those types of liens on the property. Mr. Bird stated that if there are liens on any of the property, the purchaser will be advised and they will be subject to paying the lien off to the City separately. Councilmember Boyd stated that a bad situation had happened previously and he wanted to insure that it did not happen again. City Manager Maclin stated that some changes have been made internally with the Public Works Department to insure that there is not a recurrence of the previously mentioned problem.

In response to question by City Manager Maclin, Mr. Bird stated that so far the County Commissioners and the Junior College have adopted the Resolution. Mr. Bird stated that he has spoken to LISD and they are putting the Resolution on their agenda. Mr. Bird stated that Huntington and Zavalla have received this information and will be acting on it either the latter part of June or the first part of July.

In response to question by Councilmember Boyd, Mr. Bird stated that the Resolution should be formally adopted by all entities by the last part of July or first part of August.

Mr. Bird stated that the properties will be advertised in the newspaper.

In response to question by Mayor pro tem Gorden, Mr. Bird stated that there is a redemption time period provided for in the Tax Code, and any time a piece of property that is homesteaded is sold, the former owner has two years to redeem the property. If it is not homesteaded, the original owner has six months from the date the deed is recorded to redeem it. Mr. Bird stated that 95% of these properties are not in that category, and that their redemption period has expired.

Motion was made by Councilmember Tucker Weems and seconded by Councilmember Betty Jones that the Resolution relating to tax resales be approved as presented. A unanimous affirmative vote was recorded.

19. EXECUTIVE SESSION

Mayor pro tem Gorden recessed Regular Session at 5:55 p.m. to enter into Executive Session. Mayor pro tem Gorden reconvened Regular Session at 6:12 p.m. and stated that attorney/client matters had been discussed.

20. COMMENTS

Councilmember Weems stated that in reviewing the budget for the year, for the eighth month period, the budget looks real good.

City Manager Maclin informed Councilmembers that the budget workshop meetings have been scheduled for July 14 beginning at 8:00 a.m., and July 15 beginning at 11:00 a.m.

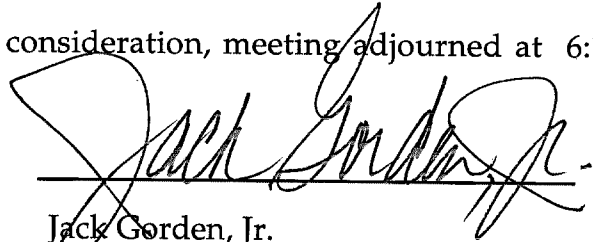
City Manager Maclin stated that on July 1st the City will be hosting with AB/C an environmental protection agency satellite transmission on reduction of waste and efficiency of businesses, which is aimed at the commercial and industrial business community. This will be examples of how other businesses across the nation have

implemented programs and ideas to improve efficiency and particularly utilize recycling type things. This will not be limited to recycling.

City Manager Maclin stated that July 4th the annual Independence Day celebration, with activities throughout the afternoon and fireworks at dark, will be held at Ellen Trout Park.

Mayor pro tem Gorden reminded Councilmembers of the County's fish fry on June 26th at their facility on Highway 58.

21. There being no further business for consideration, meeting adjourned at 6:15 p.m.



Jack Gorden, Jr.
Mayor pro tem

ATTEST:



Atha Stokes - City Secretary