MINUTES OF REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF LUFKIN, TEXAS, HELD ON THE 2nd OF SEPTEMBER 2003

On the 2nd day of September 2003 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:

Louis A. Bronaugh	Mayor
Jack Gorden, Jr.	Mayor pro tem
R. L. Kuykendall	Councilmember, Ward No. 1
Rose Faine Boyd	Councilmember, Ward No. 2
Lynn Torres	Councilmember, Ward No. 3
Don Langston	Councilmember, Ward No. 4
Dennis Robertson	Councilmember, Ward No. 6
C. G. Maclin	City Manager
Atha Martin	City Secretary
Bob Flournoy	City Attorney
Keith Wright	City Engineer
David Koonce	Director of Human Resources
Stephen Abraham	Director of Planning
Kenneth Williams	Director of Public Works

being present when the following business was transacted.

1. Meeting was opened with prayer by Rev. Dan Norman, Glad Tidings Assembly of God Church.

2. Mayor Bronaugh welcomed visitors present. Councilmember Lynn Torres recognized LHS students who were attending the Council meeting as part of their Government Class requirement.

3. **APPROVAL OF MINUTES**

Minutes of the Regular Meeting of August 19, 2003 were approved on a motion by Councilmember Lynn Torres and seconded by Councilmember R. L. Kuykendall as presented. A unanimous affirmative vote was recorded.

4. **PUBLIC HEARING – 2003-2004 BUDGET**

Mayor Bronaugh stated that the first item for consideration was a Public Hearing to consider the 2003-2004 Budget.

There was no one present to speak for or against the 2003-2004 budget.

Mayor Bronaugh closed Public Hearing.

5. **PUBLIC HEARING – U. S. DEPARTMENT OF JUSTICE LOCAL LAW ENFORCEMENT BLOCK GRANT – FISCAL YEAR 2003**

Mayor Bronaugh stated that the next item for consideration was a Public Hearing to consider a U. S. Department of Justice Local Law Enforcement Block Grant for fiscal year 2003.

Lt. Harold Cottle of the Police Department stated that before he gets into the discussion of the 2003 Block Grant he would like to address the Council on how important these grants are to the Police Department as well as the citizens of Lufkin. Lt. Cottle stated that he had chosen the 2002 Block Grant to review in regard to some of the purchases the Department has made. Lt. Cottle stated that one of Chief Brazil's objectives with the Police Department was to utilize grant monies to purchase computer equipment to allow the investigators to investigate cyber-crime. Lt. Cottle stated that they have, with the 2001 funds and some additional monies from the 2002 grant, purchased a set of the equipment and one of the Department's investigators has attended specialized training in child pornography. Lt. Cottle stated that the Department has been able to obtain computers that contain child pornography and have downloaded over 4,000 images to date. Lt. Cottle stated that he wished to express his thanks to the Council for allowing the Police Department to pursue these grant funds to purchase this equipment.

Lt. Cottle stated that the 2003 Block Grant is again from the U. S. Department of Justice and this year the Department is being funded in the amount of $37,000 that would require a City match of $4,000. Lt. Cottle stated that the Police Department is asking that they be able to accept this grant to purchase equipment to allow fire arms training. Lt. Cottle stated that this is interactive, almost like a video game, but very high tech. Lt. Cottle stated that it allows video tape scenarios that come with the package as an interactive role play with the Police Officers. Lt. Cottle stated that the trainer is able to manipulate the scenario in response to how the officer responds.

Mayor Bronaugh closed Public Hearing.

6. **ORDINANCE – APPROVED – SECOND READING – SPECIAL USE PERMIT – RESTAURANT WITH PRIVATE CLUB – COMMERCIAL ZONING DISTRICT – 1005 TIMBERLAND DRIVE – OCTAVIO VELAZQUEZ – JESUS BERRELES**

Mayor Bronaugh stated that the next item for consideration was the request of Octavio Velazquez and Jesus Berreles to consider granting a Special Use Permit for a restaurant with private club within a "Commercial" zoning district on property described as tracts 181 and 182 out of the J. L. Quinalty Survey (Abstract No. 40) and more commonly known as 1005 Timberland Drive.

Motion was made by Councilmember Lynn Torres and seconded by Councilmember Rose Faine Boyd that Ordinance requesting a Special Use Permit for a restaurant with private club within a "Commercial" zoning district on property described as Tracts 181 and 182 out of the J. L. Quinalty Survey (Abstract No. 40) and more commonly known as 1005 Timberland Drive as requested by Octavio Velazquez and Jesus Berreles be approved on Second and Final Reading with the following condition: That this Special Use Permit shall be for the sale of alcoholic beverages in conjunction with a full service restaurant facility; and shall not be construed as allowing the structure to be used in a manner which constitutes a night club, tavern, lounge, dance hall or commercial amusement establishment. A unanimous affirmative vote was recorded.

7. **ADOPTION OF 2002 NATIONAL ELECTRICAL CODE**

Mayor Bronaugh stated that the next item for consideration was Second Reading of an Amendment to the Electrical Ordinance adopting the 2002 National Electrical Code as the new City Electrical Code.

Motion was made by Councilmember Rose Faine Boyd and seconded by Councilmember Don Langston that the 2002 National Electrical Code be adopted as the City of Lufkin Electrical Code on Second and Final Reading. A unanimous affirmative vote was recorded.

8. **APPROPRIATIONS ORDINANCE – APPROVED – FIRST READING**

Mayor Bronaugh stated that the next item for consideration was First Reading of the Appropriations Ordinance.

City Manager Maclin stated that this is basically the line item that establishes all the expenditures for all funds of the City, the largest three being the General Fund, the Utility Fund and the Solid Waste Fund.

Motion was made by Councilmember R. L. Kuykendall and seconded by Councilmember Lynn Torres that the Appropriations Ordinance be approved on First Reading as presented. A unanimous affirmative vote was recorded.

9. **TAX LEVYING ORDINANCE – APPROVED – FIRST READING**

Mayor Bronaugh stated that the next item for consideration was First Reading of the Tax Levying Ordinance.

City Manager Maclin stated that this is the Ordinance that goes along with the tax rate that Council voted on at the last meeting. Mr. Maclin stated that this Ordinance represents a two-cent increase as approved by the voters in the Street Bond Election of May 2001. Mr. Maclin stated that this will be the third and final year for that two-cent increment representing a total of little over six cents to amortize the debt for those street improvements.

In response to question by Councilmember Robertson if the tax rate stayed at this level or dropped back next year, Mr. Maclin stated that the tax rate stays at this level for 20 years and once it is paid off Council would have the option of changing their interest and sinking fund.

Motion was made by Councilmember Dennis Robertson and seconded by Councilmember Lynn Torres that the Tax Levying Ordinance be approved on First Reading as presented. A unanimous affirmative vote was recorded.

10. **ORDINANCE – APPROVED – FIRST READING - AMENDING THE WATER RATES**

Mayor Bronaugh stated that the next item for consideration was First Reading of an Ordinance to amend the water rates.

City Manager Maclin stated that this is the First Reading of the Water Rate Ordinance that will provide for a two percent increase in our rates and amortization of the debt for the replacement of the asbestos cement water line projects.

In response to question by Councilmember Robertson, Mr. Maclin stated that the irrigation rates would be based on a meter that is just for irrigation.

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember R. L. Kuykendall that Ordinance amending the water rates be approved on First Reading as presented. A unanimous affirmative vote was recorded.

11. **ORDINANCE – APPROVED – FIRST READING – AMENDING THE SEWER RATES**

Mayor Bronaugh stated that the next item for consideration was First Reading of an Ordinance to amend the sewer rates.

City Manager Maclin stated that this represents the second year of the five year rate study or rate plan implementation from Reed, Stowe and Yanke when they developed a cost of service analysis at Council's request. Mr. Maclin stated that this provides for an equitable distribution of the rates between all three of the City's customers – residential, commercial and industrial and provides for an average of a 16% increase in sewer rates. Mr. Maclin stated that this will not impact the minimum billing customers.

Motion was made by Councilmember Dennis Robertson and seconded by Councilmember Rose Faine Boyd that the Ordinance to amend the sewer rates be approved on First Reading as presented. A unanimous affirmative vote was recorded.

12. **LETTER OF REQUEST – APPROVED – FIRST SOUTHWEST COMPANY – PERMISSION TO BID ON CITY'S CERTIFICATES OF OBLIGATION**

Mayor Bronaugh stated that the next item for consideration was a letter of request from First Southwest Company seeking permission to bid on the City's Certificates of Obligation.

City Manager Maclin stated that included in the Council packet is a letter from Mike Byrd of First Southwest Company seeking the Council's authorization to submit a bid along with the other competitively submitted bids on all three of the bonds we'll be looking at on today's agenda. Mr. Maclin stated that this request is made because First Southwest Company also serves as the City's bond counsel.

Motion was made by Councilmember Rose Faine Boyd and seconded by Councilmember Don Langston that the letter of request by First Southwest Company seeking permission to bid on the City's Certificates of Obligation be approved as presented. A unanimous affirmative vote was recorded.

13. **ORDINANCE - APPROVED – WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2003– ISSUANCE OF BONDS – UBS FINANCIAL SERVICES, INC.**

Mayor Bronaugh stated that the next item for consideration was all matters incident and related to the issuance and sale of $1,500,000 "City of Lufkin, Texas Waterworks and Sewer System Revenue Bonds, Series 2003", including the receipt of bids therefore and the passage and adoption of an Ordinance authorizing the issuance of such bonds.

Mike Byrd with First Southwest Company stated that he has been privileged to serve as the City's financial advisor. Mr. Byrd stated that also present tonight is Kristen Savant of Fulbright & Jaworski, who is replacing Ed Esquivel as the City's bond counsel. Mr. Byrd stated that he is pleased to tell Council that Moody's has confirmed the City's rating of "A2" on both the City's general obligation debt and also an "A2" on the City's waterworks and sewer system revenue debt. Mr. Byrd stated that Standard and Poor's rating for the City was an "A+" assigned to the City's water and sewer revenue debt and a rating of "A" assigned to the City's general obligation debt. Mr. Byrd stated that that should be a particular badge of honor for the City of Lufkin because outside of the Metroplex you will not find a city of comparable size and characteristics that is a solid, mid-level "A" category credit.

Mr. Byrd stated that the official statements were prepared and distributed electronically for the three sales that we have tonight. Mr. Byrd stated that there is one installment of general obligation bonds stemming from the election of May of 2001; this is the second installment and following the sale tonight the City will have $1,740,000 left of voted, authorized, but un-issued bonds to sell at a later date as it so chooses. Mr. Byrd stated that secondly we had the sale of $1,700,000 in tax and waterworks and sewer system surplus revenues certificates of obligation. Mr. Byrd stated that this is a non-voted instrument and Council instigated that process at a previous Council meeting by authorizing the City Secretary to publish notice of the City's intent to issue.

Mr. Byrd stated that thirdly, there is the sale of $1,500,000 water and sewer revenue bonds. Mr. Byrd stated that the City has the opportunity to 1) sell the water and sewer revenue bonds and allow the City to recalculate the reserve required and that can only be done at such time that bonds are issued, and it will free up a small amount of cash there that can be rolled back into water and sewer system working capital and 2) it gives a direct comparison to some monies that the City expended on one portion of it's asbestos abatement program. Mr. Byrd stated that there was some work done in that project that would have been paid by the Texas Water Development Funds, but it didn't work out that way so it is being funded by this issue. Mr. Byrd stated that ultimately we will compare cash flows and the City will receive some amount of cash on that.

Mr. Byrd stated that the following bids were received for the issuance of the $1,500,000 "City of Lufkin, Texas Waterworks and Sewer System Revenue Bonds, Series 2003":

UBS Financial Services, Inc.	4.532640
SAMCO Capital Markets	4.597488
First Southwest Company	4.609323

Kristen Savant, of Fulbright & Jaworski, stated that by adoption of each of three Ordinances Council will be providing for all the necessary financials associated with each financing. Ms. Savant stated that the Ordinance awards the sell of each obligation to the winning bidder as outlined by Mr. Byrd. Ms. Savant stated that it sets forth all the terms and conditions of the obligations, the interest and principal payment dates, the call provisions, the interest rate, and it provides for the payment of each obligation for the General Obligation Bonds and the Certificates of Obligation. Ms. Savant stated that the Ordinance provides for the levy of an ad valorem tax sufficient to pay the debt service on each obligation. Ms. Savant stated that the Revenue Bonds pledge the net revenues of the system on a parity with all the City's outstanding revenue bonds. Ms. Savant stated that the Certificate of Obligation Ordinance also provides for an additional pledge of the surplus water and sewer revenues in addition to the tax pledge.

Ms. Savant stated that the Council should move forward tonight and adopt each Ordinance, and then their firm on the City's behalf will submit a transcript of proceedings to the Attorney General's Office and upon his approval then Fulbright & Jaworski is prepared to render their legal opinion that each of the obligations is a legally binding and enforceable obligation.

Motion was made by Councilmember Lynn Torres and seconded by Councilmember Jack Gorden, Jr. that the Ordinance authorizing the issuance of the "$1,500,000 City of Lufkin, Texas Waterworks and Sewer System Revenue Bonds, Series 2003," be approved on First Reading as presented, and that the bid of UBS Financial Services, Inc. wih an interest rate of 4.532640 be approved as submitted. A unanimous affirmative vote was recorded.

14. **ORDINANCE – APPROVED – CITY OF LUFKIN, TEXAS GENERAL OBLIGATION BONDS, SERIES 2003 – A. G. EDWARDS**

Mayor Bronaugh stated that the next item for consideration was to consider all matters incident and related to the issuance and sale of $3,750,000 "City of Lufkin, Texas, General Obligation Bonds, Series 2003", including the receipt of bids therefore and the passage and adoption of an Ordinance authorizing the issuance of such bonds.

Mr. Byrd stated that the following bids were received on the $3,750,000 "City of Lufkin, Texas, General Obligation Bonds, Series 2003":

A. G. Edwards	4.403287
Wells Fargo (received by fax)	4.422000
UBS Financial Services Inc.	4.425076
First Southwest Company	4.448456
Legg Mason Wood Walker	4.451240
Duncan-Williams Inc.	4.469706
Stephens Inc.	4.479184
SAMCO Capital Markets	4.492262
Griffin Kubik Stephens & Thompson	4.507819
US Bancorp Piper Jaffray	4.571581

Motion was made by Councilmember Rose Faine Boyd and seconded by Councilmember Lynn Torres that the Ordinance authorizing the issuance of the $3,750,000 "City of Lufkin, Texas General Obligation Bonds, Series 2003" be approved on First Reading and the bid of A. G. Edwards at an interest rate of 4.403287 be approved as submitted. A unanimous affirmative vote was recorded.

15. **ORDINANCE – APPROVED – FIRST READING – CITY OF LUFKIN, TEXAS TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2003 - UBS FINANCIAL SERVICES, INC.**

Mayor Bronaugh stated that the next item for consideration was to consider all matters incident and related to the issuance and sale of $1,700,000 "City of Lufkin, Texas Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003", including the receipt of bids therefore and the passage and adoption of an Ordinance authorizing the issuance of such Certifications of Obligation.

Mr. Byrd stated the following bids were received for the $1,700,000 "City of Lufkin, Texas Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003":

UBS Financial Services Inc.	4.492652
First Southwest Company	4.572951
SAMCO Capital Markets	4.583295
A. G. Edwards & Sons Inc.	4.647870

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember Lynn Torres that Ordinance authorizing the issuance and sale of $1,700,000 "City of Lufkin, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2003" be approved on First Reading as presented and that the bid of UBS Financial Services, Inc. at an interest rate of 4.492652 be approved as submitted. A unanimous affirmative vote was recorded.

16. **HIPPA RESOLUTION – APPROVED**

Mayor Bronaugh stated that the next item for consideration was the HIPPA Resolution (Health Insurance Portability and Accountability Act of 1996).

City Manager Maclin stated that included in the Council packet is a Resolution which is something that the City has been doing annually ever since 1996 when Federal law made some changes in public health benefit plans. Mr. Maclin stated that by virtue of the fact that the City of Lufkin is a self-funded plan, the law allows the City the option to opt out of HIPPA participation, and we've done that since 1996 because it has served the employees and the citizens of Lufkin to help keep down our cost. Mr. Maclin stated that staff would suggest that we continue to do that by approving this Resolution again this year.

Motion was made by Councilmember Don Langston and seconded by Councilmember Lynn Torres that the HIPPA Resolution be approved as presented. A unanimous affirmative vote was recorded.

17. **LOCAL LAW ENFORCEMENT BLOCK GRANT – APPROVED – LUFKIN POLICE DEPARTMENT**

Mayor Bronaugh stated that the next item for consideration was a Local Law Enforcement Block Grant for fiscal year 2003 to the Lufkin Police Department.

City Manager Maclin stated that included in the Council packet is the actual proposed budget of $41,924, with a small match of $4,192 coming from the City. Mr. Maclin stated that there is an item that provides some assistance to the community policing, some expenses and some activities they provide including the Police Explorer Post and Public Safety presentations, tobacco prevention and education for minors, and community outreach projects. Mr. Maclin stated that it also includes the firearms training equipment, and he told about an experience he had had with the firearms training equipment.

Motion was made by Councilmember Lynn Torres and seconded by Councilmember Dennis Robertson that the Local Law Enforcement Block Grant for the Lufkin Police Department be approved as presented. A unanimous affirmative vote was recorded.

18. **ANIMAL CONTROL AGREEMENT – APPROVED – ANGELINA COUNTY**

Mayor Bronaugh stated that the next item for consideration was an Agreement with Angelina County for Animal Control Services.

City Manager Maclin stated that as previously noted this new contract with the County only provides for the delivery of animals to the City's shelter and for testing for bite quarantine fees. Mr. Maclin stated that it does not provide for going out in the County and collecting animals as the previous contract did. Mr. Maclin stated that there is a $15 flat fee per animal for dogs and cats brought in by County residents. Mr. Maclin stated that there is a $50 charge for rabies test and a $75 charge for bite case quarantine.

Motion was made by Councilmember Dennis Robertson and seconded by Councilmember R. L. Kuykendall that the Agreement with Angelina County for Animal Control Services be approved as presented. A unanimous affirmative vote was recorded.

19. EXECUTIVE SESSION

Mayor Bronaugh recessed Regular Session at 5:45 p.m. to enter into Executive Session. Regular Session reconvened at 6:34 p.m. and Mayor Bronaugh stated that attorney/client matters ad been discussed.

20. CALENDAR NOTATIONS FROM MAYOR, COUNCILMEMBERS AND CITY MANAGER

City Manager Maclin stated that the First Friday Luncheon is this Friday and Donnie Johnson of Brookshire Bros. will be the guest speaker.

City Manager Maclin stated that an invitation will be forthcoming for the groundbreaking ceremony for South Loop Crossing.

21. There being no further business for consideration, meeting adjourned at 6:35 p.m.

Louis A. Bronaugh – Mayor

ATTEST: Atha Martin

Atha Martin – City Secretary