

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY
OF LUFKIN, TEXAS HELD ON THE 2ND DAY OF JUNE, 2009**

On the 2nd day of June, 2009, 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.
R. L. Kuykendall
Robert Shankle
Lynn Torres
Don Langston
Rufus Duncan
Phil Medford
Paul L. Parker
Keith Wright
Robert Flournoy
Bruce Green
Renee Thompson
Rodney Ivy
Larry Brazil
Scott Marcotte
Duane Freeman
Doug Wood
Steve Poskey
Don Hannabas
Barbara Thompson
Jim Wehmeier
Dale Allred
Chuck Walker
Debbie Fitzgerald
Gorden Henley
Ralph Bean

Mayor
Councilmember, Ward No. 1
Councilmember, Ward No. 2
Councilmember, Ward No. 3
Councilmember, Ward No. 4
Councilmember, Ward No. 5
Councilmember, Ward No. 6
City Manager
Asst. City Manager
City Attorney
Asst. City Attorney
City Secretary
Human Resource Director
Police Chief
Asst. Police Chief
Interim Fire Chief
Finance Director
Street Department, Superintendent
Parks & Recreation Director
Main Street Director
Economic Development Director
Inspection Services Director
Public Utilities Director
Water & Sewer Director
Ellen Trout Zoo Director
Officer Lufkin Police Dept.

being present, when the following business was transacted:

1. The meeting was opened with prayer by Bob Flournoy, City Attorney.
2. Mayor Jack Gorden welcomed visitors present.

3. APPROVAL OF MINUTES

Minutes of the Regular Meeting of May 19, 2009 were approved on a motion by Councilmember R. L. Kuykendall, and seconded by Councilmember Lynn Torres. A unanimous affirmative vote was recorded.

NEW BUSINESS:

4. PRESENTATION OF MERITORIOUS SERVICE MEDALS TO PERSONS WHOSE ACTIONS WERE INSTRUMENTAL IN SAVING THE LIFE OF KE'TAVIAN OLIPHANT

Mayor Jack Gorden stated that the next item on the agenda was the presentation of Meritorious Service medals to persons whose actions were instrumental in saving the life of Ke'tavian Oliphant. Medals were given to the following people:

Citizens: Rachel Reeves
Amber Alger

Ronald Sanders
Fernando Ochoa

Lufkin Police Officer Randy Brooks
Lufkin Fire Department Lieutenant Kevin Chancellor
Lufkin Fire Department Firefighter Jeff Barker
Lufkin Fire Department Captain Dustin Ledford
Lufkin Fire Department Lieutenant Jeff McReynolds

5. DONATION IN THE AMOUNT OF \$3,000 FROM THE JUNIOR LEAGUE TO FUND EXPENSES FOR THE GANG RESISTANCE AND EDUCATION TRAINING (“GREAT”) AT THE MIDDLE SCHOOL AND A RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2008/2009 OPERATING BUDGET (BUDGET AMENDMENT NO. 23). - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE POLICE GRANTS FUND; AND PROVIDING AN EFFECTIVE DATE

Mayor Jack Gorden stated that the next item for consideration was donation in the amount of three thousand dollars (\$3,000) from the Junior League to fund expenses for the Gang Resistance and Education Training (“GREAT”) at the Middle School, and a Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 23), providing for the supplemental appropriation of funds in the Police Grants Fund; and providing an effective date.

City Manager Paul Parker stated that Lufkin had been fortunate, because for several years the Junior League of Lufkin made donations to the GREAT Program (Gang Resistance and Education Training) for the purchase of promotional materials, t-shirts, incentives, books and graduation materials. City Manager Parker added that Officer Ralph Bean was present at the meeting and that Officer Bean ran the GREAT Program for the City of Lufkin. City Manager Parker stated that the City of Lufkin was extremely grateful to the Junior League of Lufkin for their continued support of the GREAT Program, and recommended that the City Council accept the three thousand dollar (\$3,000) donation and approve the Budget Amendment Number Twenty-three (23) to allow Officer Bean the opportunity to utilize the money to promote the GREAT Program during the summer months.

Mayor Gorden asked for questions or comments from the Council. Councilmember Lynn Torres asked to be recused from voting, due to her involvement with the receiving end of the donation, and that the donation dealt with one of the campuses that Councilmember Torres supervised.

Councilmember Rufus Duncan moved to approve a donation in the amount of three thousand dollars (\$3,000) from the Junior League to fund expenses for the Gang Resistance and Education Training (“GREAT”) at the Middle School, and a Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 23), providing for the supplemental appropriation of funds in the police grants fund; and providing an effective date. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

6. MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF LUFKIN AND ANGELINA COUNTY - APPROVED - IN REGARD TO HURRICANE IKE FUNDING RECEIVED FROM THE OFFICE OF RURAL COMMUNITY AFFAIRS (ORCA)

Mayor Jack Gorden stated that the next item for consideration was a Memorandum of Understanding between the City of Lufkin and Angelina County in regard to Hurricane Ike funding received from the Office of Rural Community Affairs (ORCA).

City Manager Paul Parker stated that the Mayor and City Council had actively been seeking funds for shelter needs since Hurricane Rita for the City of Lufkin. City Manager Parker explained that during Hurricane Rita the City was inundated with estimates of fifteen thousand to twenty thousand (15,000-20,000) people and that there was not enough sheltering space. City Manager Parker added that more importantly, the City didn’t have a

large enough area to combine shelters as people began to leave/and as shelters were being combined into one (1) area. City Manager Parker stated that he and the Mayor had made numerous trips trying to champion funds for the cause. City Manager Parker added that the City had been very successful at working with Angelina County. City Manager Parker explained that the City of Lufkin, Angelina County Judge Wes Suiter and the Angelina County Commissioners through DETCOG (Deep East Texas Council of Governments) received through the IKE Funding allocations to the City of Lufkin and Angelina County. City Manager Parker stated that this was with the understanding that a portion of the County's allotment, which was five million dollars (\$5,000,000), was put in the name of the County for a long term sheltering need. City Manager Parker added that the County was very supportive of the efforts of the City. City Manager Parker stated that the amount that was allocated to the City of Lufkin was one million three hundred fourteen thousand two hundred one dollars (\$1,314,201). City Manager Parker added that the amount allocated to Angelina County was six million three hundred fifty-six thousand three hundred eighty-four dollars (\$6,356,384), which included the five million dollars (\$5,000,000) that was set aside.

City Manager Parker stated that the Memorandum of Understanding before the Council was in the name of both the City and County, and was an agreement concerning how payments would be made, how payments would be processed throughout the project, and how the funding would be utilized. City Manager Parker added that Angelina County had graciously been willing to combine their funding with the City of Lufkin's funds, with the exception of some minor generator needs that both the City and County had that needed to be taken care of. City Manager Parker stated that the balance or a majority of the funding would be made available for a long term sheltering project. City Manager Parker added that the Council had previously viewed a concept from Goodwin Lasiter, Inc., which was a conceptual stage of adding on to the existing Civic Center. City Manager Parker explained that the design was not completed, but whenever the facility was not being used as a shelter, the City had the advantage of being able to use the facility for multi-use events to serve the community. City Manager Parker stated that the Staff's recommendation was to enter into the mutual Memorandum of Understanding with the County, with the understanding that together the City and County would look for a solution for long term sheltering needs. City Manager Parker added that the City wanted to extend their support to the County for being such a team player and for working with the City to address needs for the future of both the City of Lufkin and Angelina County. City Manager Parker stated that Staff recommended that the City Council enter into the Memorandum of Understanding between Angelina County, and the City of Lufkin to go forth with the solution to the long term sheltering needs of both.

Mayor Jack Gorden stated that City Attorney Bob Flournoy had reviewed the Memorandum in detail and asked if Mr. Flournoy had any comments. City Attorney Bob Flournoy stated that his only comment was that this was a good idea. Mayor Gorden stated that the essence of the situation was that ORCA (Office of Rural and Community Affairs) gave a five million dollar (\$5,000,000) grant for sheltering in Angelina County. Mayor Gorden added that the funds went to the County and the County graciously agreed to jointly take care of the sheltering needs and then give the shelter to the City to run. Mayor Gorden stated that this was great for the City of Lufkin and would greatly enhance the sheltering ability and also be available for use whenever there were no sheltering needs and would approximately double the size of the Civic Center facility. Mayor Gorden added that there could possibly be even more funding coming for the project. Mayor Gorden asked for questions or comments from the Council.

Councilmember Don Langston moved to approve the Memorandum of Understanding between the City of Lufkin and Angelina County in regard to Hurricane Ike funding received from the Office of Rural Community Affairs (ORCA). Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

7. CONTRACT BETWEEN THE CITY OF LUFKIN AND WOODLAWN WATER SUPPLY CORPORATION – APPROVED - FOR THE PURCHASE OF WATER

Mayor Jack Gorden stated that the next item for consideration was a contract between the City of Lufkin and Woodlawn Water Supply Corporation for the purchase of water. Mayor Gorden commended City Staff for working to put the contract together.

City Manager Paul Parker stated that with the recent acquisition of the Abitibi water, the City of Lufkin was in a very good position to provide water to surrounding neighbors. City Manager Parker added that the Woodlawn Water Supply Corporation (WSC) had recently lost one (1) of its wells and approached the City to enter into an agreement. City Manager Parker stated that Deputy City Manager Keith Wright had been working with Woodlawn WSC, and that they were asking the City of Lufkin to enter into an agreement with them to allow them to purchase water, up to seventy-two million (72,000,000) gallons per year, with a ten (10) year contract with three (3) five (5) year renewals. City Manager Parker stated that the initial cost was allocated in the study that the City Council recently reviewed, and was for one dollar eighty-five cents (\$1.85), per one thousand (1000) gallons. City Manager Parker explained that this was with the understanding that there would be other water rate studies in the future. City Manager Parker stated that the City would guarantee three hundred fifty (350) gallons per minute. City Manager Parker added that obviously, the City of Lufkin would have ample availability for future water sales, due to the recent acquisition. City Manager Parker stated that Staff recommended that the City Council authorize the contract between the City of Lufkin and Woodlawn Water Supply Corporation. City Manager Parker added that there was already a connection, but it had only been utilized on rare occasions whenever Woodlawn WSC needed additional water. City Manager Parker stated that there had been a previous contract, but the City was not providing routine water sales, and the new contract would provide water on a regular basis.

Deputy City Manager Wright stated that one (1) of the wells had a water quality issue, and the well would have to be abandoned. Deputy City Manager Wright added that the City of Lufkin would serve part of Woodlawn's system, and the other part of the system would be served through one (1) of Woodlawn's wells.

Councilmember Phil Medford asked if the water was treated water. City Manager Parker stated that it was treated water. Councilmember Langston asked if there was already a take point. City Manager Parker stated that there was.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Rufus Duncan moved to approve the contract between the City of Lufkin and Woodlawn Water Supply Corporation for the purchase of water. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

8. **RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2008/2009 OPERATING BUDGET (BUDGET AMENDMENT NO. 22), - TABLED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL, ZOO BUILDING, AND GENERAL CAPITAL FUNDS; AND PROVIDING AN EFFECTIVE DATE**

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 22), providing for the supplemental appropriation of funds in the General, Zoo Building, and General Capital Funds; and providing an effective date.

City Manager Paul Parker stated that at the recent budget review process there was quite a bit of discussion concerning fund balances and funding numerous projects that Council had identified, when going through the Capital Improvements Planning Process. City Manager Parker added that the Council approved a Capital Improvements Program that allocated approximately twenty million dollars (\$20,000,000) in potential improvements. City Manager Parker stated that because of the current economic conditions the Council directed the Staff to not consider bond issues for any of the funding for the projects, and that the Capital Improvement Projects would be reviewed annually to see if the priorities were still the same. City Manager Parker added that in the mean time, Staff would review projects with funding from the Fund Balance, which was above the twenty-five percent (25%) required reserve that the Council had imposed on itself. City Manager Parker stated that there was currently three million four hundred forty-one thousand three hundred two dollars (\$3,441,302) in funds above the twenty-five percent (25%). City Manager Parker explained that the Council discussed numerous projects at the recent retreat, and that the following projects were identified by the Council for possible consideration:

Fire Station No. 1 Upgrade – three hundred fifty-four thousand two hundred sixty-nine dollars – (\$354,269)

Kit McConnico Parking Lot – one hundred thirty-four thousand nine hundred forty dollars – (\$134,940)

White Oak Drive Bridge Replacement – one hundred fifty-four thousand four hundred eighty dollars – (\$154,480)

Zoo Circle Drive – four hundred seventy two thousand six hundred sixty dollars – (\$472,660)

Denman Avenue Street Reconstruction – three hundred thirty-eight thousand five hundred sixty dollars – (\$338,560)

Groesbeck Avenue Bridge Replacement – one hundred ninety-three thousand seven hundred dollars – (\$193,700)

Renovation of Locomotive No 110 – ninety thousand dollars – (\$90,000)

City Manager Parker stated that additionally, the Council was considering setting aside approximately five hundred thousand dollars (\$500,000) for the potential development of the Pines Theater. City Manager Parker added that the City had previously set aside five hundred thousand dollars (\$500,000), and had used a portion of the funds for the roof, signage, and restoration of the exterior of the building. City Manager Parker stated that if the fund balance transfer for the Pines Theater were included the total estimated amount for the previously identified projects would be two million two hundred thirty-eight thousand six hundred nine dollars (\$2,238,609). City Manager Parker added that this would still leave a balance of one million two hundred two thousand six hundred ninety-three dollars (\$1,202,693) above the obligated fund balance. City Manager Parker stated that Staff recommended that the remaining balance be retained until the uncertainties of the economic environment could be determined. City Manager Parker added that this balance could be saved in reserve, in case there was a need to use it for normal operations or until there was an upturn of the economy. City Manager Parker stated that so far, the Sales Tax and the economy, from the City's standpoint, had held very good, but the City's conservative nature was still to keep some funds in reserve. City Manager Parker added that if this balance was not used, the Council could use it for additional projects at a later time. City Manager Parker stated that the Council was aware that there would be additional funds in the current budget, because the allocated funds would not all be spent. City Manager Parker added that traditionally the budget estimates were always conservative and on the low end, but the amount would not be known until the end of the fiscal year. City Manager Parker stated there was a possibility that similar projects could be done next year, without having to go to the voters or raising property tax with the funds left over from the current year. City Manager Parker stated that Staff recommended that the Council approve Budget Amendment Number Twenty-two (22), appropriating the funds as previously identified.

Councilmember Don Langston apologized for not being able to attend the Budget Retreat and stated that in essence, the Budget Amendment would eliminate the possibility of a bond issue without a tax increase, and asked if that were a good analysis.

City Manager Parker stated that it wouldn't do that, because the more years that went by and as there was growth in the property tax, the amount of money available to keep the tax rate the same and float additional bonds without raising rates improved. City Manager Parker stated that he understood what Councilmember Langston was referring to, and that the Council previously discussed using the fund balance to write down part of the CIP, if needed. City Manager Parker stated that by delaying one (1) or two (2) years in doing any more capital improvements by doing "pay as you go", and the normal growth of the City, and by keeping the tax rate the same, the City could issue additional bonds without raising taxes.

Mayor Gorden stated that he thought, that in a way, Councilmember Langston was right. Councilmember Langston stated that he thought that he was also, but that it was just a matter

of timing. Mayor Gorden stated that both City Manager Parker and Councilmember Langston were right, and that the City was going to be able to do the projects without any bond issues. Councilmember Langston stated that his only concern was that the City had a Fund Balance for emergencies, and that it wasn't a savings account that was never to be touched. Councilmember Langston added that the Fund Balance was available to the City if the City ran into economic difficulty. Councilmember Langston furthered that the reason the Council had gotten all of the data from the Finance Department was to try to minimize the additional cost of the projects, because they would increase in cost, as time went on. Councilmember Langston stated that the purpose was to try to buy all that could be bought with the money on hand, without a tax increase. Councilmember Langston added that what was being done was fine, with the reality that the City was postponing projects that were going to cost more in the future, and were doing it with today's dollars.

Mayor Gorden asked if it was not true that there had been some small decrease in construction costs. Councilmember Langston stated that this was true, but the costs went with the economy and would eventually increase again. Mayor Gorden stated that he thought Councilmember Langston was correct, and that the Council had postponed projects, and that he certainly didn't want the City to get behind. Councilmember Langston stated that he couldn't remember the amount that was identified in excess fund balance that could be spent. Councilmember Langston added that it seemed as though it was thirty plus million dollars (\$30,000,000+) worth of projects. City Manager Parker stated that the City could still do that. City Manager Parker added that the Council had discussed buying down the first few years of that, until the normal growth allowed room to keep the tax rate the same. City Manager Parker stated that the difference would be to do some of the larger projects before inflation, instead of "pay as you go". Councilmember Langston stated that this was not a bad approach, but that he just wanted to remind everyone that the two million dollars (\$2,000,000) would probably buy twenty million dollars (\$20,000,000) worth of bond projects over a ten (10) year period. Councilmember Langston stated that he could be off a little.

Mayor Gorden asked if there was going to be another budget meeting pretty soon. City Manager Parker stated that there would be a budget meeting on June 23, 2009. Mayor Gorden asked if it were worth delaying the item until then. Councilmember Langston stated that he wanted the Council to understand that they were changing what was discussed in the CIP meeting, and were changing directions, and that he wanted to know the impact. Mayor Gorden stated that he thought the Council had all agreed that because of the question on the economy, the projects would be delayed a little. Councilmember Langston stated that this was correct, and it was agreed that the Council would take on emergency things that the Council felt could not be postponed, such as a bridge replacement, if it were about to cave in, and things of that nature. Councilmember Langston added that considerably more than that was being done with this Budget Amendment. Mayor Gorden stated that he thought that the Fire Station was about to fall down.

Councilmember Rufus Duncan stated that the Council ranked all of the projects in order of priority during the past year, and the concept was that the money would be spent to fix them whenever the money was allocated. Councilmember Duncan added that the concept was discussed and there was a lot of consent on doing a bond issue through funding and also through the General Fund. Councilmember Duncan stated that his viewpoint was not to spend twenty million dollars (\$20,000,000), and that he was not in favor of the proposal. Councilmember Duncan added that the records indicated that there was approximately three million dollars (\$3,000,000) in excess of the obligated fund balance, and that the City was considering spending sixty-five percent (65%) of the excess by this proposal in one (1) year. Councilmember Duncan stated that it scared him that the City had an excess reserve, but also had rules that stated that if the City dipped below that line, it had to be brought back up. Councilmember Duncan added that exceptions could be passed, but if the City got into the reserves, expenses would have to be cut or taxes would have to be raised, and that he was specifically against raising taxes. Councilmember Duncan stated that by getting down to the 1.2 in reserve, and by going back to the ten (10) year study put together by the Finance Department, the excess reserves dropped more than 1.2 in one (1) year. Councilmember Duncan added that during the past week, the Council and Staff had heard that Tyler had a ten percent (10%) decrease in Sales Tax, and that Lufkin was heavily dependent on Sales Tax. Councilmember Duncan stated that he wouldn't say that it would happen in Lufkin, but that

his job was to assume something negative could happen, and that it concerned him. Councilmember Duncan added that another concern he had was that the City was significantly underfunded on both of the City's Pension Plans. Councilmember Duncan stated that actions would be taken by the Council that should help fund the plans, but didn't know where the future was going with the pension plans and how it would impact the budget. Councilmember Duncan stated that he worried that the City was making a large expenditure without knowing the future, and without being able to handle it without a tax increase, and that he was very against a tax increase. Councilmember Duncan added that citizens were already receiving increases in the appraisal values, and that there would be a very explosive situation if the Council went to the taxpayers in another year or two (2) and stated that taxes would have to be raised, because the City did not have the reserves. Councilmember Duncan stated that as far as the specific items on the list were concerned, they were all ranked pretty high, with the exception of the Pines Theater. Councilmember Duncan added that he felt like the road around the Zoo was a luxury that could be put off for awhile, and that as he stated at the Budget Meeting, he was not in favor of allocating more funds to the Pines Theater at this time. Councilmember Duncan explained that he was in favor of the Pines Theater restoration, but was not in favor of allocating funds until there was a developed community group that had determined what needed to be done with the Pines Theater, and had pursued the charities, foundations, and individuals in Lufkin for money so that the City was not bearing the entire load. Councilmember Duncan stated that he wasn't for the large expenditure to begin with.

Councilmember Langston stated that the Fund Balance excess had dipped in the past ten (10) years because it had been used in this manner, and that his concern was that if it wasn't going to be spent, it should be given back. Councilmember Langston stated that if the Fund Balance wasn't going to be given back, then the Council should spend it, but should get the most bang for the buck. Councilmember Langston stated that if the City could go and borrow ten million dollars (\$10,000,000) and pay it off over time with excess funds and without jeopardizing the City's position, then the Council should be considering that.

Councilmember Duncan stated that back in 2002 and 2003 the fund balance dropped one million three hundred thousand dollars (\$1,300,000) in one (1) year. Councilmember Langston stated that the City passed a budget that made that assumption, but that Councilmember Duncan's point was still valid. Councilmember Langston added that his only concern was that the entire Council understood what could be bought with what was available. Councilmember Langston added that he would still like to see fresh numbers from Finance Director Doug Wood so that the Council understood that more could be bought than what was being bought with this Budget Amendment, or so he thought. Councilmember Langston stated that this was even if this had to be put off a little longer, and that he was not against putting anything but emergency repairs off a little longer.

Councilmember Phil Medford stated that he thought that would be the prudent thing to do at the present time, since there was another budget hearing soon. Councilmember Medford stated that the Council could table the Budget Amendment, and the Council would have the opportunity to talk at more length about both ideas of whether the City should take a more global view of a possible bond issue and what could be bought with the money, and then revisit the specific projects. Councilmember Medford added that he agreed that unless there was something that was a safety hazard and needed to be done immediately, the Council would revisit both ideas. Mayor Gorden asked if he understood correctly that there was a possible renewed interest in doing a bond issue. Councilmember Medford stated that there was an interest in looking at the amount of money that would be spent, the balance that would be left in the excess over the reserves, and other projects that were on the list. Councilmember Langston stated that he just wanted to see what could be bought with the two million dollars (\$2,000,000). Mayor Gorden stated that several months had passed since the original meeting, and that maybe it would be good to revisit it and take a look at the long term needs. Mayor Gorden added that he agreed with most of the things that Councilmember Duncan said, but took issue with the tax increase subject. Mayor Gorden stated that the history of the Lufkin City Council was to work very hard to not have tax increases, regardless of what happened.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Phil Medford moved to table the Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 22), providing for the supplemental appropriation of funds in the General, Zoo Building, and General Capital Funds; and providing an effective date. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

9. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2008/2009 OPERATING BUDGET (BUDGET AMENDMENT NO. 24), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE 1999 CAPITAL IMPROVEMENT, AND 2009 WASTE WASTEWATER CERTIFICATE OF OBLIGATION FUNDS; AND PROVIDING AN EFFECTIVE DATE

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 24), providing for the supplemental appropriation of funds in the 1999 Capital Improvement, and 2009 Waste Wastewater Certificate of Obligation Funds; and providing an effective date.

City Manager Paul Parker stated that this was a follow up of the conversation that took place at the work session. City Manager Parker added that a bond issue was recently approved for water and sewer improvements. City Manager Parker explained that the City had mandates from TCEQ (Texas Commission on Environmental Quality) to do some improvements in the City's sewer system. City Manager Parker added that projects identified before the Council in their packets would utilize the four million eight hundred twenty-four thousand one hundred fifty dollars (\$4,824,150) of the recently approved bond issue. City Manager Parker explained that the projects were as follows:

Proposed SSSC (Sanitary Sewer Collection System) for US Highway 69 Annexed Area – one hundred fifty-six thousand five hundred forty dollars – (\$156,540)

US 59 South Lift Station Abandonment and Line Extension (Crown Colony and all areas south) – one million two hundred thirty-two thousand four hundred seventy dollars – (\$1,232,470)

Kit McConnico I/I- Project K- Replacement of Trunk Main to Kit McConnico Lift Station – one million twenty-eight thousand seven hundred thirty dollars - \$1,028,730)

Central I/I – Project H- Waggoner – eight hundred six thousand two hundred dollars – (\$806,200)

Central I/I – Project I – Raguet – one million four hundred twenty-five thousand eight hundred sixty dollars – (\$1,425,860)

Kit McConnico I/I – Project J – Old Oleta – one hundred seventy-four thousand four hundred forty dollars – (174,440)

City Manager Parker stated that all of this was part of the bond issue that was recently approved when the City purchased the Abitibi water, and also passed the five million dollar (\$5,000,000) for sewer line improvements. City Manager Parker added that also included in the Budget Amendment was funds that were currently available for the City to be able to utilize from Fund 305, which was the balance available from the 1999 Capital Improvements Projects, after completing all of the projects. City Manager Parker explained that there was two hundred forty-two thousand nine hundred fifty-nine dollars (\$242,959) left over from the 1999 CIP, and that the City had an estimate on the maintenance facility at Ellen Trout Zoo, which was destroyed by falling trees during Hurricane Ike, City Manager Parker added that the Council had discussed setting the balance of the bond fund money up for the building of a new maintenance facility, and removing the old Animal Control building, and then building the maintenance facility at that location. City Manager Parker stated that Staff recommended that Council approve Budget Amendment Number Twenty-four (24), appropriating funds for the projects that were identified.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Rufus Duncan moved to approve Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 24), providing for the supplemental appropriation of funds in the 1999 Capital Improvement, and 2009 Waste Wastewater Certificate of Obligation Funds; and providing an effective date. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

10. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2008/2009 OPERATING BUDGET (BUDGET AMENDMENT NO. 25), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE WATER/WASTEWATER DEPRECIATION FUND; AND PROVIDING AN EFFECTIVE DATE

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 25), providing for the supplemental appropriation of funds in the Water/Wastewater Depreciation Fund; and providing an effective date.

City Manager Paul Parker stated that this was also a follow up to the previous work session. City Manager Parker stated that this dealt with the Depreciation Fund, which was Fund 380. City Manager Parker added that with the purchase of the Abitibi water assets the City purchased two (2) two million (2,000,000) gallon water tanks that were in need of major renovation and painting in the amount of five hundred seventeen thousand five hundred dollars (\$517,500). City Manager Parker added that the City had one (1) existing water tank at the Water Treatment Plant that was the only one (1) that had not been recently renovated and painted. City Manager Parker stated that this could be done for one hundred sixty-five thousand dollars (\$165,000). City Manager Parker added that the City needed to purchase a twelve (12) ton winch in the amount of seventy-eight thousand five hundred fifty dollars (\$78,550). City Manager Parker stated that some of the projects that had been approved in the last item were probably higher than what was approved, in reality, because Staff anticipated doing a lot of pipe bursting “in house” with the existing crew, and that the winch was part of the equipment needed to assist with the pipe bursting. City Manager Parker added that Staff believed that funds could be saved with this purchase, once the identified projects were completed. City Manager Parker stated that Staff recommended that Council approve Budget Amendment Number Twenty-five (25).

Councilmember Langston stated that he thought that this was a good idea that came from Deputy City Manager Keith Wright, and that by doing the work “in house” it should save the City some money.

Mayor Gorden asked if the funds were coming from the Water/Wastewater Depreciation Fund and City Manager Parker stated that was correct. Mayor Gorden asked if it would disturb the Fund and City Manager Parker stated that it would not.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Don Langston moved to approve the Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 25), providing for the supplemental appropriation of funds in the Water/Wastewater Depreciation Fund; and providing an effective date. Councilmember Phil Medford seconded the motion. A unanimous affirmative vote was recorded.

11. GRANT FROM DETCOG IN THE AMOUNT OF \$46,230 FOR PARKS BEAUTIFICATION AND A RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2008/2009 OPERATING BUDGET (BUDGET AMENDMENT NO. 26), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL FUND; AND PROVIDING AN EFFECTIVE DATE

Mayor Jack Gorden stated that the next item for consideration was a grant from DETCOG in the amount of \$46,230 for Parks beautification and a Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 26), providing for the supplemental appropriation of funds in the General Fund; and providing an effective date.

City Manager Paul Parker stated the City was recently notified that it was eligible for a grant in the amount of forty-six thousand two hundred thirty dollars (\$46,230) for “At Risk” youth and seniors. City Manager Parker stated that it was the desire of the City to put a lot of young people to work through the program in the Parks Department, doing a variety of duties. City Manager Parker stated the duties would range from cutting willows from ponds, to graffiti removal, to staining decks, repair of structures, mulching, installation of irrigation and basically anything that could be done in a more labor intense atmosphere. City Manager Parker stated that Staff recommended that Council authorize the Staff to apply for and receive the forty-six thousand two hundred thirty dollar (\$46,230) and provide the labor, tools, supplies and plant materials to assist the group in doing improvements throughout the Parks System

Mayor Gorden commended Parks Director Don Hannabas for putting the grant application in, and added that if it worked he thought that the amount could easily be doubled next year. Mayor Gorden then asked for questions or comments from the Council.

Councilmember R. L. Kuykendall moved to approve the grant from DETCOG in the amount of \$46,230 for Parks beautification and a Resolution authorizing an Amendment to the 2008/2009 Operating Budget (Budget Amendment No. 26), providing for the supplemental appropriation of funds in the General Fund; and providing an effective date. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

12. THREE (3) YEAR CONTRACT WITH DEEP EAST TEXAS SELF INSURANCE FUND (DETSIF) – APPROVED - FOR WORKER’S COMPENSATION COVERAGE FOR THE CITY OF LUFKIN

Mayor Jack Gorden stated that the next item for consideration was a three (3) Year Contract with Deep East Texas Self Insurance Fund (DETSIF) for Worker’s Compensation Coverage for the City of Lufkin.

City Manager Paul Parker stated that Human Resource Director Rodney Ivy prepared bid proposals for the Workers Compensation Insurance coverage. City Manager Parker added that the current coverage would expire on June 30, 2009. City Manager Parker explained that the City of Lufkin had received coverage, and had a very good working relationship with Deep East Texas Self Insurance Fund (DETSIF) for numerous years. City Manager Parker stated that the City was looking at a possible increase in the insurance premiums, and that the City’s logistic contract required that the City go to bid. City Manager Parker stated that there was a lot of interest from the Texas Municipal League, and that one (1) other entity was also interested in the proposal. City Manager Parker added that DETSIF ended up decreasing their proposal. City Manager Parker explained that DETSIF lowered their rate from two hundred ninety-five thousand dollars (\$295,000) per year, to two hundred forty thousand dollars (\$240,000) per year, and guaranteed the rate for a three (3) year period. City Manager Parker stated that the City also requested the contract to run on a fiscal year instead of an annual year which was how the contract currently ran. City Manager Parker added that DETSIF would also provide coverage from July to September 2009, at no additional charge to the City. City Manager Parker stated that the net savings would amount to approximately two hundred thousand dollars (\$200,000) by Mr. Ivy and his staff putting the specifications together and going through the process. City Manager Parker stated that Staff recommended that the Council award a new three (3) year contract to DETSIF in the amount of two hundred forty thousand dollars (\$240,000) per year, with the understanding that that the bid reflected that July to September 2009 coverage would be provided at no cost.

Mayor Gorden asked for questions or comments from the Council. Councilmember Langston commented that this showed what putting things out to bid could do for the City.

Councilmember Lynn Torres moved to approve the three (3) year contract with Deep East Texas Self Insurance Fund (DETSIF), for Worker’s Compensation Coverage for the City of Lufkin. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

13. Mayor Jack Gorden recessed the Regular Session at 5:48 p.m. to enter into Executive Session.

EXECUTIVE SESSION: In accordance with the Texas Government Code Section 551.071 (2) Consultation with City Attorney on any Regular Session Agenda item requiring confidential, attorney/client advice necessitated by the deliberation or discussion of said items (as needed), and real estate, demolition of buildings, or appointments to boards and personnel may be discussed.

Mayor Jack Gorden reconvened the Regular Session at 6:50 p.m.

14. APPOINTMENTS - APPROVED - TO THE LUFKIN CONVENTION AND TOURISM BOARD

Mayor Jack Gorden stated that the next item for consideration was the appointments to the Lufkin Convention and Tourism Board

Councilmember Lynn Torres moved to approve the following appointments to the Lufkin Convention and Tourism Board:

Serving one (1) year terms were: Kevin Jones
George Laughlin
Gerard Tollet
Greg Shrader

Serving two (2) year terms were: Victor Patel
Daniel Huerta
Rose Faine Boyd
David Miles

Serving as the representative of the City Council was Robert Shankle. Councilmember Rufus Duncan seconded the motion. A unanimous affirmative vote was recorded.

15. CALENDAR NOTATIONS FROM MAYOR, COUNCIL MEMBERS, AND CITY MANAGER

Mayor Gorden stated that the next item for consideration was the calendar notations from the Mayor, Council Members, and City Manager. Mayor Gorden reminded the Council that Friday, June 5, 2009, was the First Friday Luncheon, and that the guest speaker was Doyle Simons, the Chairman and CEO of Temple Inland. Mayor Gorden requested the Council to let City Secretary Renee Thompson know if they planned to attend. City Manager Parker reminded the Council about the dinner that would be held in honor of outgoing Councilmember Rose Faine Boyd, and that it would be held on Tuesday, June 9, 2009, at 6:30 p.m. at Ralph and Kacoos Restaurant. Councilmember Duncan requested that the City Secretary send out a meeting invite as a reminder to the Council. City Manager Parker stated that the Neches River Rendezvous would take place on Saturday, June 6, 2009. City Manager Parker added that there would be a Grand Opening Dedication Ceremony for the House of Hope on Friday, June 12, 2009 at 12:00 noon at the Hope Center. The Council wished the Mayor a "Happy Birthday". Councilmember Duncan stated that Staff did a good job in getting the laptops for the Council. Mayor Gorden stated that the laptops would save the City a lot of money.

16. There being no further business for consideration, the meeting adjourned at 6:54 p.m.


Renee Thompson – City Secretary


Jack Gorden, Mayor