

**MINUTES OF THE SPECIAL CALLED MEETING OF THE CITY COUNCIL OF THE
CITY OF LUFKIN, TEXAS HELD ON THE 24th DAY OF FEBRUARY, 2005**

On the 24th day of February 2005, the City Council of the City of Lufkin, Texas convened in a Special Called Meeting in the Council Chambers of City Hall with the following members, thereof to wit:

Louis Bronaugh	Mayor
Rose Faine Boyd	Mayor pro tem
R. L. Kuykendall	Councilmember, Ward No. 1
Lynn Torres	Councilmember, Ward No. 3
Don Langston	Councilmember, Ward No. 4
Jack Gorden, Jr.	Councilmember, Ward No. 5
Paul L. Parker	City Manager
Renee Thompson	City Secretary
Robert Flournoy	City Attorney
Jim Wehmeier	Director of Economic Development
Doug Wood	Director of Accounting
Debbie Johnston	Public Affairs Director, Abitibi Consolidated

being present, and

Dennis Robertson	Councilmember, Ward No. 6
------------------	---------------------------

being absent, when the following business was transacted:

1. The meeting was opened with prayer by Reverend Bob Klund, Believer's Bible Church.
2. Mayor Louis Bronaugh welcomed visitors present.
3. Mayor Louis Bronaugh then recognized Debbie Johnston, Public Affairs Director for Abitibi Consolidated, who had asked to address the City Council.

Debbie Johnston, Public Affairs Director for Abitibi Consolidated, then thanked the City Council for the opportunity to speak and explain why it is so important to Lufkin and the surrounding area to see the Abitibi Mill reopen. Ms. Johnston added that many people in this area and the Company itself are anxious to see the Mill restarted. Ms. Johnston explained how essential it is that the Company make good business decisions and that their investments are good business investments, not only for the Company but for the City as well.

Ms. Johnston stated that Abitibi is hoping to implement a plan that would include making a new grade of paper that is lightweight coated and putting at least 400 employees back to work in high paying positions. Ms. Johnston explained that Abitibi invested approximately \$350,000,000 in the Lufkin facility several years ago and the company just needs to find the right grade of paper and configuration to be able to bring it back to a profitable state. Ms. Johnston added that Abitibi is committed to doing just that.

Ms. Johnston stated that Abitibi has been to the County and the Angelina County Economic Development Partnership Board to ask for support and is asking for the same support from the City of Lufkin. Ms. Johnston added that she was asked earlier about the economic effect on the logging industry in East Texas should the Mill restart. Ms. Johnston stated that when she visited with Ron Hufford, Texas Forestry Association, she asked him to put together some figures that would show the impact the reopening of the Mill would have on the area. Mr. Hufford worked with Ms. Johnston with the assumption that there would be one hundred (100) truckloads of wood coming into the Mill each day. Ms. Johnston explained that based on one hundred (100) truckloads of wood and not even considering the capital that loggers must invest in their equipment, the economic impact to the Region would be over \$100,000 per day. Ms. Johnston added that she would be willing to answer any questions that the City Council had. There were none.

4. Mayor Louis Bronaugh recessed the Special Called Session at 5:04 p.m. to enter into Executive Session.

EXECUTIVE SESSION: In accordance with the Texas Government Code Section 551.087 (discussions regarding economic development) and Section 551.071 (2) Consultation with City Attorney on any Special Called Session Agenda item requiring confidential, attorney/client advices necessitated by the deliberation or discussion of said items (as needed), may be discussed.

Mayor Louis Bronaugh reconvened the Special Called Session at 5:44 p.m. and stated that during Executive Session, Council discussed the economic development negotiations and asked the City of Lufkin City Attorney to explain.

Bob Flournoy, City Attorney for the City of Lufkin stated that the City of Lufkin is in the process of negotiating with Abitibi to reopen the Lufkin Mill. City Attorney Flournoy explained that during the negotiation process the City of Lufkin is competing with other areas that would like to have Abitibi in

their community, state or nation. City Attorney Flournoy added that it is important that the negotiations be kept confidential and that the Legislature and the Texas Government Code has provided that the negotiations and discussions could be done in closed sessions.

City Attorney Flournoy explained that the City of Lufkin City Council has agreed to submit an incentive package to the necessary parties and that the terms would not be made public until a decision is reached by Abitibi Consolidated as it relates to the Lufkin Mill.

5. APPROVAL OF ECONOMIC INCENTIVES – APPROVED -FOR ABITIBI CONSOLIDATED JOB CREATIONS

Mayor Louis Bronaugh stated that the next item for consideration was the approval of economic incentives for Abitibi Consolidated job creations as recommended by the 4-B Board of Directors. City Manager Paul Parker stated that the recommendation for the City Council would be the incentives that were outlined by the 4-B Board and were discussed during the Executive Session.

Councilmember Don Langston moved to approve the economic incentives for Abitibi Consolidated job creations as recommended by the 4-B Board of Directors. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

6. AUTHORIZED THE EXPENDITURE OF \$24,000 AND AUTHORIZED THE DIRECTOR OF ECONOMIC DEVELOPMENT TO ENTER INTO AGREEMENT – APPROVED - WITH HANCE SCARBOROUGH WRIGHT WOODWARD AND WEISBART, L.L.P. TO PROVIDE ECONOMIC AND LEGISLATIVE ASSISTANCE

Mayor Louis Bronaugh stated that the next item for consideration was to authorize the expenditure of \$24,000 and to authorize the Director of Economic Development to enter into agreement with Hance Scarborough Wright Woodward and Weisbart, L.L.P. to provide economic and legislative assistance. City Manager Paul Parker stated that the Lufkin/Angelina County Economic Development Partnership has been working with this firm to help promote both economic and legislative agendas within Lufkin and Angelina County. City Manager Parker added that this firm is working with several entities to include the City of Lufkin, County, Chamber of Commerce, Angelina College, and State School to promote economic and legislative growth for the City of Lufkin and its surrounding area. City Manager Parker explained that the Lufkin/Angelina County Economic Development Partnership has already been using Hance Scarborough Wright Woodward and Weisbart, L.L.P. to work with the Legislature to ensure support of keeping the Lufkin State School open and to help with this Abitibi Project. City Manager Parker added that the total cost for services from Hance Scarborough Wright Woodward and Weisbart, L.L.P. is approximately \$54,000 and the Lufkin/Angelina County Economic Development Partnership has pledged \$30,000 and the request is for the City of Lufkin, through the 4-B Board to provide the remaining \$24,000 for the service.

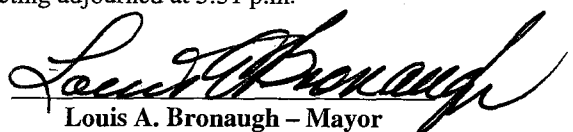
Councilmember Jack Gorden moved to authorize the expenditure of \$24,000 and authorize the Director of Economic Development to enter into agreement with Hance Scarborough Wright Woodward and Weisbart, L.L.P. to provide economic and legislative assistance. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

7. GUARANTEED AN AMENDMENT TO THE INDUSTRIAL DISTRICT AGREEMENT BETWEEN THE CITY OF LUFKIN, TEXAS AND DONAHUE INDUSTRIES INC. (ABITIBI CONSOLIDATED CORPORATION) – APPROVED - TO EXTEND THE CURRENT AGREEMENT FROM ITS EXPIRATION DATE ON SEPTEMBER 30, 2013 TO SEPTEMBER 30, 2020, SUBJECT TO ABITIBI REACTIVATING “THE MILL” WITH AN EMPLOYMENT BASE OF 250 EMPLOYEES

Mayor Louis Bronaugh stated that the next item for consideration was to guarantee an Amendment to the Industrial District Agreement between the City of Lufkin, Texas and Donahue Industries Inc. (Abitibi Consolidated Corporation) to extend the current Agreement from its expiration date on September 30, 2013 to September 30, 2020, subject to Abitibi reactivating “the Mill” with an employment base of 250 employees.

Councilmember Lynn Torres moved to guarantee an Amendment to the Industrial District Agreement between the City of Lufkin, Texas and Donahue Industries Inc. (Abitibi Consolidated Corporation) to extend the current Agreement from its expiration date on September 30, 2013 to September 30, 2020, subject to Abitibi reactivating “the Mill” with an employment base of 250 employees. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

8. There being no further business for consideration, the meeting adjourned at 5:51 p.m.


Louis A. Bronaugh – Mayor

ATTEST:


Renee Thompson – City Secretary