

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY
OF LUFKIN, TEXAS HELD ON THE 20TH DAY OF JANUARY, 2009**

On the 20th day of January, 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.	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
Rufus Duncan	Councilmember, Ward No. 5
Phil Medford	Councilmember, Ward No. 6
Paul L. Parker	City Manager
Keith Wright	Assistant City Manager
Renee Thompson	City Secretary
Bob Flournoy	City Attorney
Rodney Ivy	Human Resource Director
Larry Brazil	Police Chief
Scott Marcotte	Asst. Police Chief
Chuck Walker	Public Utilities Director
Barbara Thompson	Main Street Director
Dorothy Wilson	Planning Director
Steve Poskey	Street Department Superintendent
Jim Wehmeier	Economic Development Director
Belinda Southern	Finance Manager
Mike Byrd	First Southwest
David Collier	ONCOR
David Goett	Consulting
Jeff Swearingen	Scoutmaster, Troop 136
Kevin Smithhart	Scout Troop 136
Bill Cameron	City Webmaster

being present, when the following business was transacted:

1. The meeting was opened with prayer by Pastor Gene Hazel, Fairview Baptist Church.
2. Mayor Jack Gorden welcomed visitors present. Mayor Gorden then noted that present in the audience that night was a special group of visitors. Mayor Gorden welcomed Scout Leader Jeff Swearingen and Scout Troop 136 that were present at the Council Meeting. Mayor Gorden added that also present with the Scout Troop was Mr. Kevin Smithhart.

Mayor Gorden also welcomed Rodney Ivy, the new Human Resource Director for the City of Lufkin.

3. APPROVAL OF MINUTES

Minutes of the Regular Meeting of January 6, 2009, were approved on a motion by Councilmember Lynn Torres, and seconded by Councilmember Rose Faine Boyd. A unanimous affirmative vote was recorded.

OLD BUSINESS:

4. PUBLIC HEARING AND SECOND READING OF AN ORDINANCE CLOSING AND VACATING A PORTION OF UNDEVELOPED RIGHT-OF-WAY – APPROVED - ON HOUSTON STREET AND CONVEYANCE OF THE PROPERTY TO MR. TOM BILLINGSLEY FOR THE SUM OF SEVEN HUNDRED FIFTY DOLLARS (\$750)

Mayor Jack Gorden stated that the next item for consideration was a Public Hearing and Second Reading of an Ordinance closing and vacating a portion of undeveloped right-of-way on Houston Street, and conveyance of the property to Mr. Tom Billingsley for the sum of seven hundred fifty dollars (\$750).

City Manager Paul Parker stated that the City was closing and vacating the right-of-way on Houston Street that had never been utilized by the City of Lufkin, and added that the sewer line was being abandoned and the service line connected. City Manager Parker added that Staff recommended that the Council approve the closing of the right-of-way and to convey the property to Mr. Tom Billingsley in the amount of seven hundred fifty dollars (\$750).

Mayor Gorden opened the Public Hearing 5:05 p.m. and asked anyone who wished to speak on the item to please step forward. There appearing to be no one who wished to speak, Mayor Gorden closed the Public Hearing at 5:06 p.m.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Rose Faine Boyd moved to approve the Second Reading of the Ordinance closing and vacating a portion of undeveloped right-of-way on Houston Street and conveyance of the property to Mr. Tom Billingsley for the sum of seven hundred fifty dollars (\$750). Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

NEW BUSINESS:

5. PRESENTATION OF A CHECK FROM ONCOR IN THE AMOUNT OF \$21,330 TO THE CITY OF LUFKIN IN REGARD TO THE CITY SMART PROGRAM

Mayor Jack Gorden stated that the next item for consideration was a presentation of a check from Oncor, in the amount of twenty-one thousand three hundred thirty dollars (\$21,330), to the City of Lufkin in regard to the City Smart Program.

City Manager Paul Parker stated that before he turned the presentation over to Mr. David Collier, he wanted to say something about Mr. Collier. City Manager Parker stated that the City of Lufkin had been working with Mr. Collier and the Oncor Staff on several projects and that it was rewarding to have such a great relationship with him and Oncor. City Manager Parker added that he wanted to let Mr. Collier know how much the City of Lufkin appreciated him and the work he did. City Manager Parker then turned the meeting over to Mr. David Collier.

Mr. David Collier, Area Manager with Oncor thanked City Manager Parker for his recognition and nice words. Mr. Collier then stated that present at the Council Meeting with him was Mr. David Goett, who was managing the Oncor City Smart Program. Mr. Collier added that Mr. Goett would take a few minutes to explain the City Smart Program and why the City of Lufkin was receiving a check. Mr. Collier stated that it was important for the Mayor and Council to know what the City of Lufkin had done in the way of energy efficiency, to be eligible to receive a rebate check.

Mr. David Goett stated that he was with Clearesult Consulting and that they were the firm that implemented the Oncor City Smart Program. Mr. Goett added that they were at the Council Meeting on behalf of that program and that the program was offered by Oncor at no cost to select Texas municipalities. Mr. Goett stated that the purpose of the program was to encourage energy reduction by providing an energy efficiency consulting firm, and to attach incentives on behalf of Oncor Utility. Mr. Goett explained that the City Smart Program was one (1) of many programs that Oncor offered in a portfolio of energy efficiency programs that were set up to achieve state mandated savings. Mr. Goett added that to Oncor's credit, the City Smart Program was aimed specifically at municipalities that hadn't been able to take advantage of some of the other programs. Mr. Goett stated that the check that was being presented to the City of Lufkin would encompass several energy efficiency measures that were undertaken in 2008. Mr. Goett explained that Lufkin completed a multi-facility lighting upgrade, with the aid of TAC, and also incorporated several energy efficiency measures, with respect to lighting, heating, ventilating and air conditioning, into the construction of several new facilities. Mr. Goett stated that Oncor congratulated the City of Lufkin, especially Chuck Walker and Scott Rayburn with the Engineering Department, for their help as well as the Staff of TAC, for assisting in the retrieval of information on the projects. Mr. Goett stated that the amount of energy saved through the projects totaled approximately one hundred (100) kilowatt hours. Mr. Goett stated that they would like to return to the City of Lufkin in the future with a similar check, but until then wanted the City to enjoy the current one (1) for now. Mr. Goett then presented the City of Lufkin a check for twenty-one thousand three hundred thirty dollars (\$21,330).

Mr. David Collier and Mr. David Goett presented the check to Mayor Jack Gorden and City Manager Paul Parker, and congratulated the City of Lufkin for the energy efficiency measures that was undertaken to be able to reduce one hundred kilowatt hours of load on the system. Mr. Collier added that Oncor thanked the City, and hoped the City would continue with other energy programs in the future.

Mayor Gorden then thanked the City Council for initiating the work to get this accomplished, along with Chuck Walker and Scott Rayburn for helping retrieve the information.

6. PUBLIC HEARING AND FIRST READING OF AN ORDINANCE AMENDING ORDINANCE NO. 3368 OF THE CODE OF ORDINANCES OF THE CITY OF LUFKIN, - APPROVED - BY AMENDING ARTICLE XI TO ADD “ARTICLE XI-A, O- OFFICE DISTRICT” AND ASSOCIATED USES THERE TO; CREATING NEW SIGN DEFINITIONS WITHIN “ARTICLE XXVII, DEFINITIONS”; AND PROVIDING AN EFFECTIVE DATE

Mayor Jack Gorden stated that the next item for consideration was a Public Hearing and First Reading of an Ordinance amending Ordinance No. 3368 of the Code of Ordinances of the City of Lufkin by amending Article XI to add “Article XI-A, O- Office District” and associated uses there to; creating new sign definitions within “Article XXVII, Definitions”; and providing an effective date.

City Manager Paul Parker stated that this was an initiative that the Council requested the City Staff to review. City Manager Parker explained that this was to create a new zoning classification, which was called the “Office District” Zoning Classification. City Manager Parker added that many times a person would come to the City and want an office type of development that was near a residential area, or to convert a house into a less small, used office, and would meet resistance from the neighborhood. City Manager Parker explained that the resistance was not because of the usage, but was because of the potential of apartments being placed in the area. City Manager Parker stated that the Ordinance was brought about at the request of the City Council for review. City Manager Parker added that after the City Council had a couple of opportunities to review drafts of the Ordinance, the Planning and Zoning Commission reviewed the entire Ordinance and recommended that the Council approve it. City Manager Parker stated that he would highlight a couple of areas and then ask the Council if there were any questions.

City Manager Parker stated that the allowed uses in the “Office District” Zone were clinics, financial institutions without car service, offices, and public parks or playgrounds. City Manager Parker added that a business could include one (1) of two (2) secondary uses when there was a primary use, though the secondary use was limited to one half (½) of the business. City Manager Parker stated that there were not any Special Use Permit designations in this new zone since the use was intended to be light impact and integrating into the existing area.

City Manager Parker added that this was a pretty restricted zone and there was no property being place in it, so anybody applying for it would be on their own and the City was not forcing anyone to go to a more restricted zone. City Manager Parker explained that it would just give the opportunity for a new transition zone.

City Manager Parker stated that the lots sizes were six thousand (6000) square feet, with widths of sixty (60) feet, depths of one hundred (100) feet, and coverage of the site at a maximum of fifty percent (50%) of the site. City Manager Parker added that setbacks were ten (10) feet from rights-of-way lines, fifteen (15) feet on the rear, ten (10) feet on the side, and ten (10) feet away from any property line for underground structures. City Manager

Parker stated that the City was anticipating not only new construction, but also conversion of some existing residential structures for office use.

City Manager Parker stated that landscaping and buffering was required adjacent to a residential use, at a width of ten (10) feet along the common property line and containing one (1) tree every twenty (20) feet. City Manager Parker added that this resulted in five (5) trees required in the landscape buffer area, and there were additional requirements for each five thousand (5000) square feet of lot area. City Manager Parker stated that there were requirements for off street parking; signage was limited to monuments and wall signs with a limit of ten (10) feet in height, and one hundred (100) square foot total area. City Manager Parker stated that impact on mitigation was to be considered in this, especially as it related to head lights, exhaust and associated vehicle noise. City Manager Parker added that because this was near residential areas, in some cases, fencing or screening may be required. City Manager Parker stated that there was a variety of other information in the Office District Zoning and that he would be happy to answer any questions, with the assistance of Planning Director Dorothy Wilson. City Manager Parker stated that Staff and the Planning and Zoning Commission recommended that the City Council establish an "Office District" zoning designation.

Mayor Gorden asked for questions or comments from the Council. Mayor Gorden stated that if the City was going to specify something related to trees, shouldn't it be clarified a little more in the Ordinance. Mayor Gorden asked if the trees in the Ordinance were a one (1) inch tree that might live for a year, or were they a larger tree.

Planning Director Dorothy Wilson stated that the size of trees were specified in the Ordinance and were a minimum of three (3) inch caliper trees. Ms. Wilson added that this was the standard that was recommended by the different entities that the City talked to when discussing the Ordinance. Ms. Wilson added that the types of trees were not specified, but the size was specified.

Mayor Gorden opened the Public Hearing at 5:16 p.m. and asked anyone who wished to speak on the item to please step forward.

Speaking concerning the Ordinance was Michael G. Parker. Mr. Parker then thanked the Council for recognizing that this was an issue that needed to be dealt with. Mr. Parker added that in his line of work, the Ordinance would be a benefit for clients that needed the opportunity to assist them in developing property. Mr. Parker stated that he also wanted to thank the Planning Staff for the time they spent preparing the Ordinance, and the time they took listening to different ideas to try to get everything worked out in the Ordinance. Mr. Parker stated that he did have a few questions that he wanted to ask the Council. Mr. Parker stated that on page three (3) of the Ordinance, under Section Three (3), Building Setbacks, Number D, he wanted to make sure that it was understood that someone could build closer with underground than they could above ground. Mr. Parker added that he was sure that site went into that, but there was twenty (20) feet on the above ground, and only ten (10) feet on the underground. Mr. Parker stated that normally the standard helped if this was one size both ways, and that he didn't have a problem with it, other than he could see individuals trying to make use of something underground that they would normally put above ground, if

they could get by with it. Mr. Parker added that he wanted the Council to consider this, and noted that he had a concern and question about this section.

Mr. Parker stated that the next item that he had a question about was there were three (3) places in the Ordinance that talked about the fifty percent (50%) coverage. Mr. Parker stated that this was discussed on page two (2), under Section One (1), on D, on page three (3), under Section Two, on C, and on page five (5), under Section Nine (9), on C. Mr. Parker stated that no other item was covered over and over about the fifty percent (50%) rule. Mr. Parker added that he wondered if it was needed, or if the first mention was sufficient. Mr. Parker stated that this might be a legal question or something that the City wanted that way. Mr. Parker stated that it brought up questions when the Ordinance kept mentioning it in different areas, if other things had to be in that section because they weren't covered specifically. Mr. Parker wanted to know if there was a reason that it was in three (3) places, or could it just be put in one (1) and still cover the Ordinance.

Mr. Parker stated that just as that night the Mayor addressed Dorothy Wilson as the Planning Director, the Ordinance addressed her as the Planning Director in some places, Director of Planning in other places, and Director in even other places. Mr. Parker stated that her title needed to be the same all of the way through the Ordinance. Mr. Parker added that normally the customer dealt with the office, and if it were the Planning Department, everything fell under the Director anyway. Mr. Parker stated that he wasn't exactly sure what the exact title of Ms. Wilson was, but he thought it was the Director of Planning. Mr. Parker stated that if Ms. Wilson's title was changed, then it would be in sync with the Ordinance, and suggested it would be easier if Planning Department was used. Mr. Parker added that this was just clerical work, but just wanted to point this out.

Mr. Parker stated that the Ordinance was good and appreciated the work done on it, and that it would help Lufkin.

Mayor Gorden thanked Mr. Parker for his input and asked if the Council could take his questions under advisement and answer them at the Second Reading of the Ordinance. Mr. Parker agreed that this was satisfactory.

Mayor Gorden then asked if there was anyone else that wanted to speak at the Public Hearing. There appearing to be no one who wished to speak, Mayor Gorden closed the Public Hearing at 5:21 p.m.

Mayor Gorden then asked for questions or comments from the Council.

Councilmember Phil Medford moved to approve the First Reading of the Ordinance amending Ordinance No. 3368 of the Code of Ordinances of the City of Lufkin by amending Article XI to add "Article XI-A, O- Office District" and associated uses there to; creating new sign definitions within "Article XXVII, Definitions"; and providing an effective date. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

7. ESTABLISH A FORFEITED FUNDS BUDGET – APPROVED - FOR FISCAL YEAR 2008/2009 FOR THE POLICE DEPARTMENT

Mayor Jack Gorden stated that the next item for consideration was to establish a Forfeited Funds Budget for Fiscal Year 2008/2009 for the Police Department.

City Manager Paul Parker stated this was the annual budget that Staff brought to the Council from the Forfeiture Fund. City Manager Parker added that as the Council was aware, under State Law, only the Chief of Police could expend money from the Forfeiture Fund, and this was only with the approval of the City Council. City Manager Parker stated that annually the Police Chief brought a program to the City and that all of the funds were not always spent, but if a need came up during the year for additional training, additional equipment or office furniture, it left the Chief with the ability to fund some of these improvements from the forfeiture fund. City Manager Parker stated that very seldom were all of the allocated funds used, but this would leave some flexibility.

Mayor Gorden stated that Chief Larry Brazil always brought a sensible budget that helped the department in several different ways, if the need came up. Mayor Gorden then asked for questions or comments from the Council.

Councilmember Rose Faine Boyd moved to approve the establishment of a Forfeited Funds Budget for Fiscal Year 2008/2009 for the Police Department. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

8. THE FISCAL YEAR 2008/2009 – APPROVED - STREET RECONSTRUCTION LIST

Mayor Jack Gorden stated that the next item for consideration was approval of the Fiscal Year 2008/2009 Street Reconstruction List. Mayor Gorden stated that the Council had the list of proposed streets, and that if other streets came up as time went on, there was flexibility to change the list. Mayor Gorden added that if the Council had any other streets that they wanted to discuss, to please speak up.

City Manager Paul Parker stated that if Council would notice in the memo, the Staff budgeted eight hundred thousand dollars (\$800,000) for the program. City Manager Parker added that the proposal brought to the Council was approximately six hundred two thousand dollars (\$602,000). City Manager Parker stated that this left some flexibility for asphalt costs for the coming year, and also left some flexibility if sales tax was more flat, or if the City had to conserve in some other area. City Manager Parker explained that primarily it helped by allowing the Council the opportunity to discuss other streets that they wanted the Staff to review and bring back at a later date. City Manager Parker added that this allowed flexibility so that the list that the Council received was not totally Staff-driven. City Manager Parker stated that Street Superintendent Steve Poskey was present at the meeting to answer any questions the Council had concerning the street reconstruction list. City Manager Parker added that the Council had in their packets the proposed street list by wards and the material costs, and the total cost with added in overhead, machines and equipment, depreciation and so forth. City Manager Parker stated that Staff was ready to answer any questions from the

Council concerning the list, or go through any details the Council wanted on any of the proposed streets.

Councilmember Don Langston asked about York Drive, from Tulane to Chestnut. Councilmember Langston stated that there was a section that had a deep ditch line that occasionally got narrow at times, and wanted Staff to look at this, and possibly bring it back to the Council at a later date. Steve Poskey stated that Staff could look at this. Councilmember Langston added that before the City overlaid that street could we look at drainage improvements. City Manager Parker confirmed that Councilmember Langston was referring to York Drive, from Tulane to Chestnut.

Mayor Jack Gorden asked about the street that ran between Abney and Frank, by the railroad track. Mr. Poskey suggested that this was Bonner Street. Mayor Gorden stated that he was concerned about the deep ditch near this street. Assistant City Manager Keith Wright stated that Staff had looked at this area in the past. Mr. Wright stated that when the Abney Reconstruction Project was done, Staff looked at working on that problem, but had insufficient funds to do it. Mayor Gorden added that the situation was getting worse as time went on. City Manager Parker stated that Staff could look at the area and see what needed to be done. Mr. Poskey stated that Staff could get estimates for the cost of repairs.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Rufus Duncan moved to approve the Fiscal Year 2008/2009 Street Reconstruction List. 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. 10), - APPROVED - PROVIDING FOR SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL FUND; AND PROVIDING AN EFFECTIVE DATE, AND AUTHORIZING THE KURTH MEMORIAL LIBRARY TO ACCEPT THE TEXAS STATE LIBRARY LOAN STAR GRANT IN THE AMOUNT OF \$9,909 TO BE USED FOR OPERATING AND MAINTENANCE COSTS**

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. 10), providing for supplemental appropriation of funds in the General Fund; and providing an effective date, and authorizing the Kurth Memorial Library to accept the Texas State Library Loan Star grant in the amount of \$9,909 to be used for operating and maintenance costs.

City Manager Paul Parker stated that the City received a grant, with no match required by the City, for nine thousand nine hundred nine dollars (\$9,909). City Manager Parker added that Staff was requesting that seven thousand dollars (\$7,000) of the funds be placed in computer maintenance account, to defray the cost of the automated catalog operating system, and then the balance that remained into supplies, to offset rising costs in the Library's Supply Fund. City Manager Parker stated that Staff recommended that the Council approve Budget Amendment No. 10, accepting the grant.

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. 10), providing for supplemental appropriation of funds in the General Fund; and providing an effective date, and authorizing the Kurth Memorial Library to accept the Texas State Library Loan Star grant in the amount of \$9,909 to be used for operating and maintenance costs. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

10. RESOLUTION OF SUPPORT OF THE CITY COUNCIL OF THE CITY OF LUFKIN, TEXAS – APPROVED - AUTHORIZING SUBMISSION OF A STATEMENT OF INTEREST ON BEHALF OF THE CITY OF LUFKIN TO THE TEXAS WATER DEVELOPMENT BOARD FOR FUNDING OF A PROJECT ASSOCIATED WITH IMPROVEMENTS TO THE CITY OF LUFKIN WATER SYSTEM

Mayor Jack Gorden stated that the next item for consideration was a Resolution of Support of the City Council of the City of Lufkin, Texas authorizing submission of a Statement of Interest on behalf of the City of Lufkin to the Texas Water Development Board for funding of a project associated with improvements to the City of Lufkin Water System.

City Manager Paul Parker stated that President Obama was supporting a stimulus plan for infrastructure improvements that could be initiated in a short period of time to put funds into infrastructure projects to help stimulate the economy and to help get projects accomplished. City Manager Parker added that in preparation for this plan, several State and Federal agencies had been receiving proposals prior to funding being allocated in anticipation that they would have to move quickly. City Manager Parker stated that this was one (1) of those programs that was based on future funding. City Manager Parker added that the City of Lufkin was anticipating applying for a ten million four hundred forty thousand dollar (\$10,440,000) grant, with the Council's approval, to do improvements to the City's water wells, to paint water storage tanks, to renovate and upgrade wells, and other improvements in the City's Water System. City Manager Parker explained that the grant had a seventy-five percent (75%)/ twenty-five percent (25%) match, which would mean that seven million eight hundred thirty thousand dollars (\$7,830,000) would be funded under the Texas Environmental Infrastructure Program, and two million six hundred ten thousand dollars (\$2,610,000) would be the City of Lufkin's portion from the City's Water and Sewer Fund. City Manager Parker stated that Staff recommended that the Council authorize the Staff to submit a Statement of Interest to apply for funding for water infrastructure improvements through the Texas Environmental Infrastructure Program.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Don Langston moved to approve the Resolution of Support of the City Council of the City of Lufkin, Texas authorizing submission of a Statement of Interest on behalf of the City of Lufkin to the Texas Water Development Board for funding of a project

associated with improvements to the City of Lufkin Water System. Councilmember Phil Medford seconded the motion. A unanimous affirmative vote was recorded.

11. ALL MATTERS INCIDENT AND RELATED TO APPROVING AND AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION, INCLUDING THE ADOPTION OF A RESOLUTION – APPROVED - PERTAINING THERETO AND ESTABLISH FEBRUARY 24TH, 2009 AS THE DATE FOR A SPECIAL CALLED COUNCIL MEETING FOR THE SALE OF CERTIFICATES OF OBLIGATION

Mayor Jack Gorden stated that the next item for consideration was all matters incident and related to approving and authorizing publication of notice of intention to issue Certificates of Obligation, including the adoption of a Resolution pertaining thereto and establish February 24th, 2009 as the date for a Special Called Council Meeting for the sale of Certificates of Obligation.

City Manager Paul Parker stated that the Council and Staff spent quite of lot of time earlier in the year studying a Capital Improvement Program for the City of Lufkin that was planned to be phased over several years. City Manager Parker stated that the City was anticipating that program and doing some major improvements in the City's Water and Sewer System. City Manager Parker added that the Council would recall that the Texas Commission on Environmental Quality (TCEQ) had given the City some requirements on improving the Sewer System, and a minimum of five million dollars (\$5,000,000) of the issue would go to address that need. City Manager Parker stated that the City was anticipating that in two (2) years an additional five million dollars (\$5,000,000) would be brought back to the Council, at a separate time, to meet the TCEQ requirements. City Manager Parker stated that the City still did not have the approved plan back from TCEQ on what sewer improvements would have to be done, but the City did know that this was the minimum amount that would have to be spent on the system. City Manager Parker stated that before the Council on their desks was the Resolution that needed to be considered. City Manager Parker added that the Council needed to disregard the Resolution that had been included in the Council's packets regarding this item. City Manager Parker explained that the only difference was the Resolution included in the Council's packets was for Water and Sewer only, and the new Resolution was broader and led to all of the Public Works Improvement Projects including parks, streets, drainage, etc. City Manager Parker added that the Resolution contained broader language and was the Resolution that the Council needed to consider adopting. City Manager Parker added that if the Council saw fit to go forth with the Resolution, the Council would be proposing the Resolution that was before them on their desks. City Manager Parker stated that the City was looking at the initiation of the bond process at a Special Called Council Meeting, and added that hopefully the February 24, 2009 date would meet the Council's calendars, because there was a small amount of flexibility in the proposed date before the ad was published. City Manager Parker explained that Staff was working to meet some timetables to be able to initiate some of the projects, and to meet Mr. Mike Byrd's and the City of Lufkin's financial requirements to sell the bonds in a timely manner. City Manager Parker stated that the City did not anticipate an increase in the property tax associated with the sale of the bonds, but as Council was aware from a rate study that the City had two (2) years ago, the City did anticipate some small increase over the next three (3)

to four (4) years in the Water and Sewer portion. City Manager Parker stated that the City had a rate study analysis currently being compiled, and Staff was meeting the next day with the engineer's to further that study and to bring back to the Council a clear number before the sale of the bonds. City Manager Parker stated that the Financial Advisor Mike Byrd was present at the meeting if the Council had any questions, and that the Staff recommended that the Council approve the Resolution and to set the date for the Special Called Council Meeting on February 24, 2009.

Councilmember Rufus Duncan asked what took the City from the seventeen million dollars (\$17,000,000), that had previously been discussed, to the eighteen million dollars (\$18,000,000), that was actually being proposed. City Manager Parker explained that the issuance of sale was for eighteen million dollars (\$18,000,000), but if the City sold the Certificates of Obligation at seventeen million dollars (\$17,000,000), there was still the need for insurance that would also roll into the amount. City Manager Parker added that the City actually had projects that actually totaled approximately seventeen million dollars (\$17,000,000).

Financial Advisor Mike Byrd stated that City Manager Parker was correct, and that the seventeen million dollars (\$17,000,000) was very close to the amount of the projects, and that the number published was not necessarily the number that the City had to sell, but that the City could not exceed whatever amount was published. Mr. Byrd added that as City Manager Parker pointed out, the City wanted to allow room in the amount for underwriter's discount, and that it was to the benefit of the City to sell bonds on a negotiated standpoint at this time, and the City wanted flexibility for the discount, which also included the purchase price of AAA Insurance. Mr. Byrd stated that the difference was just a cushion. City Manager Parker added that the bottom line was that the City was not looking at issuing eighteen million dollars (\$18,000,000), but was looking at issuing seventeen million dollars (\$17,000,000), plus related costs. City Manager Parker added that the estimate was somewhere around seventeen million four hundred thousand dollars (\$17,400,000). City Manager Parker explained that this information would be refined as the City received the information from the underwriters.

Councilmember Phil Medford stated that the only question he had was already answered by Mr. Byrd, and was concerning the bond market and what it was presently doing. Mr. Byrd stated that he projected the rate on the bonds to be 4.9%, but the rate would actually be determined on February 23, 2009, which was the day of pricing. Mr. Byrd added that as all had seen from newspaper articles, the market could be anything on any given day. Mr. Byrd stated that in theory the City thought that municipal rates would continue to decline, and were somewhat high in relation to taxable securities, but the City did not know that to be the case. Mr. Byrd added that hopefully the City would see on February 23, a better market than what had been seen in the last couple of weeks, but time would tell. Mr. Byrd stated that the market was still however, very attractive, and that 4.9% on an issue was still a pretty reasonable rate and was an "all in" rate.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Don Langston moved to approve all matters incident and related to approving and authorizing publication of notice of intention to issue Certificates of Obligation, including the adoption of a Resolution pertaining thereto and establish February 24th, 2009 as the date for a Special Called Council Meeting for the sale of Certificates of Obligation. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

12. ALL MATTERS INCIDENT AND RELATED TO DECLARING EXPECTATION TO REIMBURSE EXPENDITURES WITH PROCEEDS OF FUTURE DEBT, INCLUDING THE ADOPTION OF A RESOLUTION – APPROVED - PERTAINING THERETO

Mayor Jack Gorden stated that the next item for consideration was all matters incident and related to declaring expectation to reimburse expenditures with proceeds of future debt, including the adoption of a Resolution pertaining thereto.

City Manager Paul Parker stated that all this meant was if the City needed to issue any of the money for projects prior to getting all of the bond proceeds, the City could do it with the money on hand and then the bonds would reimburse that money.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Rose Faine Boyd moved to approve all matters incident and related to declaring expectation to reimburse expenditures with proceeds of future debt, including the adoption of a Resolution pertaining thereto. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

13. CITY MANAGER'S REPORT

Mayor Jack Gorden stated that the next item for consideration was a report from City Manager Paul Parker.

City Manager Paul Parker stated that he would begin with the Financial Report, and then ask Mayor Gorden to give the report concerning the Finance Committee's Quarterly Meeting, as a part of the Financial Report. City Manager Parker stated that so far, the City of Lufkin's Sales Tax had been above projections. City Manager Parker stated that the last month, which reflected the November 2009 sales, was very good and reflected part of the Christmas sales season. City Manager Parker added that the next report was a critical month, because it was not only for the Christmas sales, but also a quarterly payment, which always meant it would be the largest of the year. City Manager Parker stated that hopefully, if the City of Lufkin saw this trend or any type of increase in the next month's check, the City would be looking good as far as the Sales Tax was concerned. City Manager Parker added that both he and the Council had some concerns, with the economy being as it was, and the construction on Highway 59 taking place. City Manager Parker stated that so far, the economy in Lufkin had held up very well in regards to Sales Tax.

City Manager Parker stated that Property Taxes were just recently coming in, and that the number would increase drastically in the next two (2) months, as payments for Property Tax came in. City Manager Parker stated that there was nothing else in the report to be concerned about, as far as revenue was concerned. City Manager Parker added that he would answer any questions that the Council had, and that the City was in good shape from that standpoint. City Manager Parker stated that the Water and Sewer Revenues traditionally were below budget, at the current time, because the sales were in the summer months. City Manager Parker stated that the City had a few items that might affect that projection. City Manager Parker explained that one (1) of those items was the possible closing of Citation in March 2009. City Manager Parker added that Citation was a large water, sewer, and sanitation user, which could affect the projections of the City. City Manager Parker stated that hopefully the City would be able to get Logan's online, in the near future, which would help offset the loss from last year with Con-Agra closing. City Manager Parker explained that there were currently both positive and negative aspects affecting the projections. City Manager Parker stated that his thoughts at the present time were that the Water and Sewer Revenues may not hit the projections, unless the City of Lufkin had a dry summer. City Manager Parker stated that Solid Waste would also be affected by the closure of Citation, because they were a large user of the Solid Waste facilities. City Manager Parker stated that there were no other areas to bring to the attention of the Council. City Manager Parker mentioned that the Hotel/Motel Fund was running ahead of the projections and continued to increase. City Manager Parker stated that this concluded his report, unless the Council had questions.

City Manager Parker then asked Mayor Gorden to give the report on the Finance Committee's Quarterly Meeting. Mayor Jack Gorden stated that the Finance Committee met earlier that afternoon, prior to the Council Meeting. Mayor Gorden added that the Committee reviewed the City's investments, and the cash flow and cash needs for the City in the coming quarter. Mayor Gorden stated that the City was on a very sound footing. Mayor Gorden stated that the laddering approach that the City had taken over the last few years was serving the City well. Mayor Gorden stated that the Investment Advisor Dick Long met with the Committee quarterly, and continued to give the City good advice. Mayor Gorden explained that in the Finance Committee's Quarterly Meeting the Committee also met with Mike Byrd, concerning the "ins" and "outs" and options of the Certificates of Obligation and the Municipal Bond Market, and the most cost effective way to approach it. Mayor Gorden stated that there were a couple of Council Members present that had attended the meeting, and asked if they had anything to add to the report. They did not, and the Mayor stated that this concluded his report.

City Manager Parker stated that the Council had in their packets the complete Progress Status Report, and that he would answer any questions the Council had concerning the report. City Manager Parker pointed out that the City was in the final stages of many of the Capital Improvement Projects, such as Lotus Lane and the Whitehouse Extension Project, and were doing minor cleanup on the projects, and that they would be brought back to the Council very soon for the final close out. City Manager Parker then requested the Public Utilities Director and City Engineer Chuck Walker to report on the Crown Colony Water and Sewer Project.

Public Utilities Director and City Engineer Chuck Walker stated that the Crown Colony Project had all of the pipes in the ground, and that they had all been tested. Mr. Walker

added that the City was basically just doing clean up on the project. Mr. Walker stated that crews were also working on repairing lawns in the area.

Councilmember Don Langston stated that he was remiss in inquiring about a previous item on the street reconstruction list. Councilmember Langston asked if the Council had not previously approved and carried over some projects from the previous year, that were not completed. Councilmember Langston explained that he missed seeing the Carriage Drive area on the list and thought the City had it scheduled for a mat and overlay. Assistant City Manager Keith Wright explained that this area was part of the Capital Improvements Program. City Manager Parker added that the City did work on the entry area on Carriage Drive last year, and that future improvements were part of the upcoming Capital Improvements Program.

Mayor Gorden asked for questions or comments from the Council, relating to the reports.

**14. MOVING THE REGULAR MARCH 17TH, 2009 COUNCIL MEETING – APPROVED
- TO MARCH 24TH, 2009**

Mayor Jack Gorden stated that the next item for consideration was moving the regular March 17th, 2009 Council Meeting to March 24th, 2009. Mayor Gorden asked the Council if they had an opportunity to look at their calendars to see if this date would be okay.

Councilmember Lynn Torres stated that the March 24th date would work better for her, because she was planning to be out of town the week of March 17th. Councilmember Don Langston asked if that was the week of Spring Break, and it was confirmed to be that week.

Mayor Gorden asked for questions or comments from the Council.

Councilmember Lynn Torres moved to approve moving the regular March 17th, 2009 Council Meeting to March 24th, 2009. Councilmember Phil Medford seconded the motion. A unanimous affirmative vote was recorded.

15. 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 advices 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 6:43 p.m.

16. APPOINTMENTS – APPROVED - TO THE PLANNING AND ZONING COMMISSION

Mayor Jack Gorden stated that the next item for consideration was the appointments to the Planning and Zoning Commission.

Councilmember Lynn Torres moved to appoint Mark Hicks and Nathan Gann to the Planning and Zoning Commission. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

City Manager Paul Parker pointed out that these two (2) new members to the Planning and Zoning Commission would be to fill the places of Jackie Zimmerman, whose term would end in July 2009, and James Fears, whose term would end in July 2010. City Manager Parker added that the Council would need to designate the names of each person to fill out their respective unexpired terms.

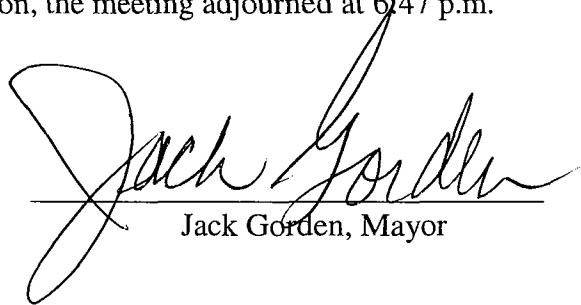
Councilmember Lynn Torres amended her motion to appoint Mark Hicks to replace Jackie Zimmerman, whose term would end in July 2009, and Nathan Gann to replace James Fears, whose term would end in July 2010, to the Planning and Zoning Commission, to fill their unexpired terms. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

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

Mayor Jack Gorden stated that the next item for consideration was the calendar notations from the Mayor, Council Members, and City Manager. Mayor Gorden added that Thursday, January 22, 2009, was the date of the DETCOG Board Meeting in San Augustine. City Secretary Renee Thompson asked those attending the First Friday Luncheon, that was to be held on Friday, January 23, 2009, to please let her know. City Manager Parker reminded everyone about the Kurth Memorial Library Gala on Saturday, January 24, 2009 at 6:30 p.m.

- 18.** There being no further business for consideration, the meeting adjourned at 6:47 p.m.


Renee Thompson – City Secretary


Jack Gorden, Mayor