MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF LUFKIN, TEXAS HELD ON THE 17th DAY OF OCTOBER, 2006

On the 17th day of October, 2006, 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, Jr.	Councilmember, Ward No. 5
Phil Medford	Councilmember, Ward No. 6
Paul L. Parker	City Manager
Renee Thompson	City Secretary
Robert Flournoy	City Attorney
Keith Wright	Asst. City Manager
David Koonce	Human Resource Director
Scott Marcotte	Asst. Police Chief
Pete Prewitt	Fire Chief
Doug Wood	Finance Director
Barbara Thompson	Main Street Director
Dorothy Wilson	Planning Director
Tara Jones	Interim Inspection Services Director
Linda Jones	Pre-Treatment Coordinator, WWTP
Jim Wehmeier	Economic Development Director
Rhonda McLendon	Municipal Court & Animal Control Director
Scott Rayburn	City Planner
Don Hannabas	Parks and Recreation Director
Donovan Rudd	
Mike Byrd	
John Courtney	
Joe Pase	

being present, when the following business was transacted:

1. The meeting was opened with prayer by Dr. Rikard A. Bailey, Seventh Day Adventist Church.

2. Mayor Jack Gorden welcomed visitors present. Councilmember Lynn Torres recognized LHS students who were present, satisfying their government class requirement and noted that the three students present were here on the first opportunity of this 9 week period.

3. **APPROVAL OF MINUTES**

   Minutes of the Regular Meeting on October 3, 2006 were approved on a motion by Councilmember Rose Faine Boyd, and seconded by Lynn Torres. A unanimous affirmative vote was recorded.

OLD BUSINESS:

4. **PUBLIC HEARING AND SECOND READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE AND THE FUTURE LAND USE PLAN OF THE 2001 COMPREHENSIVE PLAN OF THE CITY OF LUFKIN, TEXAS – APPROVED - BY CHANGING THE ZONING AND FUTURE LAND USE PLAN DESIGNATION OF LOTS 5, 6, AND 7 OF THE SHEARER ADDITION TO A "COMMERCIAL" ZONING DISTRICT AND THE FUTURE LAND USE PLAN OF THE 2001 COMPREHENSIVE PLAN TO THE CLASSIFICATION OF "COMMERCIAL"**

5. Mayor Jack Gorden stated that the next item for consideration was a Public Hearing and Second Reading of an Ordinance amending the zoning ordinance and the Future Land Use Plan of the 2001 Comprehensive Plan of the City of Lufkin, Texas by changing the zoning and Future Land Use Plan designation of Lots 5, 6, and 7 of the Shearer Addition to a "Commercial" Zoning District and the Future Land Use Plan of the 2001 Comprehensive Plan to the Classification of "Commercial". City Manager Paul Parker stated that this was the Second Reading of the proposal and that he would answer any questions that Council had concerning the Ordinance. City Manager Parker asked the council members to recall that this was a rezoning to the "Commercial" classification to allow for the new Comet Cleaners at this location.

Mayor Jack Gorden asked for any comments or questions on the issue.

Mayor Jack Gorden opened the Public Hearing at 5:10 p.m. concerning the Zoning Ordinance. Mayor Gorden asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Zoning Ordinance. Mayor Gorden closed the Public Hearing at 5:11 p.m.

Councilmember Rufus Duncan moved to approve the Second Reading of an Ordinance amending the zoning ordinance and the Future Land Use Plan of the 2001 Comprehensive Plan of the City of Lufkin, Texas by changing the zoning and Future Land Use Plan designation of Lots 5, 6, and 7 of the Shearer Addition to a "Commercial" Zoning District and the Future Land Use Plan of the 2001 Comprehensive Plan to the Classification of "Commercial". Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

NEW BUSINESS:

6. **SECOND PUBLIC HEARING FOR THE ANNEXATION PROGRAM 2006**

Mayor Jack Gorden stated that the next item for consideration was the second Public Hearing for the Annexation Program 2006. City Manager Paul Parker stated that Planning Director Dorothy Wilson would be making a presentation going over the basic facts about the annexation programs. City Manager Parker also stated that the specific details could be discussed if anyone needed information about a certain area. City Manager Parker added that the focus of the meeting was to again hear from the public. City Manager Parker stated that the end result of the meeting was the Planning staff was looking for direction from the Council on proceeding with the Annexation Program before an Ordinance would be brought before the Council. City Manager Parker stated that there would be two more opportunities to modify the program before the Ordinance phase was begun. City Manager Parker again stated that the areas may be rescinded but areas may not be added. Dorothy Wilson, Planning and Zoning Director, gave a short presentation about the annexation program.

Mayor Jack Gorden opened the Public Hearing at 5:18 p.m. Mayor Gorden asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Annexation Program. Speaking on the Annexation Program 2006 was:

Gerald Crump approached the podium. Mr. Crump stated that he and his wife live on FM 324 just a short distance before it intersects with Hwy 59S. Mr. Crump stated that when he received the annexation information in the mail, he read it and tried to be open minded. Mr. Crump added that he asked himself what the annexation could do for him. Mr. Crump explained that everyone on his road have septic systems that have been licensed and approved by Angelina County and cost three to four thousand dollars ($3000 - $4000) to install. Mr. Crump asked if he was annexed and had to hook on to the City services, what the cost would be to take away the septic systems and hook onto City Sewer. Mr. Crump asked that if their septic system was approved by Angelina County, why he would have to hook to the City sewer and if they would be required to do so. Mr. Crump stated that he lived on a state maintained highway and that city streets were of no consequence to him, nor would they affect him. Mr. Crump stated that he had private trash pickup and asked how the price compared to those City services. Mr. Crump stated that one of the benefits would be a decrease in homeowner's insurance because they would gain the City of Lufkin's Fire Department support versus the Volunteer Fire Department and stated that he doubted that he would save enough money on homeowner's insurance to pay the tax increase. Mr. Crump stated that he didn't perceive that much benefit for his location. Mr. Crump stated that if the expansion of Lufkin and the need for new land for development was an issue, that from the Settlement north to the Holiday Inn that there is one half (½) mile of undeveloped land on both sides of the highway and it appeared to him that a lot of development could be done there without annexing his property. Mr. Crump stated that if one drove down his farm to market road that it didn't appear that there was a lot of land there to be developed because of the private dwellings that were already there. Mr. Crump stated that he was confused about the protection issue that Ms. Wilson explained during the presentation. Mr. Crump asked who else would annex them. Mr. Crump asked for the Council to consider these ideas. Mr. Crump stated that annexation would not be of much benefit to City of Lufkin.

Mayor Gorden suggested to Mr. Crump that he discuss his concerns with Ms. Wilson at a later time.

Tony McCall approached the podium. Mrs. McCall stated that her husband was Homer McCall and that he could not attend the meeting. Mrs. McCall added that at the last meeting that there was some confusion about the properties that Mr. McCall was referring to as being excluded from the annexation. Mrs. McCall stated that Mr. McCall had prepared some maps that would hopefully clear up the confusion. Mrs. McCall passed out the maps. Mrs. McCall explained the maps that showed the excluded areas. Mrs. McCall stated that the excluded areas were much more suitable for development and would provide a much larger tax base for the city. Mrs. McCall stated that there were no plans for development for her property and that some of the property was not suitable for development. Mrs. McCall asked for the same consideration as the excluded property owners on the map. Mrs. McCall stated that the taxes on her home would increase by thirty percent (30%), if annexed, and that the taxes on the pasture and timber land would increase by twenty-seven percent (27%), even with the Agricultural Exemption. Mrs. McCall asked that her property be excluded from annexation.

Dale Store approached the podium. Mr. Store stated that he owned the Village of Stonewood on FM 58. Mr. Store added that he was in favor of the annexation but had some questions. Mr. Store stated that with annexation comes responsibility and added expense and that one of the reasons he was in favor of the annexation was to get City sewer services. Mr. Store asked how long it would be before the City sewer would be installed. Mr. Store asked for any kind of ordinance that would state how long it would be to install the sewer. Mr. Store stated that he had contacted Assistant City Manager/City Engineer Keith Wright but had not spoken with him. Mr. Store explained that if he was going to spend money hiring licensed maintenance staff to do the work he does now, that he wanted to know how long it would be before he received City services. Mr. Store stated that he believed belonging to the City was to everyone's advantage because of the City services and protection of zoning ordinances and explained that he had tried to make his property an asset to the community. Mr. Store stated that he would like to be a citizen of the City of Lufkin, but that he would like to know when he would be receiving the services, so that their efforts would be reciprocal by the services they receive.

Mayor Gorden asked where this property was located. Mr. Store stated that his residence was at 1000 Crooked Creek. Mr. Store stated that the property in question was the Village of Stonewood on FM 58 and that it was a retirement community, that he had spent over $100,000 just on the streets, and that they were better than the City required. Mr. Store described the community.

City Manager Paul Parker stated that Mr. Store would need to talk with Assistant City Manager/City Engineer Keith Wright before the next meeting. City Manager Parker stated that it stated on the Service Plan that the maximum time frame was four and one-half (4 ½) years. City Manager Parker reiterated that the sewer service would be installed within that time, when it was economically feasible, and within 100 feet of existing sewer lines.

Mr. Store explained that when he purchased the eight (8) acre piece of property, that it was a four hundred thousand dollar ($400,000) mobile home park. Mr. Store stated that in the last five (5) years that he had been working and improving the park and that the community was now a legal condominium project. Mr. Store added that the community had fifty-five (55) units. Mr. Store stated that at build-out that the property was worth a little under four million dollars ($4,000,000). Mr. Store explained that what they were doing represented fifty-five (55) individual owners within a Homeowner's Association. Mr. Store added that they planned on being a big part of the community. Mr. Store described the advantages of his community. Mr. Store stated the advantages of City sewer service to his community.

Assistant City Manager/City Engineer Keith Wright stated that there were plans to install City sewer service to Mr. Store's community, but that the timing was still not firm.

Will May approached the podium. Mr. May stated that his property was on FM 58. Mr. May stated that even though he lives outside the City limits that he contributes a lot to the City and that he owns property inside the City. Mr. May asked what benefits he would receive by being in the City, because his home was three hundred (300) yards off the road. Mr. May said the only thing he saw was the increase in the tax base. Mr. May asked if he developed his property, how long it would be before sewer services were installed. Mr. May asked if the annexation did not pass, how would the annexation plan be recreated the next time.

Mayor Gorden asked Mr. May to clarify his comment on developing his property. Mr. May stated that he owned eighty-two (82) acres on FM 58. Mayor Gorden asked Mr. May to speak with Assistant City Manager/City Engineer Keith Wright about the sewer services. Mr. May asked how long it would take for City services to be installed if an opportunity for development became available on his property.

City Manager Paul Parker stated that if the program did not go forth, the Council could bring the annexation up at any point. City Manager Parker added that the issue was contingent upon Texas Law changing and that the City may not annex more than thirty percent (30%) in a year and that the City may not increase by more than ten percent (10%) of its size in one (1) year. City Manager Parker explained that the Council could bring the issue back for review at any time. City Manager Parker stated that the City had a very lucrative sewer policy compared to most cities where if it is economically feasible, the City would bring the sewer to the property line for development. City Manager Parker went on to say that in most cities the cost was all borne by the developer. City Manager Parker added that if the development was relatively close to the property line and economically feasible, the installation of the sewer could occur with no problem.

Mr. May stated that another possibility would be the easement behind Crown Colony as it was right beside his property and asked if it would be possible to feed both directions. City Manager Parker stated that this type of information would have to come from an engineering study. Assistant City Manager/City Engineer Keith Wright stated that it might be important to point out that there were several properties between Mr. May's property and the current City Limits and to grant a request for his property to be annexed some time in the future would require that those in between the City Limits and his property be annexed also.

Mayor Gorden stated that Mr. May would need to contact Mr. Wright to discuss any concerns about the sewer.

Kenneth Jeffrey approached the podium. Mr. Jeffrey asked how much tax revenue would be brought in yearly on the 3,660 acres to be annexed into the City. Mayor Gorden stated that Staff could get that figure for him. City Manager Parker stated that he did not know an exact figure, but that he did know that it would take several years to recoup the infrastructure costs. Mr. Jeffery asked Scott Rayburn to pull up the aerial of his property. Mr. Jeffrey stated that he spoke at the previous meeting and wanted to make sure that everyone knew the location of his property. Mr. Jeffrey reiterated that he did not want to be annexed into the City of Lufkin. City Manager Parker stated that Mr. Jeffrey's lot was the second small lot inside the annexation area. Mr. Jeffrey agreed. Mr. Jeffrey stated that he knew that the City had no intention of bringing any infrastructure down to his property and if the property around him was developed that it would be developed by

Crown Colony Subdivision and on their expense. Mr. Jeffrey stated that he was the only resident on that piece of property.

Mayor Gorden asked the Council if they had any questions about the property. City Manager Parker pointed out that the other side of FM 819 opposite Mr. Jeffrey's property was not included in the annexation. Mr. Jeffrey stated that on the other side of the road that the annexation stopped just before the first resident on the street. Mr. Jeffrey added that he would like to be excluded from the annexation until the other residents were included.

Fred Beene approached the podium. Mr. Beene stated that he owned the Fireworks Superstore south of town. Mr. Beene stated that since the last meeting that he and his son had met with Mr. Flournoy and Planning Director Dorothy Wilson and discussed the situation. Mr. Beene stated that they were trying to remain in business and came up with some ideas to come to a decision on the issue. Mr. Beene asked if the Council had been given the opportunity to review the draft amendment of the Ordinance that would allow his business to stay open if annexed into the City.

City Manager Parker told the Council that they had a copy of the draft Ordinance before them, as well as Mr. Beene's e-mail to Dorothy Wilson that stated that Mr. Beene was in agreement with the proposed provisions in the Ordinance. City Manager Parker stated that if the Council agreed to let the fireworks operation continue for a limited period of time, this proposed Ordinance, if approved, was to run concurrently with the annexation. City Manager Parker added that the Ordinance would allow Mr. Beene to run his business for seven (7) years and then cease operation of that type of business, but let the building be used for other commercial sales. Further discussion was had about the Ordinance. Mayor Gorden told Mr. Beene that the Council would review the Ordinance.

Jody Pearson approached the podium. Ms. Pearson stated that her husband was at the last meeting to totally oppose the annexation. Ms. Pearson stated that her property was just north of the Village of Stonewood. Ms. Pearson stated that she and her husband did not want to be annexed. Ms. Pearson stated that they felt that they had everything they needed already and that they had the benefits of running an eight (8) acre farm. Ms. Pearson stated that if her taxes were increased, that she would not be able to keep her place or afford to keep doing what she did. Ms. Pearson stated that she was totally opposed to the annexation. Ms. Pearson stated that she lived between Brentwood Dr and the Village of Stonewood. Ms. Pearson stated that if the Village of Stonewood was annexed, it would put her in the City. Ms. Pearson stated she did not want to be in the City, did not need to be in the City, and could not afford to be in the City.

Mayor Gorden asked Ms. Pearson to clarify her statement about losing her farming benefits. Ms. Pearson stated that being in the City would not allow her to run her farm and that she would not receive the tax credits she currently receives now for agriculture. Mayor Gorden stated that believed that she would retain those benefits. Ms. Pearson stated the even if she could retain those benefits, that she would still be opposed to the annexation and would have to sell her property.

Councilmember Don Langston asked Planning Director Dorothy Wilson about the minimum acreage for the Agricultural District. Ms. Wilson replied that approximately thirty-two thousand six hundred seventy (32,670) square feet was required. City Manager Parker stated that if the Council decided to go forth with the annexation, they would include most areas with the Agricultural Zoning. Dorothy Wilson commented that Ordinance for the annexation would be brought back to Council for a vote on November 7 and 21, 2006, if the Council so directed.

Joan Futch approached the podium. Ms. Futch stated that she controlled the almost seventy (70) acres that adjoins the May family property. Ms. Futch stated that at that point in time that she did not approve of the annexation. Ms. Futch stated that she did not have plans to develop the property, that it was classified as Agriculture property, and that if at some point she did decide to develop the property that she would approach Council and ask it to be annexed. Ms. Futch stated that it appeared to her that the people that want annexation had a lot to gain from it because it was advantageous for the value of some properties, such as the Village of Stonewood. Ms. Futch stated that she was against the annexation and that she did not want her taxes to go up. Ms. Futch stated that she owned other properties inside the City limits and pays her share of taxes.

Ben Bartlett approached the podium. Mr. Bartlett greeted the Council. Mr. Bartlett stated that he lived in Area G-5. Mr. Bartlett called attention to the area stating that the majority of the area was already a divided subdivision and couldn't be divided any further for development. Mr. Bartlett stated that the lots ranged from three (3) to seven (7) acres. Mr. Bartlett stated that the attraction of the property was that the tracts were larger and that the property was outside the City limits. Mr. Bartlett stated that he had owned the property for eighteen (18) years. Mr. Bartlett added that he hoped to avoid annexation as long as possible and was opposed to it now. Mr. Bartlett stated that he would have no benefit from the annexation other than a net increase in expenses. Mr. Bartlett stated his property is more than one hundred (100) feet off the road. Mr. Bartlett stated that even though he opposed the annexation, he applauded the City for being pro-active in its growth.

City Manager Parker stated that if residents outside the City limits had City water service, they currently pay 1.5 times the rate for that service and once annexed, the rate would decrease.

Assistant City Manager/City Engineer Keith Wright stated that the one hundred (100) foot requirement was if you are within one hundred (100) feet of the existing line, you must tie in. Mr. Wright added that if a property owner further away from that requirement desired to tie on, then it would be at the expense of the property owner.

Woody Doyle approached the podium. Mr. Doyle stated that he lived on FM 58 and that he opposed the annexation. Mr. Doyle stated the he owned approximately twenty (20) acres for farm use. Mr. Doyle added that he saw no advantage to being inside the City limits. Mr. Doyle explained that he had a certified sewer system and that he just installed a new aerobic system and that there was other property that would not satisfy the one hundred (100) foot requirement. Mr. Doyle stated that the only advantage would be the City sewer but that he was opposed to the annexation.

Mary Britt approached the podium. Ms. Britt stated that she was another owner of the Village of Stonewood on FM 58. Ms. Britt stated she was interested in being annexed depending on how the services could be incorporated. Ms. Britt stated that she heard a lot of people speaking about huge increases in taxes. Ms. Britt asked for clarification because her understanding was at the present time she paid about 2.1 percent of the assessed value of her taxes. Ms. Britt stated that when annexed into the City she understood that she would be paying approximately 2.6 percent. Ms. Britt stated that the .5 of 1% increase was not a large amount for the increase in the value of the property. Ms. Britt stated that once any piece of property was in the City limits and was accessible to City sewer, the value of the property increased as far as the marketability of the property. Ms. Britt wanted to make sure that her understanding was correct.

Mayor Gorden stated that the City tax was .5528%.

Mayor Gorden closed the Public Hearing at 5:55PM.

Mayor Gorden asked for any questions from the Council on the issue.

Councilmember Don Langston stated that he had questions about the properties that were discussed at both Public Hearing. Councilmember Langston stated that Mr. Jeffrey's property seemed to be singled out, since it was the only single-family residence in the area and that it made sense to exclude that property from the annexation. Councilmember Langston added that it made sense to exclude the large tract next to Kit McConnico Park, since it was one residence and one large tract. Councilmember Langston explained that this was a difficult process and that this was, for the majority of the council, the first time such a large annexation had taken place. Councilmember Langston stated that he had listened intently and had been a proponent for protecting the borders of the city from some of the development brought forth in the past because of the potential annexation.

Councilmember Langston added that from a tax standpoint, the Agricultural district should soften the blow of the tax increase as well as the water rate decrease. Councilmember Langston stated that he thought it would be appropriate as a Council for each member to understand and help those property owners understand what that burden, under our current rate structure, might be so that we can define it into dollars and cents in the future. Councilmember Langston stated that he believed it would be minimal having looked at a few test parcels. Councilmember Langston added that he understood the concerns about correct zoning of the property and that with the passing of the Agricultural Zone, those long-term owners of property would see definite advantages. Councilmember Langston stated that he wanted to offset any burdens perceived at this point and that he felt that the Council owed it to the property owners to define the burdens at best. Mayor Gorden agreed with Councilmember Langston.

Mayor Gorden reminded everyone that this process began over a year ago and that Staff has been working on this for some time. Mayor Gorden stated that he personally thought that annexation was something that needed to be addressed and that he felt that the City was obligated to address this matter. Mayor Gorden stated that the idea for creating land for the City to expand would enhance our school system and protect property values and was a movement in the right direction.

Councilmember Phil Medford stated that the only way the City was going to grow was either to do nothing and only annex a tract by petition and then end up with "hodge podge" planning or the alternative, which was to have an overview of what the City would be and plan for it so that it was feasible to budget and plan infrastructure. Councilmember Medford added that hopefully the City would then have orderly and even growth. Councilmember Medford stated that the annexation program wasn't necessarily fair and that not everyone was going to receive all the benefits from day one (1), but that he hoped that if the job was done properly, the best judgment would be used and the financial effects would be researched so that they could be kept to a minimum.

Mayor Gorden stated that he hoped the annexation was for the greater good of the community.

Mayor Gorden and the Council discussed the amendments to the Ordinance concerning fireworks and how it needed to run concurrently with the annexation. City Manager Parker stated that the existing Prohibition Ordinance would remain in place and the existing Ordinance prohibited any fireworks in the City. City Manager Parker asked for the Council to decide for the Ordinance to run concurrently with the annexation. Planning Director Dorothy Wilson stated that there would be no changes to the property during the time the business was allowed to operate inside the City. City Manager Parker stated that changes required were discussed and the City might make some changes to the property such as fire hydrants. City Manager Parker stated that the Ordinance would be placed to run concurrently with the annexation program and that any changes could be made therein.

Councilmember Rufus Duncan stated that he concurred with Councilmember Langston on the exclusion of Larry Choate and Kenneth Jeffrey's properties.

City Manager Parker verified with Ms. Wilson the exact location of Mr. Jeffrey's property and Mr. Choate's property. City Manager Parker stated that it would not destroy any other part of the annexation area by excluding Mr. Jeffrey's property. The City Council discussed the exclusion of properties and the Ordinance.

Mayor Gorden asked if anyone was opposed to taking out Mr. Jeffrey's property from the annexation. No opposition was had. Mayor Gorden then directed the Planning staff to remove Mr. Jeffrey's property from the proposal.

Mayor Gorden asked if anyone was opposed to taking out Mr. Choate's property from the annexation. City Manager Parker verified that the area (B) was a total of seventy-four (74) acres and that the City owned about seven (7) acres of that area. City Manager Parker stated that Mr. Choate owned the rest of the area totaling sixty-seven (67) acres. Councilmember Lynn Torres commented that the property had been for sale and that she had concerns if the property was sold that any development needed to be via the City. Mayor Gorden and the City Council discussed the piece of property and its annexation. Mayor Gorden directed the Planning staff to leave in Mr. Choate's property.

Mayor Gorden closed the floor for comments.

7. PRESENTATION OF TREE CITY USA CERTIFICATION TO MAYOR JACK GORDEN AND CITY OF LUFKIN COUNCIL BY DON CAMPBELL, TEXAS FOREST SERVICE.

Mayor Jack Gorden stated that the next item for consideration was the presentation of Tree City USA Certification to Mayor Jack Gorden and City of Lufkin Council by Don Campbell of the Texas Forest Service. City Manager Paul Parker turned the meeting over to Mr. Don Campbell.

Mr. Campbell gave a brief presentation about Tree City USA and commended the City of Lufkin for its participation.

Mayor Gorden asked Mr. Campbell to make the flag presentation to the Tree Board Members. Mr. Campbell presented the flag.

Mayor Gorden stated that the Council was going to skip to Agenda Item No. 9 due to the fact that Mike Byrd with First Southwest Company had to travel after the item was concluded.

9. AUTHORIZATION FOR THE ISSUANCE OF REFUNDING BONDS FOR THE CITY OF LUFKIN.

Mayor Jack Gorden stated that the next item for consideration was the Authorization for the Issuance of Refunding Bonds for the City of Lufkin. Mayor Jack Gorden stated that Mr. Mike Byrd with First Southwest Company was present. Mr. Byrd stated that the item under consideration was pre-approval for the Finance Department of the City of Lufkin to refund a portion of its outstanding bonds totaling nine million four hundred fifty thousand dollars ($9,450,000) that collectively has an average interest rate of 5.38%. Mr. Byrd stated that the request was to issue bonds totaling approximately nine (9) million dollars to refinance. Mr. Byrd gave a brief overview of the refunding bond program.

City Manager Paul Parker asked Mr. Byrd about the estimate of refund. Mr. Byrd stated that the numbers were just an estimate and that the true amount wouldn't be known until the bonds were sold in November. Mr. Byrd stated the estimate of six hundred ninety-seven dollars ($697,000) was achievable.

Mr. Byrd continued to give details of the program.

Mayor Jack Gorden stated that the issue of refunding the bonds had been visited in the Finance Committee Meeting. Mr. Byrd and Mayor Gorden and the Council discussed the advantages and disadvantages of refunding the bonds.

Mayor Gorden asked Mr. Byrd to clarify what was being approved in this meeting. Mr. Byrd stated that with the approval, the Council was approving the Finance Department's plan and with that approving the underwriting syndicate allowing Southwest Securities, Estrada Hinojosa, and A.G. Edwards to negotiate the transactions and approving Mr. Byrd to gather documents, coordinate the transaction, and market and price the refunding bonds effective November 6, 2006. Mr. Byrd stated that he would bring the firm offers to the Council meeting scheduled for November 7, 2006 for final Ordinance approval.

Councilmember Don Langston moved to approve the Authorization for the Issuance of Refunding Bonds for the City of Lufkin. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

8. FIRST READING OF AN ORDINANCE ON PROGRAM MODIFICATION FOR TECHNICALLY BASED LIMITS WITHIN CITY OF LUFKIN INDUSTRIAL PRE-TREATMENT PROGRAM

Mayor Jack Gorden stated that the next item for consideration was the First Reading of an ordinance on Program Modification for Technically Based Limits within the City of Lufkin Industrial Pre-Treatment Program. City Manager Paul Parker stated that there was a Public Hearing on this at the last meeting. City Manager Parker stated that specific questions could be answered and that Assistant City Manager/City Engineer Keith Wright had two volumes of data available for viewing in his office.

City Manager Parker asked Mr. Wright to give a brief overview of the program. Mr. Wright stated that it establishes modifications to the way that the City handles its pre-treatment program and it also modifies the City ordinances to align them with the TCEQ requirements for new technically based local limits.

City Manager Parker stated that the staff would recommend that the Council adopt the Ordinance.

Councilmember Don Langston moved to approve the First Reading of an ordinance on Program Modification for Technically Based Limits within the City of Lufkin Industrial Pre-Treatment Program. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

9. PRESENTATION ON "SCOPE OF SERVICE AND ADVANCE FUNDING AGREEMENT AMENDMENT NO. 1 BETWEEN THE CITY OF LUFKIN AND THE TEXAS DEPARTMENT OF TRANSPORTATION (TXDOT) FOR THE WEST EXTENSION OF WHITEHOUSE DRIVE.

Mayor Jack Gorden stated that the next item for consideration was the Presentation on "Scope of Service and Advance Funding Agreement Amendment No. 1 between the City of Lufkin and The Texas Department of Transportation (TXDOT) for the west extension of Whitehouse Drive. City Manager Paul Parker explained Congressman Louie Gohmert was able to assist the City in receiving the grant of two million seven hundred fifty thousand dollars ($2,750,000) in an eighty-twenty (80/20) match for the expansion of Whitehouse Drive from Daniel McCall to FM 819.

City Manager Parker explained the expansion of the streets and the organization of the bids and alternate bids. City Manager Parker stated that the revised estimate was two million one hundred eighty-three thousand three hundred ninety-eight dollars ($2,183,398) and that if the Council selected all the modifications the estimate was three million one hundred twenty-nine thousand eighty-eight dollars ($3,129,088). City Manager Parker stated again the amount of the grant was two million seven hundred fifty thousand dollars ($2,750,000) with two million two hundred thousand dollars ($2,200,000) from the Federal grant and five hundred fifty thousand dollars ($550,000) provided locally as required by the 80/20 match. City Manager Parker stated that the current construction fund was one million seven hundred seventeen thousand nine hundred twenty-five dollars ($1,717,925) which left approximately seven hundred eighty-eight thousand eight hundred thirty seven dollars ($788,837) of unallocated funds. City Manager Parker stated that the overall savings would be over one million dollars ($1,000,000). City Manager Parker stated that Staff recommended including the three-lane curb and gutter street in the base bid and the alternate bids for sidewalks, signalization and the asphalt to be laid by the contractor. City Manager Parker stated that at the time of construction the Council would be able to decide whether or not to go forth with the alternate bids.

Discussion was had between City Manager Parker and Mr. Wright about the proposed portion of land closest to FM 819 and its topographical layout concerning development.

Councilmember Lynn Torres moved to approve the Presentation on "Scope of Service and Advance Funding Agreement Amendment No. 1 between the City of Lufkin and The Texas Department of Transportation (TXDOT) for the west extension of Whitehouse

Drive. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

10. APPROVAL FOR THE PURCHASE OF A MEDICAL UNIT/AMBULANCE FOR FIRE DEPARTMENT.

Mayor Jack Gorden stated that the next item for consideration was Approval for the purchase of a Medical Unit/Ambulance for the Fire Department. City Manager Paul Parker stated that this unit was included in the vehicle amortization program and it was the first vehicle to be purchased through the program. City Manager Parker stated that the purchase of the chassis and the "box" would total ninety-one thousand dollars ($91,000) from HGAC for a Chevrolet C3500 diesel chassis plus the Frazer generator-powered module mounted on it. City Manager Parker added that one ambulance would be taken out of service as the new one was delivered.

Councilmember Lynn Torres moved to approve the Approval for the Purchase of a Medical Unit/Ambulance for the Fire Department. Councilmember R.L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

11. UPDATE ON CITY OF LUFKIN PERSONNEL POLICIES.

Mayor Jack Gorden stated that the next item for consideration was an update on City of Lufkin Personnel Policies. City Manager Paul Parker stated that over the last several years, changes had been made to the City of Lufkin Handbook but the Handbook had never been brought back to the Council for approval. City Manager Parker stated that some of those changes included the exclusion of accumulated birthday pay or United Way days as well as others. City Manager Parker stated that if there were any specific questions, that he would be glad to answer them.

Mayor Gorden confirmed that the Administrative Team reviewed the Handbook. Mayor Gorden asked for any comments from the Council.

Councilmember Rose Faine Boyd moved to approve the Update on City of Lufkin Personnel Policies. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

12. Mayor Jack Gorden asked for the Quarterly Finance Committee Report. City Manager Paul Parker stated that the Finance Committee held their quarterly meeting that afternoon and went through the City of Lufkin's portfolio and Investment Policy with Financial Advisor Dick Long. City Manager Parker added that the City had in excess of forty million dollars ($40,000,000) invested and that the rate of return was 5.27% on the overnights and 5.23% on the long-term investments. City Manager Parker stated that overall the City of Lufkin portfolio was a little over 5.25% which was well beyond the amount budgeted for the year. City Manager Parker stated that the Finance Committee was continuing with the Investment Policy and did not anticipate any changes in the Financial Plan but would bring it back to the Council at the next meeting for the annual review of the Financial Investment Strategy. City Manager Parker added that the City of Lufkin continued to be in good financial shape on investments. Mayor Jack Gorden asked if the Council had any questions concerning the Quarterly Finance Committee Report.

City Manager Paul Parker then explained the "lock-in" on electrical rates and publicly thanked Tim Allen.

13. Mayor Jack Gorden recessed the Regular Session at 6:50 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, appointment to boards and personnel may be discussed.

Mayor Jack Gorden reconvened the Regular Session at 7:05 p.m.

14. There being no further business for consideration, the meeting adjourned at 7:07 p.m.

Jack Gorden

Jack Gorden – Mayor

Renee Thompson

Renee Thompson – City Secretary