

**MINUTES OF REGULAR MEETING OF THE CITY COUNCIL OF
THE CITY OF LUFKIN, TEXAS, HELD ON THE
20TH DAY OF DECEMBER, 1994 AT 5:00 P. M.**

On the 20th day of December, 1994 the City Council of the City of Lufkin, Texas, convened in a regular meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Louis A. Bronaugh	Mayor
Percy Simond	Councilman, Ward No. 1
Don Boyd	Mayor pro tem
Larry Kegler	Councilman, Ward No. 3
Bob Bowman	Councilman, Ward No. 4
Jack Gorden, Jr.	Councilman, Ward No. 5
Tucker Weems	Councilman, Ward No. 6
C. G. Maclin	City Manager
Ron Wesch	Asst. City Manager/Public Works
Darryl Mayfield	Asst. City Manager/Finance
Atha Stokes	City Secretary

being present, and

Bob Flournoy	City Attorney
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being absent when the following business was transacted.

1. Meeting was opened with prayer by Rev. Lawrence Young, Minister, Abundant Life Church.
2. Mayor Bronaugh welcomed visitors present.

A video of the Recycling Center operation was narrated by Asst. City Manager of Public Works, Ron Wesch. Mr. Wesch introduced Diana Fears, Recycling Coordinator, and Dennis Webster, Recycling Superintendent.

3. APPROVAL OF MINUTES

Motion was made by Councilman Don Boyd and seconded by Councilman Larry Kegler that minutes of Regular Meeting of December 6, 1994 be approved as presented. A unanimous affirmative vote was recorded.

4. ORDINANCE - APPROVED - SECOND READING - ZONE CHANGE - RESIDENTIAL LARGE TO RESTRICTIVE PROFESSIONAL OFFICE - PHILIP W. GOODWIN - LOOP 287 - COPELAND STREET - HANKS STREET

Mayor Bronaugh stated that the first item for consideration was Second Reading of an Ordinance to change the zoning on approximately 2.289 acres of land fronting the outside of Loop 287 (S. John Redditt Drive) between Copeland Street and Hanks Street from Residential Large to a Restrictive Professional Office Zoning District as requested by Philip W. Goodwin on behalf of Genco and J & S Development.

Motion was made by Councilman Don Boyd and seconded by Councilman Bob Bowman that Ordinance be approved on Second Reading as presented. A unanimous affirmative vote was recorded.

5. ORDINANCE - APPROVED - SECOND READING - SPECIAL USE PERMIT - MOTOR BANK FACILITY - LOOP 287 BETWEEN COPELAND STREET AND HANKS STREET - GENCO - J & S DEVELOPMENT

Mayor Bronaugh stated that the next item for consideration was Second Reading of an Ordinance for Special Use Permit for a Motor Bank Facility on approximately

2.289 acres of land fronting the outside of Loop 287 (S. John Redditt Drive) between Copeland Street and Hanks Street as requested by Philip W. Goodwin on behalf of Genco and J & S Development.

Motion was made by Councilman Bob Bowman and seconded by Councilman Larry Kegler that Ordinance be approved on Second Reading as presented. A unanimous affirmative vote was recorded.

6. ORDINANCE - APPROVED - SECOND READING - SPECIAL USE PERMIT - DAY CARE FACILITY - NEIGHBORHOOD RETAIL ZONING DISTRICT - SOUTH FIRST STREET - JACQUELINE SUDDS

Mayor Bronaugh stated that the next item for consideration was Second Reading of an Ordinance for Special Use Permit for a Day Care Facility at 1130 South First Street within a Neighborhood Retail Zoning District as requested by Jacqueline Suds.

Motion was made by Councilman Don Boyd and seconded by Councilman Bob Bowman that Ordinance be approved on Second Reading as presented. A unanimous affirmative vote was recorded.

7. ANNEXATION - APPROVED - DONALD ARNETT - FM 324 - FM 1336 - GOBBLERS KNOB ROAD

Mayor Bronaugh stated that the next item for consideration was a request of Donald Arnett to annex approximately 16.985 acres of land bounded by FM 324, FM 1336, Gobblers Knob Road, and the existing City limits.

City Manager Maclin stated that there have been two Public Hearings for this request.

Motion was made by Councilman Bob Bowman and seconded by Councilman Jack Gorden, Jr. that request for annexation be approved as submitted. A unanimous affirmative vote was recorded.

8. ORDINANCE - APPROVED - FIRST READING - ZONE CLASSIFICATION - DONALD R. ARNETT - FM 324 - GOBBLERS KNOB ROAD - FM 1336 - APARTMENT

Mayor Bronaugh stated that the next item for consideration was a request of Phil Medford on behalf of Donald R. Arnett for an Apartment zoning classification on approximately 15.813 acres of land bounded by FM 324 to the east, Gobblers Knob Road and Loop 287 to the north and FM 1336 to the south.

City Manager Maclin stated that included in the packet is a recommendation from the Planning & Zoning Commission and some comments provided by the City Planner indicating the need for this type of housing.

Motion was made by Councilman Don Boyd and seconded by Councilman Larry Kegler that Ordinance be approved on First Reading as presented. A unanimous affirmative vote was recorded.

9. ORDINANCE - APPROVED - FIRST READING - ZONE CHANGE - DUPLEX TO RESIDENTIAL SMALL - JODIE AVENUE - SOUTH THIRD STREET - CHARLTON STREET - W. C. DENMAN ADDITION

Mayor Bronaugh stated that the next item for consideration was a request of George Griffith on behalf of C & W Investments and Webben Investments to change the zoning from Duplex to Residential Small on property bounded on the south by Jodie Avenue, on the west by South Third Street and on the east by Charlton Street and being described as lots 2-1, 2-2, 2-3, 2-4, 3-1, 3-2, 3-4 and 3-5 of Block 6 in the W. C. Denman Addition.

City Manager Maclin stated that this request was unanimously approved and recommended by the Planning & Zoning Commission.

City Planner Stephen Abraham stated that the purpose of the proposed change of zoning is to more accurately reflect the existing land uses in the area and to allow for development of compatible single-family dwellings.

Motion was made by Councilman Don Boyd and seconded by Councilman Jack Gorden, Jr. that Ordinance be approved on First Reading as presented. A unanimous affirmative vote was recorded.

10. ORDINANCE - APPROVED - FIRST READING - ZONE CHANGE - RESIDENTIAL SMALL TO COMMERCIAL - JIMMY HORTON - JOYCE COLLINS - W. C. DENMAN ADDITION

Mayor Bronaugh stated that the next item for consideration was a request of Jimmy Horton and Joyce Collins to change the zoning on Lots 3.1, 3.2 and 4 of Block 32 in the W. C. Denman Addition from Residential Small to a Commercial zoning classification.

In response to statement that the actual physical address was not listed for this request, City Planner Abraham referred Council to the first paragraph of his memorandum. The subject property is bounded on the south by Kerr Avenue, on the east by Charlton Street, on the north by an alley and on the west by South Third Street.

City Manager Maclin stated that he had received a telephone call from Elmer Brumble earlier in the day in opposition of this request. Mr. Brumble is submitting written opposition and has requested to appear before Council. City Manager Maclin stated that Mr. Brumble had planned to attend tonight's meeting but was detained at the Doctor's office in Houston and requested that Council table this item until next meeting.

Mr. Abraham stated that Mr. Brumble lives in Houston and his response to the zone change was received yesterday. Mr. Abraham stated that he did not know the reason Mr. Brumble was not in attendance at the Planning & Zoning Commission meeting.

Jimmy Horton stated that he had to delay a plane flight in order to attend the Planning & Zoning Commission meeting.

City Manager Maclin stated that Mr. Brumble is not opposed to a zone change but is opposed to a Commercial designation.

Mr. Horton stated that there are some restrictions under Local Business that would not allow him to have full use of the property. Mr. Horton stated that under the Commercial zoning designation he will not have to have a fence and will be able to use the alley in the back of the property.

Mr. Abraham stated that the Planning Department opposes the zone change because it provides no buffering between this property and the property that backs up to the subject area.

In response to question by Councilman Weems, Mr. Abraham stated that Mr. Horton is acting as an agent for the Alridge and Simpson properties.

In response to statement by Mr. Horton that all the adjoining property owners already have fences, Mr. Abraham stated that the fences are chain link fences and not sight bearing fences.

Motion was made by Councilman Don Boyd and seconded by Councilman Jack Gorden, Jr. that Ordinance be approved on First Reading as presented. The following vote was recorded:

Aye: Councilmen Kegler, Gorden, Simond, Boyd, Weems and Mayor Bronaugh
Nay: Councilman Bowman

Motion carried by a vote of 6 to 1.

11. LETTER OF REQUEST - APPROVED - FIRST SOUTHWEST COMPANY

Mayor Bronaugh stated that the next item for consideration was a letter of request from First Southwest Company to bid on municipal bonds.

City Manager Maclin stated that included in the packet is a copy of a letter from Mike Byrd, which is standard operating procedure for his firm in order to bid on the bond issuance.

Motion was made by Councilman Don Boyd and seconded by Councilman Tucker Weems that letter of request be approved as presented. A unanimous affirmative vote was recorded.

12. ORDINANCE - APPROVED - FIRST READING - ISSUANCE OF REVENUE BONDS - WATERWORKS AND SEWER SYSTEM - IMPROVEMENTS AND EXTENSIONS

Mayor Bronaugh stated that the next item for consideration was First Reading of an Ordinance authorizing the issuance of revenue bonds for improvements and extensions to the City's waterworks and sewer system.

City Manager Maclin stated that this is the next step in providing the financing for the waterworks and sewer system improvements and extensions.

Motion was made by Councilman Tucker Weems and seconded by Councilman Jack Gorden, Jr. that Ordinance be approved on First Reading as presented. A unanimous affirmative vote was recorded.

13. ANIMAL CONTROL FUND ESTABLISHED

Mayor Bronaugh stated that the next item for consideration was establishing an Animal Control Fund and authorizing for expenditures.

City Manager Maclin stated that included in the packet is a letter from the Asst. City Manager of Public Works requesting consideration to establish an Animal Control Fund and seeking authorization of expenditure of those funds. This fund will be utilized in the same manner as the "Friends of the Zoo Fund", or the Police Department's forfeited funds. City Manager Maclin stated that currently there is \$1,080 in the fund (\$1,030 in money raised from the "Paws for Recycle" project, and a \$50.00 donation from the Monastery). City Manager Maclin stated that possible expenditures would be for a TV and VCR combination, cat ear tag kit and additional tags, 20 dog beds, horse halters, lead ropes and other tack.

In response to question by Councilman Simond, City Manager Maclin stated that this fund will be the same as the City's 501-C3 because it will be audited the same as the City's other funds are audited.

Motion was made by Councilman Bob Bowman and seconded by Councilman Larry Kegler that establishment of Animal Control Fund be approved as presented. A unanimous affirmative vote was recorded.

14. LAKE EASTEX PROJECT

Mayor Bronaugh stated that the next item for further consideration was participation in the Lake Eastex project.

Mayor Bronaugh stated that recently Bill Moreau had spoken to the Council in favor of continuing with participation in the Lake Eastex project. Mayor Bronaugh stated that Philip Goodwin was present tonight to express his concerns about continuing with participation in the project.

Mr. Goodwin stated that he would like to make a few comments about the concept of ground water versus surface water. Mr. Goodwin stated that he had been involved in engineering in the City of Lufkin for over 20 years and in that time the City has considered the water supply source from many different angles. Mr. Goodwin stated that as a tax payer in Lufkin he was concerned that the City keeps spending money on concepts that, as an engineer, he does not agree with as far as the water supply source and potential water supply source. Mr. Goodwin stated that residents of this area are blessed with a ground water supply that is plentiful and has not been fully developed from a ground water and water well use. Mr. Goodwin stated that Council has seen and heard comments about the ground water support and its questionable liability that he has not agreed with in the past. Mr. Goodwin stated that there are fluctuations in the static water level there, but it is somewhat due to the use or the extraction of ground water from the aquifer and is also a function of rain water. Mr. Goodwin stated that the main comment he would like to make is that he is concerned that the City keeps spending money on potential water supply sources that maybe are unrealistic. Mr. Goodwin stated that in Lufkin there are many needs - there are demands for City funds to do improvements within the City and it is important that the City Council consider every use of every dollar and apply a cost benefit analysis to the expenditures. Mr. Goodwin stated that, in his opinion, in continuing with this project it should be pointed out that the cost is definitely high and, it is questionable about what the benefit is from the standpoint of future water supply needs for the City.

Mayor Bronaugh stated that the City has been involved for many years in this process in support of the Angelina Neches River Authority and the efforts that they have made on the Lake Eastex project.

In response to question by Councilman Bowman, City Manager Maclin stated that in the preliminary contract from 1989 through 1996 the City had an obligation of \$39,251.36. City Manager Maclin stated that at 7 1/2% participation in the next phase, the City's responsibility would be \$165,000.

In response to question by Councilman Simond, City Manager Maclin stated that the City has already paid \$24,000 of the \$39,000 for preliminary studies, with the last payment being due September 1, 1996.

Mayor Bronaugh stated that the amount of money the City has already paid out is unrecoverable.

In response to statement by City Manager Maclin, Gary Neighbors stated that at this time approximately 55-60% of the lake capacity is committed.

Councilman Gorden stated that one of the reasons the Council delayed making a decision on this item was because the Deep East Texas Development Association hosted a water transfer information meeting on December 9. Councilman Gorden stated that this Council, and previous Councils, have looked at this and studied it with a lot of good input from people like Gary Neighbors, but he is prepared to say that the City needs to drop their participation.

In response to question by Councilman Bowman, Mr. Neighbors stated that if Lake Eastex is built it will partially reduce the flow of the Angelina River.

Motion was made by Councilman Jack Gorden, Jr. and seconded by Councilman Percy Simond that the City of Lufkin pay the rest of the City's commitment and to cease to be a part of the Lake Eastex project. A unanimous affirmative vote was recorded.

Mayor Bronaugh stated that when this project was started the City of Lufkin wanted to support it as long as possible, and the City will continue to support ANRA.

15. PROPOSAL - APPROVED - ASSET MANAGEMENT - CITY'S INVESTMENT PORTFOLIO - FIRST SOUTHWEST COMPANY

Mayor Bronaugh stated that the next item for consideration was proposals for asset management of the City's investment portfolio.

Mayor Bronaugh stated that Councilmen Weems and Gorden reviewed the proposals prior to the meeting, and that they were now available to all the Councilmembers.

City Manager Maclin stated that staff had received proposals from Century Management, Pinnacle Capital Markets Group, Phoenix Government Investments, Westwood Management, First Bank & Trust, Lufkin National Bank, Funds Management, First Southwest, and delineation letters from A. G. Edwards & Sons, Advanced Financial Services, and Merrill Lynch submitted their proposal two days after the deadline. City Manager Maclin stated that a copy of all the proposals were on the Council table and were available for review.

Councilman Weems stated that after reviewing all of the proposals and consulting with Councilman Gorden, it was their recommendation to go with the proposal of First Southwest Company. Councilman Weems stated that their proposal meets the criteria the City is looking for as far as experience, security, bonds, and have had no prior problems with the SEC. Councilman Weems stated that, in his opinion, it will be to the City's benefit to employ an Asset Manager.

Councilman Gorden stated that he would concur with what Councilman Weems has said. Councilman Gorden stated that, in his opinion, this is the most cost effective way to approach engaging an Asset Manager. Councilman Gorden stated that the original proposal had been modified to include local investment firms.

In response to question by Councilman Bowman, Councilman Weems stated that after reviewing the City's monies in the bond funds, etc. he felt that the management of the funds should be placed in the hands of someone who has experience. Councilman Weems stated that, in his opinion, it is Council's responsibility to make sure the City's funds are invested safely. Councilman Weems stated that it will be part of the City's written investment policy to keep the risk factor out but to get the maximum return.

In response to question by Councilman Bowman, City Manager Maclin stated that the asset management firm will receive a flat fee, in this case 15 basis points of the total portfolio paid on a quarterly basis, which in the City's case is approximately \$20,000 per year.

City Manager Maclin stated that Dick Long of First Southwest will meet with the Council next month to talk about philosophies of the Council, and his ideas to maximize the yield of the City's investments. City Manager Maclin stated that Mr. Long will be bound to the City's investment policy. The auditors are reviewing the City's investment policy and if Mr. Long has any recommendations for changes in the policy, it will be taken to the auditors for comments and review, and then to Council for final approval.

Councilman Weems stated that he would be more comfortable with a one year

contract as opposed to a two year contract.

Motion was made by Councilman Larry Kegler and seconded by Councilman Don Boyd that the proposal of First Southwest Company for asset management of the City's investment portfolio be approved for a one year contract (January 1, 1995 - December 31, 1995). A unanimous affirmative vote was recorded.

16. BID - APPROVED - VEHICLES - POLICE DEPARTMENT - BARRETT BROS. - BEAVER CHEVROLET

Mayor Bronaugh stated that the next item for consideration was bids for vehicles to be used in the Police Department.

City Manager Maclin stated that included in the packet is a bid tabulation for Police Department's request to purchase nine Police cars and two pickup trucks. City Manager Maclin stated that staff recommendation is to go with the low bid of Barrett Bros. for the two pickup trucks at a cost of \$14, 931.79 each, and with Beaver Chevrolet for the nine Police cars at a cost of \$18,100.00 per car.

In response to question by Mayor Bronaugh, City Manager Maclin stated that David Cochran, Purchasing Agent, had checked with HGAC regarding these vehicles, and the prices were very close. City Manager Maclin stated that HGAC has an administrative fee and an extra charge for the warranty.

Motion was made by Councilman Don Boyd and seconded by Councilman Bob Bowman that bid of Barrett Bros. for two small pickup in the amount of \$14,931.79 each, and bid of Beaver Chevrolet for nine Police cars in the amount of \$18,100 each be approved as submitted. A unanimous affirmative vote was approved.

17. BID - APPROVED - SANITARY SEWER LINE RELOCATION - FEAGIN DRIVE - DAUGHTIE CONSTRUCTION

Mayor Bronaugh stated that the next item for consideration was bids on relocation of a sanitary sewer interceptor line along Feagin Drive.

City Manager Maclin stated that staff recommendation is to award the bid of Daughtie Construction in the amount of \$65,573.80. City Manager Maclin stated that this is included in the street improvement money.

Motion was made by Councilman Bob Bowman and seconded by Councilman Larry Kegler that bid of Daughtie Construction in the amount of \$65,573.80 be approved as presented. A unanimous affirmative vote was recorded.

18. EXECUTIVE SESSION

Mayor Bronaugh recessed Regular Session at 6:25 p. m. to enter into Executive Session. Regular Session reconvened at 6:43 p. m. and Mayor Bronaugh announced that Council had discussed litigation and an evaluation of the City Manager, which is done on an annual basis.

19. COMMENTS

City Manager Maclin stated that Shea Burgamy of the Economic Empowerment Committee would be meeting with staff this week.

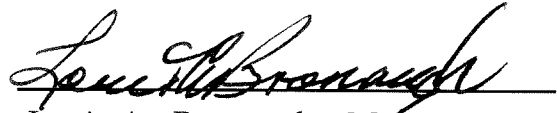
Mayor Bronaugh complimented staff on the Christmas decorations in City Hall.

20. There being no further business for consideration, meeting adjourned at 6:47p.m.

ATTEST:

A handwritten signature in cursive script, reading "Atha Stokes", written over a horizontal line.

Atha Stokes - City Secretary

A handwritten signature in cursive script, reading "Louis A. Bronaugh", written over a horizontal line.
Louis A. Bronaugh - Mayor