MINUTES OF REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF LUFKIN, TEXAS, HELD ON THE 20th OF AUGUST 2002

On the 20th day of August 2002 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
Lynn Torres	Mayor pro tem
R. L. Kuykendall	Councilmember, Ward No. 1
Rose Faine Boyd	Councilmember, Ward No. 2
Bob Bowman	Councilmember, Ward No. 4
Jack Gorden, Jr.	Councilmember, Ward No. 5
Dennis Robertson	Councilmember, Ward No. 6
C. G. Maclin	City Manager
James Hager	Asst. City Manager/Finance
Atha Stokes Martin	City Secretary
Bob Flournoy	City Attorney
Keith Wright	City Engineer
Kenneth Williams	Director of Public Works
Stephen Abraham	Director of Planning

being present when the following business was transacted.

1. Meeting was opened with prayer by Rev. Steven Diaz, First United Methodist Church.

2. Mayor Bronaugh welcomed visitors present.

3. APPROVAL OF MINUTES

Minutes of the Regular Meeting of August 6, 2002 were approved on a motion by Councilmember Jack Gorden, Jr. and seconded by Councilmember Bob Bowman. A unanimous affirmative vote was recorded.

4. TECHNOLOGY REPORT – POLICE DEPARTMENT

Mayor Bronaugh stated that the first item for consideration was a technology update for the Police Department wireless communications.

Lt. James Nowak of the Lufkin Police Department stated that the Mobile Data Project in the Police Department was conceived to solve several problems. Lt. Nowak stated that officers have to travel to and from the Police Station to do reports and other paperwork which causes them to have to leave their section, it increases transit mileage on their vehicles, and reduces the time available to the officer that could be better spent in directed patrol and community interaction. Lt. Nowak stated that the records clerks have to enter information previously written by officers into the Records Management System, and this redundancy increases the likelihood of error and is wasteful. Lt. Nowak stated at times the radio traffic causes delays in being able to transmit information. The volume of radio traffic also adds to the stress of the dispatchers, who are simultaneously responding to 911 lines, administrative phone lines, fire/EMS calls, officers' requests for TLETS information, walk-in customers, and numerous other tasks.

Lt. Nowak stated that operational security is an important issue to officers responding to calls for service, alarms, crimes in progress, and during other patrol activities. The prevalence of scanners in Lufkin makes it difficult to achieve any level of secure communications, and sometimes causes problems when officers have to request a caller's name over the radio.

Lt. Nowak stated that the efficiency of dispatching to calls leaves a lot to be desired. He stated that on numerous occasions on each shift, officers trade calls on which they have been dispatched because other units are closer than the dispatched officers. If the dispatchers had some way to know exactly where officers are located, they could better use the resources available to them.

Lt. Nowak stated that access to state and local databases are dependent upon the officer getting a request over the radio to the dispatcher. Then, the officer must wait for a response from a dispatcher who is also responding to requests from many others. An officer having direct access to information sources could better find what he needs when he needs it.

Lt. Nowak stated that the current method of reporting means that offense reports are not entered into the Records Management System until 24 to 48 hours after the report has been taken. If an officer could enter a report directly into the RMS it would be available the same day, perhaps leading to solutions in related criminal activities much sooner thereby preventing crimes that otherwise would have occurred. Lt. Nowak stated that what is needed is a wireless communications medium that would allow information to be sent reliably and efficiently between the patrol car and the police station. Lt. Nowak stated that staff examined the prospect of building their own radio system but it was too costly. He stated that AT & T stepped forward with a proposal to build a CDPD network with countywide coverage. Lt. Nowak stated that the CDPD network offered several advantages: (1) No initial nor recurring capital outlay from the City (2) Access to the network from anywhere with CDPD coverage (3) Secure and encrypted communications (4) Robust communications network with multiple overlapping sites that provides an alternate means of communication in the event of loss of the radio system during a disaster and (5) Unlimited use for a reasonable monthly fee.

Lt. Nowak stated that with the CDPD communications network all of the project budget could be devoted to obtaining the best equipment and software possible to achieve the objectives of the project. Lt. Nowak stated that they chose to use software from HTE, Inc., which is the company that already provides the Department's CAD and RMS software. Lt. Nowak stated that their mobile products are designed to integrate with the other modules without the expense of costly interfaces. He stated that they also chose Panasonic CF-28 Toughbook computers, Sierra Wireless modems and AirCards, and L&E mounts to further enhance the quality, reliability and durability of the system.

Lt. Nowak stated that they began using Field Reporting of Incidents on February 1, 2002. Lt. Nowak stated that the implementation of this phase of the project has truly impacted the problems cited as 1, 2 and 7 above. Lt. Nowak stated that when Field Reporting of Accidents is implemented they expect to see even more improvement.

Lt. Nowak stated that MDB, or Mobile Data Browser, was started on April 1, 2002, and immediately radio traffic plunged, dispatcher workload and stress were tremendously reduced, and officers made many more inquiries of state databases. Lt. Nowak stated that implementation of Mapping/AVL is being planned and will occur later this year.

Lt. Nowak stated that additionally, CDPD gave officers access to the Police Department's web site, which allows officers to submit fleet maintenance requests, check the jail log, obtain departmental employees' phone numbers, access a Spanish translation tool, review City permits, and NOAA weather advisors.

Lt. Nowak stated that furthermore, supervisors' computers have their own e-mail accounts so anyone can send an e-mail to that computer than to an individual who is using it.

Lt. Nowak stated that at this time they have not yet attempted to quantify the value of the changes they have observed. He stated that in the beginning they estimated that the technology would increase an officer's available time and productivity by 20-30%. Lt. Nowak stated that if this is the case, then the technology will have created the equivalent of 2 to 3 officers per patrol shift and with four patrol shifts that is 8 to 12 officers.

Lt. Nowak stated that he has received comments from officers and dispatchers on how much easier work is since they implemented the changes, and that radio traffic has been cut tremendously. Lt. Nowak stated that the changes have been eagerly supported by most of the personnel, which is impressive given the history of technological change in other agencies with whom they have consulted and the legendary resistance to change in Police Departments. Lt. Nowak stated that they are fortunate in that the officers were enthusiastic and at times had to be restrained until other elements of the department were ready for implementation.

Lt. Nowak stated that the Department looks forward to the implementation of the other phases of the project this year and will continue to examine even more efficient and effective ways in which technology can help them meet the needs of the citizens of Lufkin.

Lt. Nowak provided handouts of the mobile or desktop local reporting procedure.

City Manager Maclin stated that he felt it was safe to say that the Lufkin Police Department is the most advanced technologically of any Police Department its size in East Texas.

5. <u>ORDINANCE – APPROVED – FIRST READING – SPECIAL USE PERMIT – MEDIUM SINGLE FAMILY DWELLING – RICHARD BYLER – EARNEST RUTLAND – MOORE AVENUE AND BONNER STREET</u>

Mayor Bronaugh stated that the next item for consideration was the request of Richard Byler, on behalf of Earnest Rutland, to grant a Special Use Permit for a sixteen-space parking lot within a "Medium Single Family Dwelling" zoning district on approximately 0.32 acres of land located at the northwest corner of the intersection of Moore Avenue and Bonner Street.

City Manager Maclin stated that included in the Council packet is the memorandum of explanation from the Director of Planning. Mr. Maclin stated that this request comes to Council with a unanimous recommendation for approval from the Planning & Zoning Commission for a Special Use Permit for a sixteen-space parking lot with the condition that the holly shrubs used for screening along the western and southern edge of the parking lot be maintained and replaced as needed as long as the parking lot exists.

Mr. Earnest Rutland stated that he was the owner of the lot and it had been in the family for over 50 years and they decided to put it on the market for sale.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember R. L. Kuykendall that Ordinance to grant a Special Use Permit for a sixteen-space parking lot within a "Medium Single Family Dwelling" zoning district on approximately 0.32 acres of land located at the northwest corner of the intersection of Moore Avenue and Bonner Street as requested by Richard Byler on behalf of Earnest Rutland be approved on First Reading as presented. A unanimous affirmative vote was recorded.

6. <u>ORDINANCE – APPROVED – FIRST READING – ZONE CHANGE – LARGE SINGLE FAMILY DWELLING TO COMMERCIAL – NORTH MEDFORD DRIVE AND LUFKIN AVENUE – ALTON J. MEYER</u>

Mayor Bronaugh stated that the next item for consideration was the request of Alton J. Meyer to change the zoning from "Large Single Family Dwelling" to "Commercial" on approximately 2.88 acres of land located at the northeast corner of the intersection of North Medford Drive and Lufkin Avenue.

City Manager Maclin stated that the Comprehensive Plan indicates that the appropriate long-range use of this property is Commercial. Mr. Maclin stated that the Planning & Zoning Commission, by unanimous vote, recommends the zone change be approved as submitted.

Motion was made by Councilmember Rose Faine Boyd and seconded by Councilmember R. L. Kuykendall that Ordinance to change the zoning from "Large Single Family Dwelling" to "Commercial" on approximately 2.88 acres of land located at the northeast corner of the intersection of North Medford Drive and Lufkin Avenue as requested by Alton J. Meyer be approved on First Reading as presented. A unanimous affirmative vote was recorded.

7. **ORDINANCE – APPROVED – FIRST READING – ZONE CHANGE – MEDIUM SINGLE FAMILY DWELLING TO LOCAL BUSINESS – NORTH MEDFORD DRIVE AND GREER STREET – OCTAVIO VELASQUEZ**

Mayor Bronaugh stated that the next item for consideration was the request of Octavio Velasquez to change the zoning from "Medium Single Family Dwelling" to "Local Business" on approximately 4.22 acres of land located at the southwest corner of the intersection of North Medford Drive and Greer Street.

City Manager Maclin stated that included in the Council packet is the memorandum of explanation and the maps showing the location of the property. Mr. Maclin stated that the request to change the zoning to a Local Business District is consistent with the recommendation of the future land use plan, which indicates that the appropriate use of the land is retail. Mr. Maclin stated that the Planning & Zoning Commission approved the request by a 3-2 vote to Local Business.

Sam Griffin, Jr., stated that he was speaking on behalf of the applicant for the zone change, Mr. and Mrs. Velasquez, who are asking for the zone change in order to build a family restaurant on this property consisting of approximately 7,000 SF with 150 parking spaces. Mr. Griffin stated that, in his opinion, the only reason this request did not receive a unanimous recommendation from P&Z was Mr. Ronnie Robinson wanted them to have access to the property at the time of the application for more than just the east end of Greer Street. Mr. Griffin stated that he has contacted TxDOT and they have told him that when the zone change is approved come back and talk to them and they will talk about an entrance and exit on the Loop. Mr. Griffin stated that there is 413 feet of frontage along the Loop, so the south end of this property has plenty of area distance from the access ramp that comes up onto the Loop for an entrance and exit ramp. Mr. Griffin stated that they are in a "catch 22" because they can't get TxDOT to talk to them until they have the zone change and Ronnie Robinson doesn't want them to get the zone change until TxDOT gives them the entrance ramp. Mr. Griffin stated that the owners currently operate the American Motel on 59 North, and would appreciate the opportunity to build a new business and operate it on this property.

Mrs. Berniece Deaton stated that she lives across the street from the property that is being considered for the zone change. Mrs. Deaton stated that they have owned the property for 44 years and it has always been quiet and peaceful. Mrs. Deaton stated that she did not want to see the neighborhood disturbed with a lot of noise with the entrance and exit on Greer Street. Mrs. Deaton stated that Greer Street is hardly large enough for two cars to pass. Mrs. Deaton stated that she is very much against the zone change.

Mrs. Deaton's daughter Sally stated that on behalf of her mother and father she would request that this property not be re-zoned from the family dwelling zoning. She stated that this area has a lot of children in it and putting a business there would cause a further deterioration of the area and would discourage people from building more homes there. She stated that she would respectfully ask the Council to re-consider what the P&Z Commission has submitted to them on behalf of the Velasquez.

Lawana Allen, the daughter of Mr. and Mrs. Deaton, stated that this is a peaceful neighborhood right now and if a business goes in on Greer Street it won't be peaceful any longer. Mrs. Allen stated that there are school buses that go up and down Traylor Street and the added traffic from a restaurant would not be good for the children that live there. Mrs. Allen stated that her parents are old – her dad is 94 and her mother is 89 - and at this point in their lives she did not think this would be a good change for them. Mrs. Allen stated that, in her opinion, this is a bad thing and does not need to be done. Mrs. Allen stated that her parents are not the only ones who will be adversely affected by the zone change. Mrs. Allen stated that she would beg the Council to reconsider rezoning this area for her parent's sake, for the sake of the children, and for the sake of the other adults that live in that neighborhood.

In response to question by Councilmember Torres, Mr. Maclin stated that Greer Street enters onto the access road.

In response to question by Councilmember Bowman, Mr. Maclin stated that the property being considered for the zone change fronts on the access road of the Loop. Mr. Maclin stated that this would be a new building. There is a residence on the property at this time which is about two thirds of the way up on Greer Street.

Stephen Abraham stated that in response to the question on fencing, it will be required to have a 6' sight bearing fence on two sides – the west side and the southern side where it abuts the residential zoning districts. Mr. Abraham stated that with regard to the access, he really thinks that it all boils down to what is going to be the safest access for the property. Mr. Abraham stated that until such time that actual plans are delivered, the applicant is not likely to develop a set of engineered plans until he knows that he can build a restaurant. Mr. Abraham stated that this is normally the way that things are handled. Mr. Abraham stated that once he has the ability to determine whether he can place a restaurant on this site, then the City will look at the plans and in this case, because there is a potential for access onto the entrance ramp, the Engineering Department and the Planning Department will get together with TxDOT and determine if access should be allowed directly onto the entrance ramp and if so, what is the safest location. Mr. Abraham stated that they would not be able to make this determination until they are further down the line.

Councilmember Gorden asked if TxDOT would not work with the applicant to give access from the Loop would Mr. Abraham still be in favor of granting the zone change. Mr. Abraham stated that he would be in favor of it because he did not know how much value 4.2 acres of land is for a single residential unit. Mr. Abraham stated that keeping it single family residential for one unit is probably not the best thing to do. Mr. Abraham stated that if they were to subdivide this 413' Loop frontage, they could potentially end up with six residential driveways onto the Loop. Mr. Abraham stated that speaking of children in this area, you could potentially have children playing in close proximity to the Loop.

City Manager Maclin stated that based on past history with TxDOT, it would be reasonable to anticipate the possibility of a deceleration lane on the north end of the property coming in and acceleration lane on the south end of the property going back onto the Loop.

In response to question by Councilmember Robertson, Keith Wright, City Engineer, stated that he had spoken to Cheryl Flood of TxDOT and she told him that this will provide the restaurant sufficient access and they may possibility deny access to the feeder ramp but that would have to be evaluated based on safety and the actual layout of the property and then they may go to deceleration or acceleration lanes. Mr. Wright stated that there is no guarantee that any access will be allowed on the feeder.

In response to question by Councilmember Robertson, Mr. Abraham stated that the best way to categorize Local Business would be as an office and service type, restaurant, and retail. Mr. Abraham stated that it does have some uses such as indoor auto repair shops. Mr. Abraham stated that when staff goes through the Land Use Code process there will be a whole new classification and there won't be those types of automotive uses allowed in Local Business or in the retail district. Mr. Abraham stated that for the time being it probably does allow a little more than what he would consider true retail, but the one that does allow true retail is Neighborhood Retail and it only allows a 3,000 SF use so that didn't seem to be appropriate either.

Mrs. Deaton's daughter asked if a club would be included in the proposed restaurant. City Attorney Flournoy stated that it is too close to the church to be allowed. Mrs. Deaton's daughter stated that if the restaurant failed they were concerned that anything could be placed on the property within the Local Business category. Mr. Abraham stated that by zoning the property Local Business it would not allow the sale of alcoholic beverages and in order to do that they would have to get a Special Use Permit sometime in the future and at that point staff would evaluate if the property is within 300' of a church or a school by the TABC measurements.

Mr. Griffin stated that they would have a fence behind the house that is currently located on the 4.22 acres on Greer. Mr. Griffin stated that they intended to keep the house and put a fence behind it, so that essentially three sides of the property would have a sight-bearing fence. Mr. Griffin stated that the entrance on Greer would be as far to the east end and as close to the entrance ramp that the City would allow them to put it.

Councilmember Gorden stated that Council has always been protective of neighborhoods particularly where there is opposition, but Loop frontage makes it kind of hard to turn down the request.

Councilmember Robertson stated that he was very sympathetic with the neighbors who have a concern about the business and he would accommodate their wishes, but the fact is that Loop 287 is a significant part of the City's transportation system, and the fact that it would be Commercial someday anyway, and Local Business would be satisfactory.

Motion was made by Councilmember Dennis Robertson and seconded by Councilmember R. L. Kuykendall that Ordinance to change the zoning from "Medium Single Family Dwelling" to "Local Business" on approximately 4.22 acres of land located at the southwest corner of the intersection of North Medford Drive and Greer Street be approved on First Reading as presented. A unanimous affirmative vote was recorded.

8. **ORDINANCE – TABLED – FIRST READING – TAX LEVYING ORDINANCE**

Mayor Bronaugh stated that the next item for consideration was First Reading of the Tax Levying Ordinance.

City Manager Maclin stated that there is an interoffice memorandum from Assistant City Manager James Hager on the Council table dated yesterday with the subject of Tax Rate Adoption. Mr. Maclin stated that staff was contacted by the Tax Accessor/Collector Bill Shanklin regarding the adoption of the tax rate and in light of the fact that the Truth and Taxation Law requires a Public Hearing following a vote and publication in the newspaper, even though the City had a Public Hearing in accordance with the Charter two weeks ago, we will need to have another Public Hearing to meet the criteria of the Truth and Taxation Law. Mr. Maclin stated that this is brought upon by the fact that the tax increase that will be added, although it was approved by the voters last May in the bond election of 2001, still makes an increase that triggers this process of a Public Hearing. Mr. Maclin stated that what staff would like to propose to Council is that this item be tabled, and instead acknowledge and give approval to the calendar at the bottom of the page.

City Manager Maclin stated that Council also has in the attachment a Notice of the Public Hearing page and the notice of the vote as it would be in the newspaper and as required by law.

Councilmember Bowman stated that he realized that this information was written by lawyers but it is terribly misleading. Mr. Bowman asked if there was any way staff could explain to the taxpayers that the City is not raising taxes again. Mr. Hager stated that he mentioned to Mr. Shanklin about adding a footnote that this 2 cents was approved last year by the taxpayers, but the law is specific regarding the notice that has to appear in the newspaper. Mr. Maclin stated that the City could beseech the assistance of the newspaper reporter to help communicate that message to the public.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Jack Gorden, Jr. that First Reading of the Tax Levying Ordinance be tabled in accordance with the schedule to comply with the Truth and Taxation Law as presented. A unanimous affirmative vote was recorded.

9. **ORDINANCE – APPROVED – FIRST READING – APPROPRIATIONS ORDINANCE**

Mayor Bronaugh stated that the next item for consideration was First Reading of the Appropriations Ordinance.

City Manager Maclin stated that this is the budget that sets forth the funding levels and staff is seeking Council's approval of First Reading today.

Motion was made by Councilmember Lynn Torres and seconded by Councilmember Dennis Robertson that Appropriations Ordinance be approved on First Reading as presented. A unanimous affirmative vote was recorded.

10. **ORDINANCE – APPROVED – FIRST READING –WATER RATE INCREASE – RESIDENTIAL – COMMERCIAL – INDUSTRIAL**

Mayor Bronaugh stated that the next item for consideration was First Reading of an Ordinance reflecting increases in residential, commercial and industrial water rates.

City Manager Maclin stated that this is the Ordinance that will establish the City's water rates for next year and represents approximately a 4% increase although there is not an increase in the base charge for the first 2,000 gallons, which remain consistent at $9.07. Mr. Maclin stated that the 4% increase would be for rates above that which is needed to meet the requirements for this particular fund.

In response to question by Councilmember Boyd, Mr. Maclin stated that this increase would be effective October 1, 2002.

Motion was made by Councilmember Lynn Torres and seconded by Councilmember R. L. Kuykendall that Ordinance reflecting increase for residential, commercial and industrial water rates be approved on First Reading as presented. A unanimous affirmative vote was recorded.

11. **ORDINANCE - APPROVED – FIRST READING – SEWER RATE INCREASE – RESIDENTIAL – COMMERCIAL**

Mayor Bronaugh stated that the next item for consideration was First Reading of an Ordinance reflecting increases in residential, commercial and industrial sewer rates.

City Manager Maclin stated that this is basically the same as item 10 but for the wastewater rates. Mr. Maclin stated that he would bring to Council's attention a letter on the Council table from Robert Palm, the Senior Vice President for the Lufkin/Nacogdoches area for Pilgrim's Pride. Mr. Maclin stated that staff had sent a letter to each of the industrial customers recognizing that this was a substantial increase in industrial sewer rates and this was predicated on the cost of service study provided by the consulting firm of Reed, Stowe and Yanke. Mr. Maclin stated that staff had a meeting with Mr. Palm and several of his staff and it is their desire to conduct their own review of the cost of service study that was performed by RSY. Mr. Maclin stated that they are seeking Council's consideration to delay the industrial implementation of rates until 60 days later (December 1st) to allow them time to have their consultant visit with our consultant to confirm the methodologies used for establishing the appropriate cost of service for each of the industrial customers. Mr. Maclin stated that what staff would seek from Council today is to approve this on First Reading with the exception of the industrial rates, which only affects nine of the City's largest customers, and once we have had opportunity for the two consultants to share notes and discuss methodologies it will be brought back to Council for approval of that classification also.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Lynn Torres that Ordinance reflecting increases in residential and commercial sewer rates be approved on First Reading as presented with the stipulation that the industrial sewer rates be considered at the December 3rd Council meeting. A unanimous affirmative vote was recorded.

12. ORDINANCE – APPROVED – ELECTRIC FRANCHISE – ONCOR ELECTRIC DELIVERY COMPANY

Mayor Bronaugh stated that the next item for consideration was an Ordinance amending the existing electric franchise between the City of Lufkin and Oncor Electric Delivery Company.

City Manager Maclin stated that in attendance tonight is Mr. Bob Brown, the District Manager, with Oncor. Mr. Maclin stated that items 12 and 13 have to do with some past issues in litigation relating to what the franchise tax was to be applied to. Mr. Maclin stated that item 12 is the Amendment to the City's current Ordinance that will include the 4% franchise tax that is collected for the City's provision of right-of-way for the electric utilities, to also collect that on their miscellaneous revenues.

Mr. Brown stated that the City of Denton owns their own electric company and as they grew his company, formerly TXU, they had a franchise with the City of Denton and as they grew outside the City limits they decided that they did not want just the 4% franchise fee on the gross receipts of the agreement, they also wanted 4% on all the miscellaneous fees that an electric company passes through its books. Mr. Brown stated that his plea to the Commission at that time was to just stand off the track and wait until this battle had been fought and then whatever decision is made and agreement is reached with the City of Denton, and 36 other cities that did join in that lawsuit, that they as a company would come back to the Council and offer the same agreement that they reached with that settlement. Mr. Brown stated that that settlement has been reached and they now come before the Council asking that the City to alter the franchise and they will continue to pay the 4%. Mr. Brown stated that this is just an addendum to the franchise that says that they will pay the 4% of any other miscellaneous fees that they charge customers inside the City limits of the City of Lufkin. Mr. Brown stated that if the City amends this with the Ordinance and then in item 13 pass the agreement then they will give the City a check for $39,900-plus of what would have been the miscellaneous fees in the past.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Jack Gorden, Jr. that Ordinance amending the existing electric franchise between the City of Lufkin and Oncor Electric Delivery Company be approved on First Reading as presented. A unanimous affirmative vote was recorded.

13. RELEASE AGREEMENT – APPROVED – TXU ELECTRIC COMPANY – ELECTRIC FRANCHISE ORDINANCE AMENDMENTS

Mayor Bronaugh stated that the next item for consideration was approval of a release agreement with TXU Electric Company regarding electric franchise Ordinance amendments.

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember Bob Bowman that Release Agreement with TXU Electric Company regarding electric franchise Ordinance amendments be approved as presented. A unanimous affirmative vote was recorded.

14. ORDINANCE – APPROVED – FIRST READING – GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002

Mayor Bronaugh stated that the next item for consideration was all matters incident and related to the issuance and sale of "City of Lufkin, Texas, General Obligation Refunding Bonds, Series 2002", dated August 15, 2002, including the adoption of an Ordinance authorizing the issuance of such bonds and providing for the redemption of the bonds being refunded.

City Manager Maclin stated that this involves an opportunity to save the taxpayers some money by reducing interest costs. Mr. Maclin stated that basically this is refinancing of some revenue bonds in 1993 that were issued for the 16" water lines and the elevated storage tank, and General Obligation Bonds that were issued in 1994 with the passage of the street bond election.

Mike Byrd of First Southwest stated that he wanted to thank the City for their business and that he appreciated the good relationship that he has enjoyed with the City over the years.

Mr. Byrd stated that the business before the Council tonight is to refund $6,225,000 of the City's 1993-A water and sewer revenue bond issue, and that principal will mature on 11/01/03. Mr. Byrd stated that if the City chooses to do this tonight he will call for the early redemption on November 1, 2002 and those bonds will be gone.

Mr. Byrd stated that in 1994 the City voted authorization of General Obligation Bonds, which was the initial street construction issue. Mr. Byrd stated that the City has the opportunity to call in $2,775,000 of that for bonds that will mature in February 15, 2005-2009. Mr. Byrd stated that the Ordinance this evening would authorize the issuance of $8,705,000 of General Obligation Refunding Bonds. Mr. Byrd stated that the term "refunding" means that when the City of Lufkin or any other municipality sells bonds the rate is established, it's a covenant that it is binding, that neither party can back out on the bonds. Mr. Byrd stated that if the market changes on a subsequent date, and interest rates are considerably lower, the City of Lufkin in order to refinance that debt actually issues new bonds, takes the proceeds of it and uses that to refund to the holders of the old bonds their money.

Mr. Byrd stated that if the City does this, and he would suggest that they do, the City would realize a net debt service savings of $658,000, the present value of which is approximately $616,000.

Mr. Byrd stated that he had the Ordinance prepared by Fulbright and Jaworski that will authorize the issuance of the refunding bonds, and will approve the publication notices of redemption to the holders of those bonds that are being paid off and will authorize the execution of a bond purchase agreement with the underwriting team that he selected (Southwest Securities, A. G. Edwards, and Edward Jones).

Mr. Byrd stated that he wanted to point out something different that he saw in the bond purchase contract. Mr. Byrd stated that in light of the events of September 11th there are a couple of new clauses in the contract. Mr. Byrd stated that basically what it says is: "If a general suspension of trading and securities shall have occurred on the New York Stock Exchange or the United States shall become engaged in hostilities including the escalation of any hostilities existing on the date hereof whether or not foreseeable, that would materially effect the market price of the bonds." Mr. Byrd read, "There shall have occurred any new material outbreak of hostilities including without limitation an act of terrorism or new material national or international calamity or crisis or any material adverse change in the financial, political or economical conditions affecting the U. S." Mr. Byrd stated that what this is referring to is if we had another major terrorist act that would occur between now and September 24th the underwriters would have the option to back out of the agreement.

City Manager Maclin stated that in his comments last Thursday he estimated a refund of $460,000 and now it is at $658,000, which is due to great negotiations by our Bond Counsel in the market.

Motion was made by Councilmember Dennis Robertson and seconded by Councilmember Jack Gorden, Jr. that Ordinance for the issuance and sale of "City of Lufkin, Texas, General Obligation Refunding Bonds, Series 2002" dated August 15, 2002 be approved on First Reading as presented. A unanimous affirmative vote was recorded.

15. **EXECUTIVE SESSION**

Mayor Bronaugh recessed Regular Session at 6:25 p. m. and Councilmembers entered into Executive Session. Regular Session reconvened at 6:37 p.m. and Mayor pro tem Torres stated that the Council had discussed attorney/client matters and appointments to the Parks and Advisory Board.

16. APPOINTMENTS – APPROVED – PARKS ADVISORY BOARD

Motion was made by Councilmember Dennis Robertson and seconded by Councilmember Rose Faine Boyd that Victor Bruce and Sumner Osgood be reappointed to the Parks Advisory Board. A unanimous affirmative vote was recorded.

17. CALENDAR NOTATIONS FROM MAYOR, COUNCILMEMBERS AND CITY MANAGER

City Manager Maclin stated that the DETCOG meeting this Thursday, August 22, would be held in Groveton.

City Manager Maclin reminded Councilmembers of the Undoing Racism Task Force Town Hall meeting on Thursday, August 22, at 7:00 p.m. at the Pitser Garrison Civic Center.

18. There being no further business for consideration, meeting adjourned at 6:40 p. m.

Louis A. Bronaugh

Louis A. Bronaugh – Mayor

ATTEST:

Atha Martin

Atha Martin – City Secretary