MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF LUFKIN, TEXAS HELD ON THE 17TH DAY OF APRIL, 2012

On the 17th day of April, 2012, 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.

Don Langston

Victor Travis Robert Shankle Lynn Torres Rufus Duncan

Sarah Murray Paul L. Parker

Keith Wright Bruce Green

Kara Atwood

Gerald Williamson

Ted Lovett

Belinda Southern

Rodney Ivy Kathryn Edwards Steve Floyd

Chuck Walker

Barbara Thompson

Dale Allred

Mayor

Mayor Pro-Tem

Councilmember, Ward No. 1 Councilmember, Ward No. 2 Councilmember, Ward No. 3 Councilmember, Ward No. 5 Councilmember, Ward No. 6

City Manager

Deputy City Manager

City Attorney
City Secretary

Assistant Police Chief

Fire Chief

Finance Director

Human Resources Director Assistant City Planner Public Works Director

City Engineer

Main Street Director

Inspection Services Director

being present when the following business was transacted.

- 1. The meeting was opened with prayer by Pastor Mark Wilke, Carpenter's Way Baptist Church.
- 2. Mayor Jack Gorden welcomed visitors present.

3. APPROVAL OF MINUTES

Minutes of the Regular Meeting of April 3rd, 2012 were approved on a motion by Councilmember Lynn Torres and seconded by Councilmember Victor Travis. A unanimous affirmative vote was recorded.

OLD BUSINESS:

4. PUBLIC HEARING AND SECOND READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF LUFKIN, TEXAS, BY GRANTING A SPECIAL USE PERMIT FOR A TELECOMMUNICATION TOWER AT 712 AND 714 KURTH DRIVE – APPROVED.

Mayor Jack Gorden stated that the next item on the agenda was to conduct a Public Hearing and consider on Second Reading an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas, by granting a Special Use Permit for a Telecommunication Tower at 712 and 714 Kurth Drive.

City Manager Paul Parker stated this was the second reading of this item and was a request for a Special Use Permit to place a one hundred sixty foot (160') monopole telecommunication tower at 712 and 714 Kurth Drive. City Manager Parker furthered that at the previous Council meeting held on April 3, 2012, City Attorney Bruce Green had explained the restrictions on denying this request due to federal requirements. City Manager Parker stated Staff would answer any questions related to this item.

Mayor Gorden opened the Public Hearing at 5:04 p.m. and asked anyone who wished to speak on the item to please step forward. There being no one who wished to speak, Mayor Gorden closed the Public Hearing at 5:05 p.m. and asked for comments from the Council.

Councilmember Lynn Torres moved to approve on second reading an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas, by granting a Special Use Permit for a Telecommunication Tower at 712 and 714 Kurth Drive. Councilmember Don Langston seconded the motion. A unanimous vote was recorded.

NEW BUSINESS:

5. PRESENTATION OF THE CITY OF LUFKIN'S QUARTERLY FINANCIAL REPORT.

Mayor Jack Gorden stated that the next item on the agenda was a presentation of the City of Lufkin's quarterly financial report.

City Manager Paul Parker stated that the City of Lufkin Finance Committee had met earlier in the afternoon with the City's financial consultant, Mr. Dick Long. City Manager Parker furthered that the investment portfolio had been distributed to Council for their review. City Manager Parker continued that the City's investments were in good shape. Councilmember Don Langston stated that the City's investments were on track. Councilmember Victor Travis stated that the City was doing well compared to a lot of other cities and was ahead of the curve as far as investments were concerned.

No action was required for this item.

6. PRESENTATION BY ERIC CARVER, CPA, AXLEY & RODE, LLP, CONCERNING THE 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT PROVIDED TO THE CITY OF LUFKIN.

Mayor Jack Gorden stated that the next item on the agenda was a presentation by Eric Carver of Axley & Rode, LLP, concerning the 2011 Comprehensive Annual Financial Report for the City of Lufkin.

City Manager Paul Parker stated the report had been reviewed in detail earlier during the Finance Committee meeting. Mr. Eric Carver of Axley & Rode, LLP stated that the firm was appreciative of the opportunity to complete the audit for the City. Mr. Carver stated that this year an audit was also conducted for the Economic Development fund and was required due to the federal funding that had been received. Mr. Carver continued that a clean unqualified opinion had been issued for the fund and the fund was in a healthy financial condition. Mr. Carver furthered that no compliance issues were found in regard to the federal funding. Mr. Carver stated that a clean unqualified opinion had been issued for the City as well. Mr. Carver continued that all governmental and business activities were included in this audit and there were no issues. Mr. Carver highlighted the Statement of Net Assets, the Balance Sheet for Governmental Funds and the Proprietary Fund Financial Statements and stated that all were in good financial condition. Mr. Carver stated that a full compliance audit had been conducted on all funds and there were no issues noted. Mr. Carver stated that a letter was issued to the Finance Committee regarding the opportunity to strengthen internal financial controls by taking a more active approach in auditing the decentralized departments that handled monies on a daily basis. Mr. Carver continued that the recommendation was simply for the Finance Department to monitor more closely the financial activities of those departments that are not centralized to insure all policies are being followed. Mr. Carver stated that he wished to commend the Staff for their help during the audit. Mayor Gorden also commended Staff and the Council for their efforts to keep the City in such good financial condition.

No action was required for this item.

7. PUBLIC HEARING AND FIRST READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF LUFKIN, TEXAS, BY GRANTING A SPECIAL USE PERMIT FOR INDOOR COMMERCIAL RECREATION AND ENTERTAINMENT IN A "CENTRAL BUSINESS DISTRICT" FOR PROPERTY DESCRIBED AS BLOCK 4, LOT 17-18 OF THE CITY OF LUFKIN AND MORE COMMONLY KNOWN AS 122 SOUTH FIRST STREET, IN THE DOWNSTAIRS PORTION OF THE BUILDING – APPROVED.

Mayor Jack Gorden stated that the next item for consideration was to conduct a Public Hearing and consider on First Reading an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas, by granting a Special Use Permit for Indoor Commercial Recreation

and Entertainment in a "Central Business District" for property described as Block 4, Lot 17-18 of the City of Lufkin and more commonly known as 122 South First Street, in the downstairs portion of the building.

City Manager Paul Parker stated that the applicant, Mr. Hubert Morgan, had applied for a Special Use Permit to use the property for live entertainment and studio space. City Manager Parker continued that applicant requested the Special Use Permit in order to allow for "Bring Your Own Beverage" or BYOB at this location. City Manager Parker continued that both Planning Staff and the Planning and Zoning Commission recommended approval of the request for the Special Use Permit for the location at 122 South First Street in the downstairs portion of the building.

Mayor Gorden opened the public hearing at 5:26 p.m. and asked anyone who wished to speak on the item to please step forward. There being no one who wished to speak, Mayor Gorden closed the public hearing at 5:27 p.m. and asked for questions or comments from the Council.

Councilmember Victor Travis asked if this would cause a problem in the downtown area. City Manager Parker stated that this business had been in operation for some time and was unaware of the need for the Special Use Permit. City Manager Parker furthered that there had been no complaints or issues with the business since it had been open. Councilmember Travis stated that if there were no problems, this would only bring more people to downtown.

Councilmember Victor Travis moved to approve on First Reading an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas, by granting a Special Use Permit for Indoor Commercial Recreation and Entertainment in a "Central Business District" for property described as Block 4, Lot 17-18 of the City of Lufkin and more commonly known as 122 South First Street, in the downstairs portion of the building. Councilmember Sarah Murray seconded the motion. A unanimous vote was recorded.

8. JOINT ELECTION AGREEMENT BETWEEN THE CITY OF LUFKIN AND THE LUFKIN INDEPENDENT SCHOOL DISTRICT FOR THE PURPOSE OF CONDUCTING A JOINT ELECTION FOR THE CITY OF LUFKIN GENERAL ELECTION AND THE LUFKIN INDEPENDENT SCHOOL DISTRICT TRUSTEE ELECTION ON MAY 12, 2012 – APPROVED.

Mayor Jack Gorden stated that the next item was to consider approval of a Joint Election Agreement between the City of Lufkin and the Lufkin Independent School District for the purpose of conducting a Joint Election for the City of Lufkin General Election and the Lufkin Independent School District Trustee Election on May 12, 2012.

City Manager Paul Parker stated that this agreement simply outlined that the upcoming May 12th election would be shared between the City of Lufkin and the Lufkin Independent School District. City Manager Parker continued that the City and the District would share three polling places that included Ward 1/Lufkin Independent School District Box 1, to be located at the Lufkin Independent School District Administration Building; Ward 2/ Lufkin Independent School District Box 2, to be located at Brandon Elementary and Ward 4/Lufkin Independent School District Box 3 to be located at Slack Elementary. City Manager Parker furthered that the Lufkin Independent School District Board had approved this agreement during their recent Board meeting.

Councilmember Lynn Torres moved to approve a Joint Election Agreement between the City of Lufkin and the Lufkin Independent School District for the purpose of conducting a Joint Election for the City of Lufkin General Election and the Lufkin Independent School District Trustee Election on May 12, 2012. Councilmember Don Langston seconded the motion. A unanimous vote was recorded.

9. AWARD OF A BID TO THE REYNOLDS COMPANY IN THE AMOUNT OF SIXTY THOUSAND TWO HUNDRED EIGHTY-FOUR DOLLARS AND FIFTY-TWO CENTS (\$60,284.52) FOR THE PURCHASE OF FOUR (4) VARIABLE FREQUENCY DRIVES FOR WATER WELLS NO. 12, 13, 14 AND 15 IN CONJUNCTION WITH THE STATE ENERGY CONSERVATION OFFICE (SECO) GRANT – APPROVED.

Mayor Jack Gorden stated that the next item on the agenda was to consider an award of a bid to the Reynolds Company in the amount of sixty thousand two hundred eighty-four dollars and fifty-two cents (\$60,284.52) for the purchase of four (4) variable frequency drives for

Water Wells No. 12, 13, 14 and 15 in conjunction with the State Energy Conservation Office (SECO) Grant.

City Manager Paul Parker stated that as Council was aware, the City had previously received a grant from the State Energy Conservation Office and that a portion of the funding had already been expended for renovations at Fire Station No. 1. City Manager Parker continued that the remaining funds were to be used to purchase four (4) variable drives for Water Wells No. twelve (12), thirteen (13), fourteen (14) and fifteen (15). City Manager Parker furthered that these drives would allow the wells to be started and stopped gradually, therefore saving energy costs during starting and stopping. City Manager Parker stated that the low bidder for the drives was The Reynolds Company in the amount of sixty thousand two hundred eighty-four dollars and fifty-two cents (\$60,284.52). City Manager Parker furthered that Staff recommended Council approve the purchase for these four (4) variable drives for Water Wells No. twelve (12), thirteen (13), fourteen (14) and fifteen (15).

Councilmember Don Langston moved to approve an award of bid to The Reynolds Company in the amount of sixty thousand two hundred eighty-four dollars and fifty-two cents (\$60,284.52) for the purchase of four (4) variable frequency drives for Water Wells No. 12, 13, 14 and 15 in conjunction with the State Energy Conservation Office (SECO) Grant. Councilmember Robert Shankle seconded the motion and a unanimous vote was recorded.

10. SELECTION OF RAYMOND K. VANN & ASSOCIATES TO PROVIDE ADMINISTRATIVE GRANT SERVICES AND EVERETT GRIFFITH JR., & ASSOCIATES TO PROVIDE ENGINEERING SERVICES FOR THE U.S. ENVIRONMENTAL PROTECTION AGENCY GRANT FOR WATER INFRASTRUCTURE AND TREATMENT CAPACITY – APPROVED.

Mayor Jack Gorden stated that the next item on the agenda was to consider approval of the selection of Raymond K. Vann & Associates to provide Administrative Grant Services and Everett Griffith Jr., & Associates to provide Engineering Services for the U.S. Environmental Protection Agency Grant for Water Infrastructure and Treatment Capacity.

City Manager Paul Parker stated that the City had received two (2) grants in 2009 and 2010 from the Environmental Protection Agency (EPA) for water related activities within the City. City Manager Parker continued that the grants were combined into one grant for the total amount of funding. City Manager Parker furthered that this grant was fifty-five (55) / fortyfive (45) matching grant and the matching funds had already been allocated. City Manager Parker stated that the total grant amount was eight hundred twenty-five thousand dollars (\$825,000) and the City's matching portion was in the amount of six hundred seventy-five thousand dollars (\$675,000) for a total project cost of one million five hundred thousand dollars (\$1,500,000). City Manager Parker stated that Staff had been working with both firms for the last two (2) years on the preparation of this grant. City Manager Parker continued that the grant now required the formal approval of the use of these firms. City Manager Parker stated that Staff recommended Council approve the selection of Raymond K. Vann for administrative grant services and Everett Griffith Jr. and Associates for engineering services. City Manager Parker continued that this project would include the restoration of two (2) two million gallon storage tanks and the construction of water treatment facilities at the Abitibi location. Councilmember Rufus Duncan questioned if this was being paid for out of the Water and Sewer fund. City Manager Parker stated that the match funds were allocated in the Water and Sewer fund.

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

Councilmember Victor Travis moved to approve the selection of Raymond K. Vann & Associates to provide Administrative Grant Services and Everett Griffith Jr., & Associates to provide Engineering Services for the U.S. Environmental Protection Agency Grant for Water Infrastructure and Treatment Capacity. Councilmember Lynn Torres seconded the motion and a unanimous vote was recorded.

11. PUBLIC HEARING AND RESOLUTION OF THE CITY OF LUFKIN, TEXAS AUTHORIZING AN APPLICATION WITH THE U.S. DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE, FY 2012 EDWARD BYRNE JUSTICE ASSISTANCE GRANT PROGRAM IN THE AMOUNT OF THIRTEEN THOUSAND THREE HUNDRED NINETY-FIVE DOLLARS (\$13,395); AUTHORIZING THE CITY MANAGER TO ACT ON BEHALF OF THE CITY OF LUFKIN IN ALL MATTERS RELATED TO THE GRANT; AND

<u>PLEDGING THAT THE CITY OF LUFKIN WILL COMPLY WITH ALL GRANT REQUIREMENTS – APPROVED.</u>

Mayor Jack Gorden stated that the next item on the agenda was to conduct a Public Hearing and consider a Resolution of the City of Lufkin, Texas authorizing an application with the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance, FY 2012 Edward Byrne Justice Assistance Grant Program in the amount of thirteen thousand three hundred ninety-five dollars (\$13,395); authorizing the City Manager to act on behalf of the City of Lufkin in all matters related to the grant; and pledging that the City of Lufkin will comply with all grant requirements.

City Manager Paul Parker stated this grant was an annual allocation and the Lufkin Police Department was eligible to receive thirteen thousand three hundred ninety-five dollars (\$13,395). City Manager Parker continued that these funds, if approved, would be used for needs such as equipment, technology and training. City Manager Parker continued that the grant required that Council conduct a public hearing regarding the use of funding and also approve a Resolution allowing for authorization of the application.

Mayor Gorden opened the Public Hearing at 5:35 p.m. and asked anyone who wished to speak on the item to please step forward. There being no one who wished to speak, Mayor Gorden closed the Public Hearing at 5:36 p.m.

Councilmember Lynn Torres moved to approve a Resolution of the City of Lufkin, Texas authorizing an application with the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance, FY 2012 Edward Byrne Justice Assistance Grant Program in the amount of thirteen thousand three hundred ninety-five dollars (\$13,395); authorizing the City Manager to act on behalf of the City of Lufkin in all matters related to the grant; and pledging that the City of Lufkin will comply with all grant requirements. Councilmember Robert Shankle seconded the motion and a unanimous vote was recorded.

12. CONSIDER ACCEPTANCE OF GRANTS AND DONATIONS TO THE LUFKIN FIRE DEPARTMENT AND APPROVAL OF A RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2011/2012 OPERATING BUDGET (BUDGET AMENDMENT NO. 21) PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL FUND; AND PROVIDING AN EFFECTIVE DATE – APPROVED.

Mayor Jack Gorden stated that the next item was the consideration of the acceptance of grants and donations to the Lufkin Fire Department and approval of a Resolution authorizing an amendment to the 2011/2012 Operating Budget (Budget Amendment No. 21) providing for the supplemental appropriation of funds in the General Fund; and providing an effective date.

City Manager Paul Parker stated that the Fire Department had received a number of grants and donations recently and Staff requested City Council accept these donations and authorize Budget Amendment No. 21 to allocate the funding. City Manager Parker then listed the grants and donations as follows: Texas Forest Service TIFMAS (Texas Intrastate Fire Mutual Aid System) Grant in the amount of one thousand three hundred fifty dollars (\$1,350) which would provide funding to send three (3) firefighters to swift water rescue training in New Braunfels; a Texas Forest Service TIFMAS (Texas Intrastate Fire Mutual Aid System) Grant in the amount of one thousand eight hundred dollars (\$1,800) in order to twelve (12) firefighters to complete Fire in the Field, S130 and S190, in order to comply with wild land deployment procedures; a DETRAC (Deep East Texas Regional Advisory Council) grant in the amount of eleven thousand six hundred eight dollars (\$11,608) to be used to purchase rescue equipment to place on the new Special Operations apparatus; a six thousand dollar (\$6,000) donation from Georgia Pacific to purchase equipment for the new Special Operations apparatus; a one hundred dollar (\$100) donation from Mercer Nissan Mazda to purchase equipment for the Honor Guard and a four hundred fifty dollar (\$450) donation from Woodland Heights Medical Center to purchase meals for the Citizens Fire Academy.

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

Councilmember Victor Travis moved to approve the acceptance of the grants and donations to the Lufkin Fire Department and a Resolution authorizing an amendment to the 2011/2012 Operating Budget (Budget Amendment No. 21) providing for the supplemental appropriation

of funds in the General Fund; and providing an effective date. Councilmember Sarah Murray seconded the motion. A unanimous vote was recorded.

13. CITY MANAGER REPORT

Mayor Jack Gorden stated that the next item on the agenda was the City Manager Report. City Manager Paul Parker highlighted taxes and revenue received along with the increase in sales tax. City Manager Parker stated that franchise taxes should be in line, but would be received in one lump payment. City Manager Parker stated fine and forfeiture revenue was still slightly below, mainly due to the conversion of ambulance fees to Emergidata. City Manager Parker stated Staff had met with Emergidata to address the issues and Staff would continue to monitor the situation over the next several months. City Manager Parker highlighted the expenditures section and stated that budgets were in line for this time of year. City Manager Parker stated Staff would answer any questions in regard to the Capital Improvement Projects report. City Manager Parker continued Staff was still receiving complaints on the Fuller Springs Project; however, Staff was doing its best to expedite the project. City Manager Parker stated the steel structure was being installed at the Civic Center and work was continuing at the Pines Theater as well. City Manager Parker continued that Staff needed direction from Council in regard to projects for the upcoming Capital Improvements Program and bond issuance. City Manager Parker stated the City had the opportunity to receive approximately \$1.2 million dollars in funding through Ike Round 2 funding to facilitate the construction of the new portion of Whitehouse Drive, which would cost approximately six million dollars (\$6,000,000). City Manager Parker stated that should Council take this direction, the majority of the funds from the upcoming bond sale would be used to complete this project. City Manager Parker stated there was the potential for the City to receive additional grant money through the Ike funding; however, there was no guarantee of additional funding. City Manager Parker continued that the grant funding could be moved to other projects as well, including the Denman Avenue storm sewer project and the purchase of additional generators. City Manager Parker stated the General Land Office was pushing Staff to confirm that the Whitehouse project would be moving forward due to the concern that the project would not be finished prior to the deadline in 2015. City Manager Parker stated that the right of way acquisition portion for the Whitehouse project was scheduled in the Capital Improvement Program in the next few years; however, Staff had also determined a number of other projects that could be included in the Capital Improvement Program as well. City Manager Parker stated that some of those projects were the reconstruction of Fire Station No. 5, Knight Street drainage project, Champions Drive reconstruction and modifications to the Armory. City Manager Parker stated the Capital Improvement Program would be discussed in length at the upcoming Budget Retreat; however, Staff was requesting direction on the Whitehouse Drive extension project. City Manager Parker stated that direction was needed due to requests from the General Land Office for a resolution approving the project. City Manager Parker asked Deputy City Manager Keith Wright what other projects could be completed with the grant funding. Deputy City Manager Wright stated the Denman Avenue storm sewer project and the purchase of generators could be considered. Mayor Gorden asked what the deadline was for the resolution. City Manager Parker stated there was no set deadline; however the General Land Office had been inquiring daily as to the status of the project and Staff feared that the money might be shifted to another entity should the City not move forward with the project. City Manager Parker stated the resolution would need to be placed on the next council agenda obligating funding for the project. Deputy City Manager Wright stated that the General Land Office was concerned that the project would not be able to be completed under the grant time constraints due to the time it would take for acquisition activities. Mayor Gorden stated the project was the logical next step for development; however, the project might be ahead of its time. Mayor Gorden asked that Staff research and find out if the City would stand a good chance of receiving additional funding. Councilmember Rufus Duncan asked what effect the bond issue would have on the tax rate if this project and all others were completed. City Manager Parker stated that Staff's objective was to complete the Capital Improvement Program without the tax rate being raised and that approximately eight million dollars (\$8,000,000) of projects could be completed without affecting the tax rate; however, if the Whitehouse project was completed, it would be the main project and take most of the funding. City Manager Parker continued that if all projects plus the Whitehouse project were completed, the tax rate would be affected. Councilmember Don Langston stated that the Whitehouse project needed to be completed and kept in the plan; however, he felt that other projects took precedence. Councilmember Langston stated that he felt priorities had changed over time and he would like to see a current list of projects that could be accomplished without the Whitehouse project. Councilmember Langston stated he would have to review all options before he could support the Whitehouse project. Councilmember Victor Travis asked if the

decision had to be made before the budget retreat. City Manager Parker stated that the General Land Office was pushing for a resolution in order to ensure the project would be completed on time. City Manager Parker also stated if the City waited too long, the money could be deobligated due to not moving forward on an eligible project. Mayor Gorden asked that Staff do more research regarding the funding and project. Councilmember Rufus Duncan stated he believed that a new fire station needed to be included in the next Capital Improvement Program.

14. EXECUTIVE SESSION: In accordance with the Texas Government Code Section 551.071 (2) Consultation with City Attorney on any Regular Session Agenda item requiring confidential, attorney/client advices necessitated by the deliberation or discussion of said items (as needed), and real estate, demolition of buildings, or appointments to boards and personnel may be discussed.

Mayor Jack Gorden stated there was no need for Council to recess into Executive Session and moved onto the next agenda item.

15. Discussion of items of community interest, including expressions of thanks, congratulations or condolence; information regarding holiday schedules; honorary recognitions of City officials, employees or other citizens; reminders about upcoming events sponsored by the City or other entity that is scheduled to be attended by City officials or employees; and announcements involving imminent threats to the public health and safety of the City.

City Manager Paul Parker stated that the calendar had been distributed for Council review. City Manager Parker reviewed the board meeting dates listed on the calendar. City Manager Parker then highlighted upcoming events including the Expo Party, Hoe Down, and Summerfest and the upcoming softball tournament hosted by the City and the Lufkin Convention and Visitors Bureau.

16. There being no further business for consideration, the meeting adjourned at 6:00 p.m.

Jack Gorden, Mayor

Kara Atwood, City Secretary