

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY
OF LUFKIN, TEXAS HELD ON THE 21ST DAY OF MARCH, 2006**

On the 21st day of March, 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:

Louis Bronaugh	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
Jack Gorden, 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/Public Works
Kenneth Williams	Asst. City Manager/Administrative Services
Larry Brazil	Police Chief
Pete Prewitt	Fire Chief
Harold Cottle	Police Department
Doug Wood	Finance Director
Barbara Thompson	Main Street Director
Bill Cameron	City of Lufkin Webmaster
Jim Wehmeier	Economic Development Director
Dorothy Wilson	Planning Director
Rhonda McLendon	Animal Control Director
Steve Poskey	Street Department Superintendent
Bob Leslie	CFO, Lufkin Industries
Chris Boone	Corporate Controller, Lufkin Industries
Linda Parker	Economic Development Partnership
Eric Carver	Axley & Rode, LLP
Glenna Harkness	American Red Cross
James Flournoy	American Red Cross
Doug Holland	American Red Cross
Brad Smith	Scout Master, Troop 290
Curtis Jasper	Scout, Troop 290
Jamie Streetman	Scout, Troop 290
Will Hicks	Scout, Troop 136
Mike Parker	
Bob Bowman	
Scott Cooper	
Jody Anderson	
Mark Dunn	

being present, when the following business was transacted:

1. The meeting was opened with prayer by Pastor David Hunt, Eastview Pentecostal Church.
2. Mayor Louis Bronaugh welcomed visitors present. Councilmember Lynn Torres recognized a LHS student who was present, satisfying her government class requirement. Mayor Bronaugh also welcomed Scout Master Brad Smith and Scouts Curtis Jasper and Jamie Streetman from Troop 290 and Scout Will Hicks from Troop 136.
3. **APPROVAL OF MINUTES**

Minutes of the Regular Meeting on March 6, 2006 were approved on a motion by Councilmember Lynn Torres, and seconded by Councilmember Rose Faine Boyd. A unanimous affirmative vote was recorded.

OLD BUSINESS:

4. SECOND READING OF AN ORDINANCE PROVIDING FOR THE CALLING AND ORDERING OF A RUNOFF ELECTION FOR THE CITY OF LUFKIN, TEXAS - APPROVED - TO BE HELD AT SIX POLLING PLACES IN LUFKIN, TEXAS ON JUNE 10, 2006 BETWEEN THE HOURS OF 7:00 A. M. AND 7:00 P. M. FOR THE PURPOSE OF ELECTING A MAYOR, A COUNCILMEMBER FOR WARD 2, AND COUNCILMEMBER FOR WARD 4, FOR THREE YEAR TERMS, A COUNCILMEMBER FOR WARD 5 (UNEXPIRED TERM), AND A COUNCILMEMBER FOR WARD 6 (UNEXPIRED TERM), FOR TWO YEAR TERMS, TO SERVE THE CITY OF LUFKIN, TEXAS; AND PROVIDING FOR THE NECESSARY NOTICES AND FIXING THE DATE

Mayor Louis Bronaugh stated that the next item for consideration was the Second Reading of an Ordinance providing for the Calling and Ordering of a Runoff Election for the City of Lufkin, Texas to be held at six polling places in Lufkin, Texas on June 10, 2006 between the hours of 7:00 a. m. and 7:00 p. m. for the purpose of electing a Mayor, a Councilmember for Ward 2, and Councilmember for Ward 4, for three year terms, a Councilmember for Ward 5 (unexpired term), and a Councilmember for Ward 6 (unexpired term), for two year terms, to serve the City of Lufkin, Texas; and providing for the necessary notices and fixing the date. City Manager Paul Parker had no comments but stated he would answer any questions the Council had.

Councilmember Rose Faine Boyd moved to approve the Second Reading of an Ordinance providing for the Calling and Ordering of a Runoff Election for the City of Lufkin, Texas to be held at six polling places in Lufkin, Texas on June 10, 2006 between the hours of 7:00 a. m. and 7:00 p. m. for the purpose of electing a Mayor, a Councilmember for Ward 2, and Councilmember for Ward 4, for three year terms, a Councilmember for Ward 5 (unexpired term), and a Councilmember for Ward 6 (unexpired term), for two year terms, to serve the City of Lufkin, Texas; and providing for the necessary notices and fixing the date. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

5. PUBLIC HEARING AND SECOND READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF LUFKIN, TEXAS - APPROVED - BY GRANTING A "SPECIAL USE" PERMIT FOR "INDOOR COMMERCIAL RECREATION AND ENTERTAINMENT" WITHIN A "LOCAL BUSINESS ZONING DISTRICT" ON CERTAIN TRACTS OR PARCELS OF LAND WITHIN THE CORPORATE LIMITS OF THE CITY OF LUFKIN, TEXAS, DESCRIBED AS TRACT 27 OF THE J. A. BONTON SURVEY (ABSTRACT NO. 9) AND AUTHORIZING THE CITY PLANNER TO MAKE SUCH CHANGES ON THE OFFICIAL MAP

Mayor Louis Bronaugh stated that the next item for consideration was a 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 "Indoor Commercial Recreation and Entertainment" within a "Local Business Zoning District" on certain tracts or parcels of land within the corporate limits of the City of Lufkin, Texas, described as Tract 27 of the J. A. Bonton Survey (Abstract No. 9) and authorizing the City Planner to make such changes on the Official Map. City Manager Paul Parker stated that this had been discussed in detail by the Council in a previous meeting. City Manager Parker added that this was an application for "the Play Zone", a children's entertainment center. City Manager Parker stated that it was approved unanimously by the Planning and Zoning Commission with their recommendation that the Council approve the "Special Use" request.

Mayor Bronaugh then opened the Public Hearing at 5:06 p.m. concerning the Zoning Ordinance. Mayor Bronaugh asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Zoning Ordinance. Mayor Bronaugh then closed the Public Hearing at 5:07 p.m.

Councilmember R. L. Kuykendall moved to approve the Second 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" within a "Local Business

Zoning District” on certain tracts or parcels of land within the corporate limits of the City of Lufkin, Texas, described as Tract 27 of the J. A. Bonton Survey (Abstract No. 9) and authorizing the City Planner to make such changes on the Official Map. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

6. PUBLIC HEARING AND SECOND READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF LUFKIN, TEXAS - APPROVED - BEING ORDINANCE NO. 3368, BY AMENDING ARTICLE XXVI “CHANGES AND AMENDMENTS” TO CREATE A NEW SECTION GOVERNING RESUBMITTAL OF ZONE CHANGE AND SPECIAL USE PERMIT APPLICATIONS AFTER DENIAL BY THE GOVERNING BODY; AND PROVIDING AN EFFECTIVE DATE

Mayor Louis Bronaugh stated that the next item for consideration was a Public Hearing and Second Reading of an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas being Ordinance No. 3368, by amending Article XXVI “Changes and Amendments” to create a new section governing resubmittal of Zone Change and Special Use Permit Applications after denial by the governing body; and providing an effective date. City Manager Paul Parker stated that this item was also a Second Reading and the item would limit the timeframe for resubmission of “Zone Changes” or “Special Use Permits” unless the request underwent substantial changes. City Manager Parker added that he would be happy to answer any questions that Council had concerning the item.

Mayor Bronaugh then opened the Public Hearing at 5:08 concerning the Ordinance. Mayor Bronaugh asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Ordinance. Mayor Bronaugh then closed the Public Hearing at 5:09 p.m.

There were questions and discussion among the City Council Members concerning the Ordinance.

Councilmember Rose Faine Boyd moved to approve the Second Reading of an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas being Ordinance No. 3368, by amending Article XXVI “Changes and Amendments” to create a new section governing resubmittal of Zone Change and Special Use Permit Applications after denial by the governing body; and providing an effective date. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

7. PUBLIC HEARING AND SECOND READING OF AN ORDINANCE ANNEXING THE HEREINAFTER DESCRIBED TERRITORY TO THE CITY OF LUFKIN, TEXAS - APPROVED - AND EXTENDING THE BOUNDARIES OF SAID CITY SO AS TO INCLUDE SAID HEREINAFTER DESCRIBED PROPERTY WITHIN THE CITY LIMITS, AND GRANTING TO SAID TERRITORY AND TO ALL FUTURE INHABITANTS OF SAID PROPERTY ALL OF THE RIGHTS AND PRIVILEGES OF OTHER CITIZENS AND BINDING SAID FUTURE INHABITANTS BY ALL OF THE ACTS AND ORDINANCES OF THE SAID CITY

Mayor Louis Bronaugh stated that the next item for consideration was a Public Hearing and Second Reading of an Ordinance annexing the hereinafter described territory to the City of Lufkin, Texas and extending the boundaries of said City so as to include said hereinafter described property within the City limits, and granting to said territory and to all future inhabitants of said property all of the rights and privileges of other citizens and binding said future inhabitants by all of the Acts and Ordinances of the said City. City Manager Paul Parker stated that this item was for the annexation of 5.416 acres of land, for the Loving Toyota Automotive Dealership. City Manager Parker added that the Planning and Zoning Commission and City Staff recommended that the City Council approve the annexation request.

Mayor Bronaugh then opened the Public Hearing at 5:09 p.m. concerning the Ordinance. Mayor Bronaugh asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Ordinance. Mayor Bronaugh then closed the Public Hearing at 5:10 p.m.

Councilmember Phil Medford moved to approve the Second Reading of an Ordinance annexing the hereinafter described territory to the City of Lufkin, Texas and extending the boundaries of said City so as to include said hereinafter described property within the City limits, and granting to said territory and to all future inhabitants of said property all of the rights and privileges of other citizens and binding said future inhabitants by all of the Acts and Ordinances of the said City. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

NEW BUSINESS:

8. PRESENTATION BY GLENNA HARKNESS, AMERICAN RED CROSS TO CITY OF LUFKIN FOR SUPPORT DURING HURRICANE RITA

Mayor Louis Bronaugh stated that the next item for consideration was a presentation by Glenna Harkness, American Red Cross to the City of Lufkin for support during Hurricane Rita.

Glenna Harkness, American Red Cross then introduced James Flournoy, Chapter Chair for the American Red Cross and Doug Holland, "Super Volunteer". Ms. Harkness stated that they wanted to take the opportunity to show their appreciation to the City of Lufkin for their support and partnering together with the American Red Cross during Hurricanes Katrina and Rita.

Mayor Bronaugh stated that in return, the City of Lufkin wanted to thank the American Red Cross for their hard work and assistance during Hurricanes Katrina and Rita.

James Flournoy stated that he wanted to thank the City of Lufkin, the City Council, and City Staff for helping during the Hurricanes. Mr. Flournoy stated that he had noticed both the Council and Staff working during the event, and that it was a group effort and that the City of Lufkin had a lot to be proud of for their contributions.

Mayor Bronaugh stated that it took teamwork and good communication to get through such an event and that was what the City of Lufkin had with its staff and the other organizations that worked together during the emergency.

The American Red Cross representatives then presented the City of Lufkin with a plaque.

9. TREE CITY USA PRESENTATION – TABLED - BY DON CAMPBELL, TEXAS FOREST SERVICE DISTRICT FORESTER

Mayor Louis Bronaugh stated that the next item was to be a Tree City USA Presentation. Mayor Bronaugh explained that because Don Campbell worked for the Texas Forest Service and was a part of the "fire detail", he was called out of town and could not attend the meeting to make the presentation. Mayor Bronaugh added that the item would need to be tabled and be brought before the Council at a later date.

Councilmember Rose Faine Boyd moved to table the Tree City USA Presentation. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

10. PRESENTATION ON CITY OF LUFKIN AUDIT BY AXLEY & RODE, LLP

Mayor Louis Bronaugh stated that the next item for consideration was a presentation on City of Lufkin audit by Axley & Rode, LLP. City Manager Paul Parker stated that Eric Carver, Axley & Rode, LLP was present to give a presentation on the City of Lufkin Audit. City Manager Parker added that the Finance Committee met and went through the audit in great detail, along with members of the City staff. City Manager Parker stated that Mr. Carver would to provide a summation of the Annual Audit and answer any questions that Council had.

Eric Carver, Axley & Rode, LLP stated that the Finance Committee, Staff, and representatives from Axley & Rode, LLP went through the audit in detail earlier that day. Mr. Carver explained that he would briefly go through an overview of the City of Lufkin

Comprehensive Annual Financial Report and answer any questions that Council had as he proceeded through the report.

Mr. Carver stated that on page two (2) of the report was the transmittal letter prepared by the City Staff and outlined what occurred during the year financially and future financial plans, in a narrative form.

Mr. Carver stated that on page six (6) was the Certificate of Financial Reporting and was related to the prior year's report and was from the Government Finance Officers Association of the United States and Canada certifying that the City of Lufkin met all of the requirements for financial reporting in 2004. Mr. Carver added that the 2005 Report would be submitted, after approval from Council, and would be received in the next report.

Mr. Carver stated that on page ten (10) was the Axley & Rode, LLP opinion on the Financial Statements. Mr. Carver explained that it was Axley & Rode, LLP's opinion that the Financial Statements present fairly, in all material respects, the respective financial position of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information of the City. Mr. Carver stated that this is a clean and unqualified opinion and was the highest level that Axley & Rode, LLP could give the City on the Financial Statement.

Mr. Carver stated that on page twelve (12) was the Management Discussion and Analysis. Mr. Carver explained that this was the section of the report that had comparative information. Mr. Carver added that this report was prepared by the Administration of the City and in a simple narrative outlines the structure of the Financial Statements, the direction the City is going, and how things compared this year to last year, etc. Mr. Carver stated that Axley & Rode, LLP reviews the analysis to make sure it agrees with all of the financial information.

Mr. Carver stated that beginning on page twenty-two (22) were the Basic Financial Statements. Mr. Carver stated that the City is in a very healthy financial position.

Mr. Carver stated that on page twenty-three (23) was the first of the Government Wide Statements, which was the statement of net assets. Mr. Carver stated that the Governmental Activities column is a compilation of the General Fund, the Special Revenue Fund, and the Capital Project Funds combined in the column entitled Governmental Activities. Mr. Carver added that it also brings in the General Fixed Assets and Debts, which are not usually looked at the fund level. Mr. Carver explained that the Business Type Activities located in the next column were the Water, Sewer, and Solid Waste Funds combined.

Mr. Carver stated that on page twenty-four (24) was the Statement of Activities. Mr. Carver explained that this was the income statement at the government wide level. Mr. Carver added that the statement also breaks down the Governmental Activities and Proprietary Business Type Activities.

Mr. Carver stated that on page twenty-five (25) was the fund level used for budgetary purposes. Mr. Carver added that this included the Governmental Fund Level Statements, General Fund, Debt Service Fund, and Capital Improvement Fund for the 1999 Bond Program as the major funds, with all other funds compiled into the Non-Major Governmental Funds. Mr. Carver pointed out that Fund Balance in the General Fund was at \$9.4 million dollars which was forty-one percent (41%) of the annual expenditures in the General Fund. Mr. Carver added that this was a healthy fund balance and that the City of Lufkin is in sound financial shape.

Mr. Carver stated that on page twenty-six (26) was the Statement of Changes in Fund Balances, which was the income statement for Governmental Funds. Mr. Carver stated that the City had a pretty good year and overall the Governmental Funds had a \$1.4 million dollar increase in net assets. Mr. Carver explained that the City managed to do this while having capital outlays for construction on streets and other such programs that totaled approximately \$7.6 million dollars.

Mr. Carver stated that on page twenty-seven (27) was the Reconciliation from the Fund Level to the Government Wide Level.

Mr. Carver stated that on page twenty-eight (28) was the Budgetary Comparison for the General Fund in detail by departments. Mr. Carver added that there was the Original Budget, the Final Amended Budget, and the Actual Budget with the variance between the final and actual numbers.

Mr. Carver stated that beginning on page thirty-four (34) was the Proprietary Fund Financial Information. Mr. Carver explained that this was the Water and Sewer Fund and Solid Waste Fund. Mr. Carver stated that there was fifty-seven million dollars (\$57,000,000) in net assets at the end of the year.

Mr. Carver stated that on page thirty-six (36) was the Propriety Fund Statement of Changes and Net Assets.

Mr. Carver stated that on page thirty-eight (38) was the Statement of Cash Flows to the Proprietary Fund.

Mr. Carver stated that on page forty-one (41) was the Notes to the Financial Statements. Mr. Carver added that he would not go over the notes unless there were questions from the Council.

Mr. Carver stated that on page sixty-eight (68) was the Combining Balance Sheet. Mr. Carver added that the Non-Major Governmental Revenue Funds were detailed in the next ten (10) to fifteen (15) pages.

Mr. Carver stated that beginning on page eighty-seven (87) was more detailed information concerning the Capital Assets of the City of Lufkin.

Mr. Carver stated that on page ninety-one (91) was the Statistical Data for over the last twenty (20) years for the City of Lufkin.

Mr. Carver stated that on page one hundred twenty-three (123) was the Report on Compliance and Internal Control that is the part of the audit that tests the controls in accordance to government auditing standards. Mr. Carver added that they found no instances of non-compliance by the City of Lufkin. Mr. Carver stated that they also reviewed the internal controls over financial reporting and did not notice any material weaknesses or anything that would be of significant concern. Mr. Carver added that Axley & Rode, LLP had recommendations to improve some processes and discussed it in detail with the Finance Committee. Mr. Carver stated that the City of Lufkin was preparing a response and were addressing those concerns. Mr. Carver added that none of the concerns were significant enough to be a material weakness.

Mr. Carver stated that on page one hundred twenty-four (124) was the Report on Compliance with Federal Programs. Mr. Carver stated that Axley & Rode, LLP noted that the City of Lufkin complied in all material respects with the requirements of the federal programs that were tested. Mr. Carver added that there were no issues involving internal controls with those programs.

Mr. Carver stated that Axley & Rode, LLP presented a letter to the City of Lufkin with recommendations, went through the recommendations in detail with the Finance Committee, and were being addressed by the City of Lufkin.

Mr. Carver concluded that he would be happy to address any questions that Council had concerning the City of Lufkin Comprehensive Annual Financial Report.

City Manager Paul Parker stated that the Finance Committee had gone through the report earlier that day in great detail and asked Mr. Carver if there were any concerns or problems in the audit that he should be brought to the Council and was not previously highlighted.

Mr. Carver stated that there was nothing else to bring to the Council and added that it had been an interesting year financially, because at the end of the year the City of Lufkin had all of the events surrounding the hurricanes. Mr. Carter added that even with the additional burden, the City of Lufkin had assumed, the City was still in a healthy financial position.

11. PUBLIC HEARING AND FIRST READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF LUFKIN, TEXAS, - APPROVED - BEING ORDINANCE NO. 3368, BY AMENDING ARTICLE XXVII "DEFINITIONS" AS IT RELATES TO THE DEFINITION ENTITLED "BED AND BREAKFAST ESTABLISHMENT" AND ARTICLE XXI "SUPPLEMENTAL DEVELOPMENT REGULATIONS" ENACTING A SECTION ENTITLED "BED AND BREAKFAST HOME"; REPEALING CONFLICTING PROVISIONS, AND PROVIDING AN EFFECTIVE DATE

Mayor Louis Bronaugh stated that the next item for consideration was a Public Hearing and First Reading of an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas, being Ordinance No. 3368, by amending Article XXVII "Definitions" as it relates to the definition entitled "Bed and Breakfast Establishment" and Article XXI "Supplemental Development Regulations" enacting a section entitled "Bed and Breakfast Home"; repealing conflicting provisions, and providing an effective date. City Manager Parker stated there was a recent zoning request for a "Bed and Breakfast" before the Council. City Manager Parker added that at time there were very few regulations governing "Bed and Breakfast" operations in the City of Lufkin. City Manager Parker stated that Council requested that Staff look into developing an ordinance that would place more regulations or control in the "Bed and Breakfast" arena. City Manager Parker explained that this Ordinance did that by covering parking, signage, health codes, limiting number of guest rooms, limiting square footage of signs, and limiting recreation vehicles use and size. City Manager Parker added that this was an elaborate Ordinance. City Manager Parker stated that the Planning and Zoning Commission went through the Ordinance in detail and recommended it to Council for approval. City Manager Parker added that Staff would answer any questions that Council had concerning the Ordinance.

There was some discussion among the City Council Members concerning the Ordinance.

Mayor Bronaugh then opened the Public Hearing at 5:27 p.m. concerning the Ordinance. Mayor Bronaugh asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Ordinance. Speaking on the Zoning Ordinance was:

Darrell McDonald

Mayor Bronaugh then closed the Public Hearing at 5:30 p.m.

There was additional discussion among the City Council Members concerning the Ordinance.

Councilmember Jack Gorden moved to approve the First Reading of the Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas, being Ordinance No. 3368, by amending Article XXVII "Definitions" as it relates to the definition entitled "Bed and Breakfast Establishment" and Article XXI "Supplemental Development Regulations" enacting a section entitled "Bed and Breakfast Home"; repealing conflicting provisions, and providing an effective date. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

12. PUBLIC HEARING AND FIRST READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF LUFKIN, TEXAS - APPROVED - BY ESTABLISHING ZONING DESIGNATIONS FOR CERTAIN TRACTS OR PARCELS OF LAND ANNEXED BY THE CITY OF LUFKIN AND AUTHORIZING THE CITY PLANNER TO MAKE SUCH CHANGES ON THE OFFICIAL MAP

Mayor Louis Bronaugh stated that the next item for consideration was a Public Hearing and First Reading of an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas by establishing zoning designations for certain tracts or parcels of land annexed by the City of Lufkin and authorizing the City Planner to make such changes on the Official Map. City Manager Parker stated that this was the property that Council annexed earlier in the Council meeting. City Manager Parker explained that it was the 5.416 acres of property intended to be the Lufkin Toyota Dealership. City Manager Parker stated that it would require a "Commercial" Zoning classification and added that the "Land Use Plan" would need to be changed from "Retail" to "Commercial" classification. City Manager Parker stated that the Planning and Zoning Commission and Staff recommended it to Council for approval.

Mayor Bronaugh then opened the Public Hearing at 5:35 p.m. concerning the Ordinance. Mayor Bronaugh asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Ordinance. Mayor Bronaugh then closed the Public Hearing at 5:36 p.m.

Councilmember Rose Faine Boyd moved to approve the First Reading of the Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas by establishing zoning designations for certain tracts or parcels of land annexed by the City of Lufkin and authorizing the City Planner to make such changes on the Official Map. Councilmember Jack Gorden seconded the motion. A unanimous affirmative vote was recorded.

13. ABATEMENT REQUEST – APPROVED - FROM LUFKIN INDUSTRIES

Mayor Louis Bronaugh stated that the next item for consideration was the abatement request from Lufkin Industries. City Manager Paul Parker called on Economic Development Director Jim Wehmeier to present the item to Council.

Economic Development Director Jim Wehmeier stated that present in the audience was Linda Parker with the Lufkin/Angelina County Economic Development Partnership as well as Bob Leslie and Chris Boone from Lufkin Industries. Mr. Wehmeier explained that Lufkin Industries was looking to expand the Lufkin facility. Mr. Wehmeier stated that the abatement request was for additional taxes that would be brought onto the tax rolls due to the expansion. Mr. Wehmeier explained that the expansion would consist of approximately sixteen thousand one hundred (16,100) square feet, add \$2.4 million dollars to the tax rolls, create twenty-five (25) or more new jobs, and add \$1.2 million dollars in additional payroll. Mr. Wehmeier stated that Lufkin Industries reached the maximum level for an abatement in the scoring system. Mr. Wehmeier explained that the scoring system was for the Schedule ED2, which were projects over 3000 points. Mr. Wehmeier stated that the abatement would consist of years one (1) through four (4) at one hundred percent (100%), year five (5) at seventy-five percent (75%), year six (6) at fifty percent (50%), and year seven (7) at twenty-five percent (25%). Mr. Wehmeier explained that this was in standing with the policy. Mr. Wehmeier added that the request went to the 4-B Economic Development Board earlier that day and was unanimously recommended to bring to the City Council for approval. Mr. Wehmeier added that it was great to see one of Lufkin's largest industrial employers reinvest in the Lufkin community and that he would be happy to answer any question that Council had concerning the abatement.

Bob Leslie, Chief Financial Officer for Lufkin Industries stated that after one hundred four (104) years of being in Lufkin, Lufkin Industries is growing and added that their head count is up over twenty percent (20%) since year end and continues to grow every month. Mr. Leslie added that this was an opportunity to expand the "Gear Repair" facility on the west side of Frank Street. Mr. Leslie stated that when he arrived in Lufkin in 1992, the facility did approximately six million dollars (\$6,000,000) in revenue. Mr. Leslie added that the facility is now over twenty million dollars (\$20,000,000) and that this expansion would afford the opportunity to grow the business again. Mr. Leslie thanked the City Council, the City of Lufkin, and the 4-B Board for their consideration. Mr. Leslie also thanked Mr. Wehmeier for his assistance. Mr. Leslie stated that Lufkin Industries has a very aggressive capital plan and that they hope to be back before the Council again to continue to grow Lufkin Industries in the community.

Councilmember Jack Gorden moved to approve the abatement request from Lufkin Industries. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

14. PUBLIC HEARING AND CONSIDER AUTHORIZING APPLICATION FOR THE 2006 U. S. DEPARTMENT OF JUSTICE GRANT – APPROVED - BY THE POLICE DEPARTMENT

Mayor Louis Bronaugh stated that the next item for consideration was a Public Hearing and authorizing the application for the 2006 U. S. Department of Justice Grant by the Police Department. City Manager Paul Parker stated that this was an annual grant and that this year the grant was for thirteen thousand four hundred thirty-two dollars (\$13,432). City Manager

Parker explained that Staff would like to use nine thousand four hundred thirty-two dollars (\$9,432) for specialized tag-team equipment and four thousand dollars (\$4,000) to assist the Police Explorer Post in their operations.

Mayor Bronaugh then opened the Public Hearing at 5:40 p.m. concerning the Grant. Mayor Bronaugh asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Grant. Mayor Bronaugh then closed the Public Hearing at 5:41 p.m.

Councilmember Rose Faine Boyd moved to approve the application for the 2006 U. S. Department of Justice Grant by the Police Department. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

15. ORDINANCE ESTABLISHING MAXIMUM SPEEDS OF MOTOR VEHICLES - APPROVED - IN CERTAIN AREAS AS DESIGNATED (FM HIGHWAY 58 AT HARMONY HILL CHRISTIAN SCHOOL)

Mayor Louis Bronaugh stated that the next item for consideration was an Ordinance establishing maximum speeds of motor vehicles in certain areas as designated (FM Highway 58 at Harmony Hill Christian School). City Manager Paul Parker stated that this was at Harmony Hill Christian School and was a request for a flashing light and speed control during operation of the school hours. City Manager Parker added that the Texas Department of Transportation did a study of the area and that there was an excess of four thousand (4,000) vehicles traveling in each direction and that the average speed of the vehicles was over fifty-two (52) miles per hour with several vehicles exceeding seventy (70) miles per hour. City Manager Parker explained that this request would put the speed limit at thirty-five (35) miles per hour during the normal hours of operation, as other schools in Lufkin are observing.

Assistant City Manager Public Works/City Engineer Keith Wright stated that the hours of operation were from 7:00 a.m. – 8:30 a.m. and again from 2:45 p.m. – 4:15 p.m.

City Manager Parker stated that Staff recommended that Council approve the request.

There was some discussion among the City Council Members concerning the Ordinance.

Councilmember Don Langston moved to approve the Ordinance establishing maximum speeds of motor vehicles in certain areas as designated (FM Highway 58 at Harmony Hill Christian School). Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

16. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2005/2006 OPERATING BUDGET (BUDGET AMENDMENT NO. 13), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL FUND; AND PROVIDING AN EFFECTIVE DATE FOR THE CITY OF LUFKIN STREET DEPARTMENT RECONSTRUCTION PROJECT 2005/2006

Mayor Louis Bronaugh stated that the next item for consideration was a Resolution authorizing an Amendment to the 2005/2006 Operating Budget (Budget Amendment No. 13), providing for the supplemental appropriation of funds in the General Fund; and providing an effective date for the City of Lufkin Street Department Reconstruction Project 2005/2006. City Manager Paul Parker stated that Council had, at the last meeting, a discussion item concerning the Street Overlay Program and the availability of additional funding for improvements. City Manager Parker explained that one improvement would be Humason Street from Timberland Drive to the “dead end”, which would be a concrete street that would be reconstructed. City Manager Parker added that another street would be the Home Avenue Bridge, which was just off of Paul Street. City Manager Parker stated that Councilmember Rose Faine Boyd HAD reminded Staff that Kelty’s Street from Wilson to Gipson needed to be considered. City Manager Parker explained that Kelty’s Street would be an additional thirty-seven thousand dollars (\$37,000) in improvements. City Manager Parker stated that Staff recommended that Council amend the budget to include the three (3) projects at an additional cost of four hundred eighty-seven thousand dollars (\$487,000) from the General Fund- Fund Balance.

Councilmember Jack Gorden reminded Staff that a highly visible street to consider as an alternate would be Denman between South First Street and Raguette Street. There was some discussion among the City Council Members and Staff concerning the Resolution and the Street Overlay Project.

Councilmember Lynn Torres moved to approve the Resolution authorizing an Amendment to the 2005/2006 Operating Budget (Budget Amendment No. 13), providing for the supplemental appropriation of funds in the General Fund; and providing an effective date for the City of Lufkin Street Department Reconstruction Project 2005/2006. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

17. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2005/2006 OPERATING BUDGET (BUDGET AMENDMENT NO. 14), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL FUND; AND PROVIDING AN EFFECTIVE DATE FOR THE PURCHASE OF 0.85 ACRES AT THE CORNER OF OLD UNION AND TRAILWOOD BLVD TO BUILD A FIRE STATION

Mayor Louis Brounagh stated that the next item for consideration was a Resolution authorizing an Amendment to the 2005/2006 Operating Budget (Budget Amendment No. 14), providing for the supplemental appropriation of funds in the General Fund; and providing an effective date for the purchase of 0.85 acres at the corner of Old Union and Trailwood Blvd to build a fire station. City Manager Parker stated that Council appointed a Building Committee to assist Staff in the construction of several buildings that the City of Lufkin is considering in the 2005/2006 Budget Year. City Manager Parker explained that one of the buildings was the fire station on Old Union Road. City Manager Parker explained that at an earlier meeting, the concern was the property next to the detention pond, that was earmarked for the fire station, was on a hillside with a curb was a major concern from a safety standpoint for fire trucks entering and exiting at that location. City Manager Parker added that Staff was asked to look at additional properties in the vicinity that would be safer for the construction of the fire station. City Manager Parker stated that Staff found a .85 acre tract of land at Old Union Road and Trailwood Boulevard. City Manager Parker explained that there was a map included in the Council packet showing how the station could be placed on the property. City Manager Parker added that the cost of the property was forty-one thousand seven hundred dollars (\$41,700). City Manager Parker explained that the property was on the opposite side of the road from the original location, which would make it an even safer location eliminating the site vision problems of the original site. City Manager Parker added that left the Council the option to market the original site and reduce the cost of the proposed site. City Manager Parker stated that Staff recommended that Council approve the purchase of the property at Old Union Road and Trailwood Boulevard for forty-one thousand seven hundred dollars (\$41,700).

There was some discussion among the City Council Members concerning size of the proposed property for the fire station.

Councilmember Jack Gorden moved to approve the Resolution authorizing an Amendment to the 2005/2006 Operating Budget (Budget Amendment No. 14), providing for the supplemental appropriation of funds in the General Fund; and providing an effective date for the purchase of 0.85 acres at the corner of Old Union and Trailwood Blvd to build a fire station. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

- 18.** Mayor Louis Brounagh stated that the next item for consideration was a report from Paul Parker, City Manager. City Manager Paul Parker stated that Council had before them the Financial Report as of February 28, 2006. City Manager Parker explained that the financial trend continued to be good and that he would answer any questions that Council had concerning any revenue or expenditures. City Manager Parker stated that the bottom line was the City of Lufkin was in good financial condition and that the only funds that were of concern were the Health Fund and the Civic Center Fund. City Manager Parker added that the recent Hotel/Motel revenue came in higher than anticipated and was good news for the Civic Center Fund. City Manager Parker stated that he would answer any questions that Council had concerning the Financial Report.

City Manager Parker continued with the Project Status Report. City Manager Parker stated that the Council had all of the updates concerning projects in the City of Lufkin. City Manager Parker stated that Staff had hoped to have Abney Street completed by the Council Meeting but there had been a break down in the lay down machine that delayed progress on Abney. City Manager Parker added that as soon as the lay down machine was repaired, Abney Street would be the number one (#1) priority. City Manager Parker stated that he would answer any questions that Council had concerning the Project Status Report.

19. Mayor Louis Bronaugh recessed the Regular Session at 5:52 p.m. to enter into Executive Session.

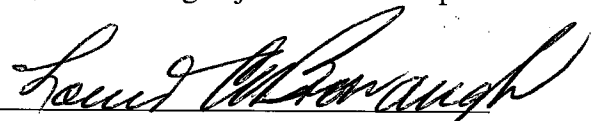
EXECUTIVE SESSION: In accordance with the Texas Government Code Section 551.071 (2) Consultation with City Attorney on any Regular Session Agenda item requiring confidential, attorney/client advices necessitated by the deliberation or discussion of said items (as needed), and real estate, appointment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

Mayor Louis Bronaugh reconvened the Regular Session at 6:23 p.m.

20. City Manager Parker added that Council had their Calendar of Events. Main Street Director Barbara Thompson invited the City Council to attend the Downtown Hoedown Parade on April 8, 2006. Ms. Thompson added that Council was invited to ride on the City's new fire truck in the parade and that the parade would begin at 10:30 a.m. but the Council should prepare to lineup at 10:00 a.m., on First Street close to Consolidated Communications.

City Manager Parker added that the City of Lufkin had been contacted with several concerns about parking in the downtown area and that Staff was considering bringing a future item to the Council concerning downtown parking. City Manager Parker asked Assistant City Manager/Public Works/City Engineer Keith Wright to update the Council concerning the parking. Mr. Wright stated that, as Council was aware, the Downtown Project added approximately eighty (80) additional parking spaces. Mr. Wright added that there were several complaints from downtown businesses that were noticing empty spaces. Mr. Wright explained that there had been ninety (90) minute parking prior to the completion of construction. Mr. Wright added that the ninety (90) minute parking was discontinued during the construction, but was reinstated when the constructed was completed. Mr. Wright stated that Staff is receiving considerable input from both the merchants and office personnel in the downtown area. Mr. Wright explained that this involves trying to accommodate businesses for parking for their customers, as well as the workers in the area. Mr. Wright added that nobody likes to walk and all prefer to park directly in front of their building. Mr. Wright stated that Staff is developing a plan and hope to bring a recommendation to the Council at the second Council meeting in April, proposing areas where the ninety (90) minute parking may be eliminated, areas where "all day" parking may be provided, and other areas where the ninety (90) minute parking would remain. Mr. Wright concluded by adding that Staff was attempting to address all of the concerns.

21. There being no further business for consideration, the meeting adjourned at 6:25 p.m.


Louis A. Bronaugh – Mayor


Renee Thompson – City Secretary