

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY
OF LUFKIN, TEXAS HELD ON THE 20th DAY OF SEPTEMBER, 2005**

On the 20th day of September 2005, 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
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
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
David Koonce	Human Resource Director
Don Hannabas	Parks and Recreation Director
Beauford Chapman	Inspection Services Director
Barbara Thompson	Main Street Director
Debra Cassidy	Waste Water Treatment Director
Larry Brazil	Police Chief
Dorothy Wilson	Director of Planning
Doug Wood	Finance Director
Jim Wehmeier	Economic Development Director
Bill Cameron	City of Lufkin Webmaster
Wayne Haglund	
Judy Maddux	
Cynthia Aguilar	
Joseph Collmorgan	

being present, and

Rose Faine Boyd	Mayor pro tem
Dennis Robertson	Councilmember, Ward No. 6

being absent, when the following business was transacted:

1. The meeting was opened with prayer by Brother Walter Futch, Trinity Baptist Church.
2. Mayor Louis Bronaugh welcomed visitors present. Councilmember Lynn Torres recognized LHS students who were present, satisfying their government class requirement.

3. APPROVAL OF MINUTES

Minutes of the Regular Meeting on September 6, 2005 were approved on a motion by Councilmember Lynn Torres, and seconded by Councilmember R. L. Kuykendall. A unanimous affirmative vote was recorded.

OLD BUSINESS:

4. **SECOND READING OF THE REQUEST OF JIMMY WARREN ON BEHALF OF ELM TEXAS PROPERTIES – APPROVED - TO CONSIDER CHANGING THE ZONING ON .46 ACRES DESCRIBED AS PARTS OF TRACTS 51.1 OF THE M. BOYCE SURVEY AND LOCATED BETWEEN HELEN AND SLACK STREET AND MORE COMMONLY KNOWN AS 1308 SLACK STREET FROM THE CURRENT**

CLASSIFICATIONS OF "COMMERCIAL" AND "LARGE SINGLE-FAMILY DWELLING" TO A SINGLE ZONING CLASSIFICATION OF "COMMERCIAL". THIS REQUEST WILL ALSO ENCOMPASS AMENDING THE FUTURE LAND USE MAP OF THE COMPREHENSIVE PLAN BY CHANGING THE DESIGNATION OF THE PROPERTY FROM "LOW DENSITY RESIDENTIAL" TO A "RETAIL" DESIGNATION

Mayor Louis Bronaugh stated that the next item for consideration was to consider on Second Reading the request of Jimmy Warren on behalf of ELM Texas Properties to consider changing the zoning on .46 acres described as parts of Tracts 51.1 of the M. Boyce Survey and located between Helen and Slack Street and more commonly known as 1308 Slack Street from the current classifications of "Commercial" and "Large Single-Family Dwelling" to a single zoning classification of "Commercial". This request will also encompass amending the Future Land Use Map of the Comprehensive Plan by changing the designation of the property from "Low Density Residential" to a "Retail" designation. City Manager Paul Parker stated that since this is the Second Reading, Council was familiar with the item. City Manager Parker added that he would be happy to answer any questions that Council had concerning the item. Mayor Bronaugh then asked if there was anyone in the audience that wished to speak for or against this Ordinance. There was none.

Councilmember Lynn Torres moved to approve on Second Reading the request of Jimmy Warren on behalf of ELM Texas Properties to consider changing the zoning on .46 acres described as parts of Tracts 51.1 of the M. Boyce Survey and located between Helen and Slack Street and more commonly known as 1308 Slack Street from the current classifications of "Commercial" and "Large Single-Family Dwelling" to a single zoning classification of "Commercial". This request will also encompass amending the Future Land Use Map of the Comprehensive Plan by changing the designation of the property from "Low Density Residential" to a "Retail" designation. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded

5. SECOND READING OF A PROPOSED AMENDMENT - APPROVED - TO THE CITY'S SOLID WASTE AND RECYCLING ORDINANCE

Mayor Louis Bronaugh stated that the next item for consideration was the Second Reading of a proposed amendment to the City's Solid Waste and Recycling Ordinance. City Manager Paul Parker stated that Council had reviewed the Ordinance at two previous meetings. City Manager Parker added that Staff was prepared to answer any questions from Council.

Councilmember R. L. Kuykendall moved to approve on Second Reading the proposed amendment to the City's Solid Waste and Recycling Ordinance. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

NEW BUSINESS:

6. FIRST READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF LUFKIN, TEXAS BY GRANTING A "SPECIAL USE PERMIT" FOR A DOG KENNEL WITHIN A "COMMERCIAL" ZONING DISTRICT ON CERTAIN TRACTS OR PARCELS OF LAND WITHIN THE CORPORATE LIMITS OF THE CITY OF LUFKIN, TEXAS - APPROVED - DESCRIBED AS TRACT 41 OF THE C. H. MCCLUNG SURVEY AND AUTHORIZING THE CITY PLANNER TO MAKE SUCH CHANGES ON THE OFFICIAL MAP

Mayor Louis Bronaugh stated that the next item for consideration was the First Reading of an Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas by granting a "Special Use Permit" for a Dog Kennel within a "Commercial" Zoning District on certain tracts or parcels of land within the corporate limits of the City of Lufkin, Texas described as Tract 41 of the C. H. McClung Survey and authorizing the City Planner to make such changes on the official map. City Manager Parker stated that the item was thoroughly discussed by the Planning and Zoning Commission. City Manager Parker explained that there was a great deal of discussion about the nature of the business being an indoor kennel for grooming, but not an overnight boarding facility. City Manager Parker added that the Planning and Zoning Commission recommended by a six (6) to one (1) vote in favor of

amending the Zone Change with four (4) stipulations. City Manager Parker stated that the stipulations set forth by the Planning and Zoning Commission were the following:

- (1) Limitation to exclude domesticated animals that are not "crate trained", such as pigs, goats, sheep, cows, horses, etc.
- (2) Animals will not eliminate waste on the grounds surrounding the business or in the vicinity of the business in a manner that would cause waste to interfere with pedestrians' enjoyment of the area around the business location.
- (3) No animals will board overnight.
- (4) The Animal Kennel Special Use Permit will be subject to a six month period in which staff will inspect and evaluate the business for compliance with the Special Use Permit restrictions. Failure to comply with restrictions will result in revocation of the Permit.

Councilmember Jack Gorden moved to approve on First Reading the Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas by granting a "Special Use Permit" for a Dog Kennel within a "Commercial" Zoning District on certain tracts or parcels of land within the corporate limits of the City of Lufkin, Texas described as Tract 41 of the C. H. McClung Survey and authorizing the City Planner to make such changes on the official map. Councilmember Don Langston seconded the motion. The following vote was recorded:

Aye: Council Members Gorden, Torres, Langston and Mayor Bronaugh

Nay: Councilmember Kuykendall

The motion carried with four affirmative votes.

7. PRESENTATION AND PROPOSAL FROM LUFKIN YOUTH BASEBALL ASSOCIATION

Mayor Louis Bronaugh stated that the next item for consideration was a presentation and proposal from Lufkin Youth Baseball Association. City Manager Paul Parker stated that Wayne Haglund was present to speak on behalf of the Lufkin Youth Baseball Association.

Wayne Haglund stated that he was representing the Lufkin Youth Baseball Association along with Judy Maddux and a number of Board Members. Mr. Haglund explained that the members were present to ask the City of Lufkin for assistance. Mr. Haglund stated that they wanted the City to recognize the need for additional baseball fields at Morris Frank Park. Mr. Haglund drew to the attention of the City Council that this proposal was included in the 1978 City of Lufkin Master Plan that was again renewed in 2003 to add an additional five baseball fields in the park. Mr. Haglund stated that the board was present to start the ball rolling and to make City Council aware of the need. Mr. Haglund added that the understanding of the LYBA was with the opening of new soccer fields, located at Kit McConnico Park, there may be land "freed up" and available for this project. Mr. Haglund stated that no new youth baseball fields had been added to the park since 1978. Mr. Haglund explained that there were seventy-four (74) youth teams in the Lufkin Youth Baseball this past summer. Mr. Haglund added that there are an additional forty-two (42) teams in the fall ball league. Mr. Haglund stated that there are also many tournaments that are hosted by the Association which provides opportunities for the youth as well as provides revenue for the City of Lufkin. Mr. Haglund stated that there are approximately twice as many youth in the program now than there was in 1978. Mr. Haglund added that the LYBA wants the City of Lufkin to look at the economic impact of the contributions from youth baseball. Mr. Haglund stated that LYBA also wants the Council to look at the impact the program has on the youth of the area. Mr. Haglund stated that LYBA wants to work with Council and provide whatever information is needed to accomplish the goal of making the new fields a reality.

Mr. Haglund stated that the LYBA is somewhat aware of the 4-B Economic Development Sales Tax and would like to find out if some of those funds would be available to help with the development of the fields. Mr. Haglund stated that Judy Maddux was present and had handouts for the City Council. Mr. Haglund explained that one of the handouts was the magazine "Super Series Baseball". Mr. Haglund pointed out that there was a feature article

in the magazine about Lufkin, Texas and the Lufkin Youth Baseball Association. Mr. Haglund stated that articles such as the one in the magazine puts the City of Lufkin in a good light. Mr. Haglund added that the additional handout summarized the impact of what the baseball association does. Mr. Haglund explained that the association currently sponsors eleven (11) tournaments per year with two hundred ninety-seven (297) teams participating. Mr. Haglund added that the handout explains the economic impact of what youth baseball does by bringing dollars, tourists and guests into the City of Lufkin. Mr. Haglund stated that there was one additional handout that was a summary of the success of the Lufkin Youth Baseball Association since its foundation in 1951. Mr. Haglund explained that the LYBA had brought back to Lufkin thirty-two (32) State Titles, sixteen (16) World Series Championships, and Runner-up to the World Series Title five (5) times. Mr. Haglund added that in addition to the regular teams in the program there are also "Select Teams", which is a new type of program. Mr. Haglund explained that the "Select Teams" had brought back to Lufkin one (1) State Title, two (2) State Runner-up Titles, and one (1) National Title. Mr. Haglund stated that there were a total of fifty-seven (57) championships that the Lufkin Youth Baseball Association has brought to the City of Lufkin. Mr. Haglund stated the LYBA was unaware of the time-table or process of the City Council, but would like to begin working with the City to increase the number of fields at Morris Frank Park. Mr. Haglund stated that he would answer any questions that Council had.

Mayor Louis Bronaugh asked if there was anyone in the audience that also wished to speak on the subject. Cynthia Aguilar stated that she was present to represent the interest of the Hispanic Soccer League in Lufkin. Ms. Aguilar stated that the Hispanic Soccer League had the same needs as the Lufkin Youth Baseball Association to expand their use of the park land. Ms. Aguilar added that even though some of the soccer leagues were moved to Kit McConnico Park the Hispanic Soccer League was still using fields at Morris Frank Park. Ms. Aguilar asked the City Council to also consider that the Hispanic Soccer League needed space for their fields. Ms. Aguilar stated that their league began in 1975 and has a Board and that they would provide information needed by the City Council in order for their league to be able to continue using the fields at Morris Frank Park. Ms. Aguilar explained that the HSL currently has seventy-two (72) teams.

Mayor Louis Bronaugh then called on Lufkin Parks and Recreation Director Don Hannabas to say a few words about the recent "Grand Opening" of Kit McConnico Park. Mr. Hannabas stated that on Saturday, September 17, 2005 Kit McConnico Park held its "Grand Opening" with twenty (20) teams in Lufkin for a softball tournament. Mr. Hannabas added that the Mayor threw out the first pitch. Mr. Hannabas stated that the Youth Soccer Association has moved to Kit McConnico Park and were playing that day as well. Mr. Hannabas added that there is also a group of bicyclists that have been voluntarily building a bicycle trail at Kit McConnico Park. Mr. Hannabas stated that the group made a presentation and named their trail as part of their volunteer effort.

Councilmember Don Langston asked if there were still soccer fields in use at Morris Frank Park. Mr. Hannabas explained that there are still fields at Morris Frank and that they are currently being used. Mr. Hannabas furthered that he had signed a Park Use Agreement with the Hispanic Soccer League of East Texas with the stipulation that when the Baseball Association had their plan together and were ready to proceed, the space would be available. Mr. Hannabas stated that he did not believe that LYBA would need all of the space, but a large portion of it. Mr. Hannabas added that along with the proposed fields, he would expect to expand parking facilities as well as additional restrooms and concession area.

Mayor Louis Bronaugh asked Mr. Hannabas if there were currently eight (8) soccer fields located at Kit McConnico Park. Mr. Hannabas stated that there are eleven (11) soccer fields at Kit McConnico Park. Mr. Hannabas explained that there is no irrigation system on all of the soccer fields at Morris Frank Park as well as Kit McConnico. Mayor Bronaugh suggested that Council, along with anyone else in the audience, go out to Kit McConnico Park on a Saturday and witness all of the youth, adult and family activity taking place in the park.

Councilmember Langston asked Mr. Hannabas if he had been approached by the Youth Football League about using facilities. Mr. Hannabas stated that he had been approached by the League and that they are currently playing on the Lufkin Independent School property.

Mr. Hannabas added that there is an adjoining field to the school property that belongs to the City that the league would also like to use. Mr. Hannabas stated that there is currently a soccer field on that property. Mr. Hannabas added that there has been soccer played on that field as well as football practice on other days. Mr. Hannabas stated that he was aware that the Hispanic Soccer League had a need for expanding their program as well as the LYBA.

Councilmember Jack Gorden stated that Kit McConnico is a magnificent facility and encouraged Mr. Hannabas to work with TXDOT to obtain some good signage up directing citizens and visitors to the facility.

Mayor Bronaugh thanked Mr. Hannabas for his efforts and also the Lufkin Youth Baseball Association for their efforts in the community.

8. **FIRST READING OF AN ORDINANCE OF THE CITY OF LUFKIN, TEXAS ESTABLISHING A CONSTRUCTION BOARD OF APPEALS - APPROVED - FOR THE HEARING OF APPEALS OF ORDERS, DECISIONS OR DETERMINATIONS MADE BY THE BUILDING OFFICIAL RELATIVE TO THE APPLICATION AND INTERPRETATION OF THE BUILDING CODES, ESTABLISHING PROCEDURE FOR ADOPTING RULES OF PROCEDURE FOR CONDUCTING ITS BUSINESS AND REPEALING ALL PRIOR ORDINANCES**

Mayor Louis Bronaugh stated that the next item for consideration was the First Reading of an Ordinance of the City of Lufkin, Texas establishing a Construction Board of Appeals for the hearing of appeals of orders, decisions or determinations made by the building official relative to the application and interpretation of the Building Codes, establishing procedure for adopting rules of procedure for conducting its business and repealing all prior Ordinances. City Manager Paul Parker stated that there have been numerous changes in adoption of new building, electrical, construction and mechanical codes in the past several years. City Manager Parker explained that this Ordinance was requesting authorization of a Construction Board which would hear variances or appeals from building officials. City Manager Parker added that Staff recommended approval of this Ordinance that would create a new Construction Board.

Councilmember Don Langston commented that it was a good thing any time there was an appeals process in place. Councilmember Langston added that citizens need the opportunity to be heard.

Councilmember Don Langston moved to approve on First Reading the Ordinance of the City of Lufkin, Texas establishing a Construction Board of Appeals for the hearing of appeals of orders, decisions or determinations made by the building official relative to the application and interpretation of the Building Codes, establishing procedure for adopting rules of procedure for conducting its business and repealing all prior Ordinances. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

9. **FIRST READING OF AN ORDINANCE OF THE CITY OF LUFKIN, TEXAS PROVIDING FOR AND ESTABLISHING CERTAIN STREETS OR PORTIONS OF STREETS AS "ONE-WAY STREETS"; - APPROVED - AUTHORIZING THE INSTALLATION OF TRAFFIC CONTROL DEVICES AND TRAFFIC SIGNS TO CONTROL VEHICULAR TRAFFIC ON CERTAIN STREETS; AND PROVIDING A PENALTY**

Mayor Louis Bronaugh stated that the next item for consideration was the First Reading of an Ordinance of the City of Lufkin, Texas providing for and establishing certain streets or portions of streets as "One-Way Streets"; authorizing the installation of traffic control devices and traffic signs to control vehicular traffic on certain streets; and providing a penalty. City Manager Parker stated that as the City of Lufkin prepared for the opening of the Downtown Project it came to the attention of Staff that City Council had approved changes to one way streets by voice vote. City Manager Parker added that the actual approval of one way streets must be passed by Ordinance. City Manager Parker explained that the Ordinance would implement, by law, the one way streets that have been designated in the downtown area. City Manager Parker stated that two streets, that are designated "one

way”, are being put into service and officers are working to ensure traffic flow. City Manager Parker added that citations are not being given for violations at this time. City Manager Parker stated that during the next phase the remainder of the streets would be opened for one way traffic. City Manager Parker explained that this Ordinance would validate the changes in the traffic flow in the downtown area.

Councilmember R. L. Kuykendall moved to approve on First Reading an Ordinance of the City of Lufkin, Texas providing for and establishing certain streets or portions of streets as “One-Way Streets”; authorizing the installation of traffic control devices and traffic signs to control vehicular traffic on certain streets; and providing a penalty. Councilmember Lynn Torres seconded the motion. The following vote was recorded:

Aye: Council Members Kuykendall, Torres, Langston and Mayor Bronaugh

Nay: Councilmember Gorden

The motion carried with four affirmative votes.

10. BID DESIGNATING THE BANK DEPOSITORY – APPROVED - FOR THE CITY OF LUFKIN

Mayor Louis Bronaugh stated that the next item for consideration was the bid to designate the bank depository for the City of Lufkin. City Manager Parker stated the City Charter requires the City of Lufkin to have a bank depository. City Manager Parker explained that this would be the bank the City of Lufkin does business with and the location where funds that are not long term investments are kept. City Manager Parker added that there were nine (9) local banking institutions that were contacted and the City of Lufkin received only one (1) proposal. City Manager Parker stated that the proposal was from First Bank and Trust of East Texas, which is the present depository for the City. City Manager Parker added that the City has a very good working relationship with First Bank and Trust. City Manager Parker explained that there were some fee changes that were outlined in the Council’s packets and that Staff believes the changes are reasonable adjustments. City Manager Parker stated that Staff recommended awarding the bid for bank depository to First Bank and Trust of East Texas.

Councilmember Jack Gorden requested to be recused from the vote on the item.

Councilmember Don Langston moved to approve the bid to designate the bank depository for the City of Lufkin. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

11. RESOLUTION – APPROVED - FOR THE CITY OF LUFKIN, TEXAS ELECTING TO BE EXEMPT FOR THE PLAN YEAR BEGINNING OCTOBER 1, 2005 THROUGH SEPTEMBER 31, 2006 FROM THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

Mayor Louis Bronaugh stated that the next item for consideration was the Resolution for the City of Lufkin, Texas electing to be exempt for the plan year beginning October 1, 2005 through September 31, 2006 from the Health Insurance Portability and Accountability Act of 1996. City Manager Parker stated that annually, since the creation of the HIPAA Laws of 1996, the City of Lufkin has opted out of the requirements imposed by HIPAA. City Manager Parker explained that this would allow the City to manage its own health fund. City Manager Parker added that some of the requirements under the HIPAA Law, if the City doesn’t opt out, are mandatory to our health fund and would impact the City in a negative way in the cash flow. City Manager Parker stated that the new health plan, that was recently adopted the City of Lufkin, provides excellent health care to the employees of the City. City Manager Parker added that Staff recommends approval of the Resolution allowing the City of Lufkin to exempt itself from the requirements imposed by HIPAA.

Councilmember Jack Gorden moved to approve the Resolution for the City of Lufkin, Texas electing to be exempt for the plan year beginning October 1, 2005 through September 31, 2006 from the Health Insurance Portability and Accountability Act of 1996.

Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

12. CHANGES – APPROVED - TO THE CITY OF LUFKIN EMPLOYEE HANDBOOK.

Mayor Louis Bronaugh stated that the next item for consideration was changes to the City of Lufkin Employee Handbook. City Manager Parker stated that Staff is requesting amendments to the Employee Handbook for the City of Lufkin. City Manager Parker explained that the changes include changing from Texas Municipal League Health Insurance to Blue Cross Blue Shield and the Fire Department Civil Service employee accrual to reflect the additional holidays of Good Friday and the day after Thanksgiving. City Manager Parker added that the balance of the proposed changes relate to the new health plan recently adopted by the City and the elimination, as requested by the family, of the Ron Wesch Scholarship.

Councilmember Lynn Torres moved to approve changes to the City of Lufkin Employee Handbook. Councilmember Jack Gorden seconded the motion. A unanimous affirmative vote was recorded.

13. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2004/2005 OPERATING BUDGET (BUDGET AMENDMENT NO. 23), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL, WATER/WASTEWATER AND SOLID WASTE AND RECYCLING FUNDS; AND PROVIDING AN EFFECTIVE DATE.

Mayor Louis Bronaugh stated that the next item for consideration was the Resolution authorizing an amendment to the 2004/2005 Operating Budget (Budget Amendment No. 23), providing for the supplemental appropriation of funds in the General, Water/Wastewater and Solid Waste and Recycling Funds; and providing an effective date. City Manager Parker stated that this is the end of year amendment to the Budget to ensure that funds are adequately covering expenses for audit purposes. City Manager Parker added that the items in the General Fund were dealing with fuel cost. City Manager Parker explained that items in the Water/Wastewater Budget were directly related to larger volumes of water treated this year and Sanitation, Solid Waste, and Recycling was for increased activities in those areas. City Manager Parker stated that Staff would be willing to answer any questions that Council had and that Staff was recommending the approval of Budget Amendment No. 23.

Councilmember Don Langston asked if Staff had made appropriate allowances for increased use of the Sewer Plant. City Manager Parker stated that he was confident that Staff had made those allowances. City Manager Parker added that one area he was concerned about was the fuel adjustment that was made in May and June of 2005. City Manager Parker explained that Staff had budgeted approximately \$2.00 per gallon for fuel and now prices were well over the budgeted amount. City Manager Parker furthered that employees must be conservative in fuel usage but believed there was more flexibility in the budget than last year.

Councilmember Lynn Torres moved to approve the Resolution authorizing an amendment to the 2004/2005 Operating Budget (Budget Amendment No. 23), providing for the supplemental appropriation of funds in the General, Water/Wastewater and Solid Waste and Recycling Funds; and providing an effective date. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

14. REQUEST FOR ADDITIONAL FUNDS - APPROVED - TO THE HOTEL/MOTEL TAX FUND

Mayor Louis Bronaugh stated that the next item for consideration was the request for additional funds to the Hotel/Motel Tax Fund. City Manager Parker stated the Hotel/Motel Fund has insufficient funds to cover expenses for the remainder of the fiscal year. City Manager Parker added that Council had authorized \$75,000 in advance as working capital earlier in the year. City Manager Parker explained that there would also be another quarterly payment that would go into the budget year. City Manager Parker stated that the last quarter would be booked in October to this fiscal year. City Manager Parker added that payroll and final allocations would not be available unless Council authorized additional funds. City Manager Parker stated that the Hotel/Motel Fund should have a zero balance at the end of

this fiscal year. City Manager Parker added that the City is not certain of the impact that Hurricane Katrina was having the hotel and motel taxes but the Hotel/Motel Fund could actually face a deficit by the end of the fiscal year.

Councilmember Jack Gorden asked if it were up to the discretion of the City Manager to alter the way in which the funds are dispersed to the entities. City Manager Parker stated that all agencies receive quarterly payments. City Manager Parker added that all agencies except the Chamber and the Expo Center have their funds fronted by the City of Lufkin. Councilmember Gorden asked if that could be changed. City Manager Parker explained that it could be done but may create a cash flow problem for the entity. Councilmember Gorden expressed that he would be for changing the way the funds are dispersed. City Manager Parker stated that Staff could bring back a proposal to the Council altering the advance payments to the entities, but reiterated that he was concerned with a cash flow problem for the recipients.

Councilmember Don Langston stated that the original intent of Council was to help maintain the Civic Center and take care of its issues. Councilmember Langston added that after taking care of the Civic Center, excess funds could be considered for other uses. City Manager Parker explained that the Expo Center and the Civic Center both receive a percentage of the hotel and motel taxes but the other entities receive a flat fee. City Manager Parker stated that when fewer taxes come in, the other entities still receive the same amount leaving the Civic Center and Expo Center with less funds. Councilmember Gorden added that one of the suggestions that Council had considered was using the funds for organizations that fill the hotel rooms. City Manager Parker stated that the Tourist and Convention Bureau, Forestry Museum, Museum of East Texas, Expo Center, and Civic Center were receiving funding in fiscal year 2006.

Mayor Louis Bronaugh asked for the number of evacuees that are in hotels in Lufkin. City Manager Parker stated that he was unsure of the number and asked Assistant City Manager/Administrative Services Kenneth Williams for the number. Mr. Williams stated that there were approximately 200 evacuees on Sunday, October 18, 2005. Mr. Williams added that the number decreased on Monday, October 19th and that he had not received a count for that day. Councilmember Gorden asked if the rooms were tax exempt. City Manager Parker stated that they were and that it had been extended another thirty (30) days. Mayor Bronaugh stated that FEMA is tax exempt. Mr. Williams stated that the Governor of Texas had issued a proclamation declaring all hotel/motel taxes exempt. City Manager Parker stated that the City did not know the effect that the exemption would have on the City. City Manager Parker added that the General Fund would have to ultimately subsidize the operations of the Civic Center.

Finance Director Doug Wood stated that several months ago there was discussion among Council concerning changing the Tax Ordinance. Mr. Wood added that was tied in with the Hotel/Motel Tax Audit. Mr. Wood explained that the audit had been delayed and that the hotels are not providing, in a timely manner, the information that the auditors are requesting. Mr. Wood stated that the auditors would return on Monday, September 26, 2005 to continue the process for the six selected hotels for this year. Mr. Wood explained that there would then be a modification of the process and would go from quarterly collections to a monthly collection. Mr. Wood stated that this would help the City's and the recipients' cash flow.

Councilmember Langston reiterated that he would like to see that the City continues primarily funding the Civic Center's needs with funds from the Hotel/Motel Tax.

Councilmember Jack Gorden moved to approve the request for additional funds to the Hotel/Motel Tax Fund. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

**15. RESOLUTION APPROVING THE REFUNDING OF BONDS - APPROVED - BY
MEMORIAL HEALTH SYSTEMS OF EAST TEXAS, SERIES 2005A BOND WITH
RESPECT TO A PUBLIC HEARING**

Mayor Louis Bronaugh stated that the next item for consideration was a Resolution approving the refunding of bonds by Memorial Health Systems of East Texas, Series 2005A Bond with respect to a Public Hearing.

Councilmember Lynn Torres moved to approve adopting a Resolution approving the refunding of bonds by Memorial Health Systems of East Texas, Series 2005A Bond with respect to a Public Hearing. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

16. Mayor Louis Bronaugh stated that the next item for consideration was a report from Paul Parker, City Manager. City Manager Parker stated that the City had asked the Tourist and Convention Bureau to provide a detailed analysis of how their advertising money would be spent this year, as Council had earlier requested.

City Manager Paul Parker stated that Council had before them the Financial Report with reporting through the end of August. City Manager Parker added that there was nothing negative in the reports. City Manager Parker explained that the City is above the projected revenue at this time, Ad Val Orem taxes are approximately one hundred percent (100%) collection (as anticipated), and sales and use tax is approximately eight percent (8%) above last years collection. City Manager Parker stated that expenditures had been kept well in check. City Manager Parker added that Water/Wastewater should exceed expectations, due to the dry year. City Manager Parker stated that the City is still pumping approximately twelve million (12,000,000) gallons per day.

Councilmember Jack Gorden asked if the water tower is back up and operating. City Manager Parker stated that it was not, but added that the sandblasting was being done at night because of wind conditions. City Manager Parker added that the tower was shrouded and the shroud could not take a lot of wind structurally.

City Manager Parker stated that the Hotel/Motel Fund, as previously discussed, did not look good but was the only fund that Staff had any concerns about. City Manager Parker added that the other funds were looking good. City Manager Parker stated that the Zoo Fund did not generate as much admissions as was previously anticipated, but would still be relatively close. City Manager Parker stated that the Economic Development Account is exceeded due to being tied to the Sales Tax. City Manager Parker added that the Health Insurance Fund has been taking a hit over the past several years and with the recent changes there may be a turnaround in that fund.

City Manager Parker stated that this would be the last report on Projects in this fiscal year. City Manager Parker added that October would begin the new fiscal year and the Project Status Report would start over. City Manager Parker stated that he would answer any questions that Council had on any current projects. City Manager Parker added that the City hopes to have the Downtown Project concluded by the end of the October.

Councilmember Don Langston stated that the City had been hit hard with recent price increases. Councilmember Langston added that the City has some old cost estimates on some of the work to bid out in the future. Assistant City Manager/Public Works Keith Wright stated that the City is seeing approximately a twenty percent (20%) to twenty-five percent (25%) increase in construction bids. Mr. Wright added that the Whitehouse Phase II Project would be bid on September 22, 2005 and then they may get an idea of the increase in cost. Councilmember Langston stated that he is receiving projections into January of an increase up to thirty-five percent (35%) to forty percent (40%) increase in raw materials. Mr. Wright stated that one of the problems the City is having is the supplier would not guarantee the price on pipe for any length of time. City Manager Parker added that the City is also having that problem with bidding asphalt. City Manager Parker explained that to get a yearly bid for asphalt would make the price go higher so the City would buy the asphalt as needed without the yearly bid.

Councilmember Langston commented that the budget figures are old and if Staff sees a trend in increased cost, they should be cognizant of the fact that the projects could have tremendous increases in costs. Councilmember Langston expressed that he would like Council to see revised budgets that reflect the current bids so they could determine the total

exposure of the City of Lufkin. City Manager Parker stated that Staff has been working on the City's finances to see what the fund balances are in the different accounts. Mr. Wright stated that the Asbestos Project was well below budget and would allow the City recover any increased cost on other projects without too many problems. Mr. Wright added that the projects with Street Bond Funds and CIP Funds would be a different story.

Councilmember Langston asked the status of the utility relocation on the Highway 59 Project. Mr. Wright stated that the City met with the engineers and their estimates were over what was originally estimated. Mr. Wright added that Staff worked with the engineers to change their preliminary design and they were going back and revising it. Mr. Wright stated that the City should be able to go out for engineering proposals some time in October.

17. City Manager Parker asked Assistant City Manager/Administrative Services to update the Council on the status of Hurricane Rita. City Manager Parker explained that Staff had been in conference calls and met with the Coast Guard as well as several other meetings concerning the hurricane.

Mr. Williams stated that first he wanted to answer the question concerning the number of hotel rooms that are currently being occupied by Hurricane Katrina evacuees. Mr. Williams explained that there were 116 rooms being occupied as of Sunday, September 18, 2005.

Mr. Williams stated that Staff learned from the State of Texas that they are activating their Shelter Management Plan in regards to Hurricane Rita. Mr. Williams stated that Hurricane Rita was a Category Two (2), at last report, and was anticipated to make landfall as a Category Four (4). Mr. Williams added that it was still not known where the hurricane would make landfall, but was anticipated to be between Corpus Christi and Beaumont, Texas. Mr. Williams explained that the City of Lufkin received a call that morning to set up operations in preparation for the hurricane. Mr. Williams stated that the City of Lufkin is prepared to shelter approximately 10,000 evacuees in the Lufkin and Angelina County area. Mr. Williams added that the State of Texas is prepared to support Lufkin and would preposition supplies and resources in Lufkin no later than Thursday. Mr. Williams explained that the City of Lufkin has been on their own in the past. Mr. Williams added that the entire State of Texas has been put under alert about Hurricane Rita.

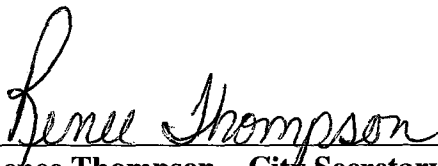
City Manager Parker stated that the Coast Guard requested Lufkin to be the back-up to Lumberton as their staging area. Mr. Williams stated that this hurricane is unique in that it could come our way and create problems for the City. Mr. Williams explained that the City of Lufkin is preparing for both shelter operations and response operations for the community. City Manager Parker stated that Public Works had been out all day cleaning culverts and inlets in anticipation of potential drainage problems in preparation of the hurricane. Mr. Williams stated that Lufkin High School would be used as the shelter check-in point. Mr. Williams added that the City had met with the schools and churches in the area and that they are cooperating.

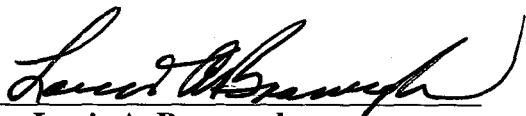
Councilmember Langston asked when Mr. Williams expected the State to announce to evacuate. Mr. Williams stated that different areas would evacuate at different times. Mr. Williams added that Galveston planned to begin evacuating the medically infirmed people as of 6:00 a.m. on Wednesday, September 21, 2005. Mr. Williams stated that Galveston County would call for a mandatory evacuation of citizens at 6:00 p.m. on Wednesday, September 21, 2005. Mr. Williams added that the evacuation process was beginning to speed up. Mr. Williams added that the City of Lufkin was set up to begin receiving evacuees that evening. City Manager Parker stated that the Civic Center would be the critical care area or the "Special Needs Shelter" for the City. City Manager Parker added that signs for the evacuation route were already up with more planned to be added. City Manager Parker stated that the fear was not only the evacuation, but the impending storm for the Lufkin area. Mr. Wright added that the City would have a lot of overtime because the hurricane was scheduled to hit some time on Saturday. City Manager Parker added that the question was what the City would do once the shelters had reached their limits. City Manager Parker stated that there would be signs that stated the shelters were full and for the evacuees to head north. City Manager Parker stated that Staff would keep Council informed and welcomed Council to come by the Emergency Operation Center to be updated.

18. Mayor Louis Bronaugh stated that the next item was the Calendar of Events that Council had before them. Mayor Bronaugh stated that the DETCOG Meeting would be held on Thursday, September 22, 2005 in Woodville. Mayor Bronaugh added that the Texas Forest Festival would begin on Wednesday at the Expo Center. Mayor Bronaugh stated that the Legislative Wrap-Up would be held on Wednesday, September 28th at the Civic Center.

City Secretary Renee Thompson stated that there were two events that would be held on October 6th. Ms. Thompson stated that there would be a TML Region 16 Meeting in Newton and that there would be a "Mission Complete" Event hosted by NASA at the Expo Center.

19. There being no further business for consideration, the meeting adjourned at 5:58 p.m.


Renee Thompson – City Secretary


Louis A. Bronaugh – Mayor