

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY
OF LUFKIN, TEXAS HELD ON THE 18th DAY OF OCTOBER, 2005**

On the 18th day of October 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
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
Dennis Robertson	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
David Koonce	Human Resource Director
Doug Wood	Finance Director
Bill Cameron	City of Lufkin Webmaster
Pete Prewitt	Fire Chief
Larry Brazil	Police Chief
Jim Wehmeier	Economic Development Director
Barbara Thompson	Main Street Director
Richard G. Long, Jr.	Manager, Valley View Consulting, LLC
Tommy Scherry	CenterPoint Energy
Sam Price	Woodland Heights Hospital

being present, when the following business was transacted:

1. The meeting was opened with prayer by Brother Nathan Scoggins, Cornerstone United Pentecostal Church.
2. Mayor Louis Bronaugh welcomed visitors present. Mayor Bronaugh recognized members from the 2005/2006 Leadership Lufkin Class who were present in the audience.
3. **APPROVAL OF MINUTES**

Minutes of the Regular Meeting on October 4, 2005 were approved on a motion by Councilmember Rose Faine Boyd, and seconded by Councilmember Lynn Torres. A unanimous affirmative vote was recorded.

NEW BUSINESS:

4. PRESENTATION BY SAM PRICE, WOODLAND HEIGHTS HOSPITAL

Mayor Louis Bronaugh stated that the next item for consideration was a presentation by Sam Price, Woodland Heights Hospital.

Sam Price, Woodland Heights Hospital, stated that during the weekend of Hurricane Rita he was assigned to the medical desk in the Emergency Operation Center at the Lufkin City Hall. Mr. Price explained that this placed him in a position to observe the operations of the City of Lufkin Government. Mr. Price stated that he wanted to address the City of Lufkin employees, as well as the elected officials. Mr. Price stated that the first thing that became

apparent that Saturday morning was that in an immediate crisis, it is not the federal and state government that could be counted on, but the citizens of Lufkin could count on the City Government. Mr. Price added that the City of Lufkin employees would be present to accomplish the tasks that need to be done.

Mr. Price stated that the City Manager, Public Works employees, Emergency Operations Coordinator, and Chief Prewitt were all present during the crisis. Mr. Price added that you would expect all of those people to be present. Mr. Price stated that what was surprising to him was all of the other City employees were also there, working in the background, to help keep the operations up and running. Mr. Price added that the IT Department provided excellent support as they set up the telephone bank on the second floor of City Hall in a quick and efficient manner, returned the service to the first floor, and then moved it back to the second floor again as things rapidly changed during the crisis. Mr. Price stated that the data links that IT supplied to the EOC computers were always kept up and going. Mr. Price added that other city employees worked to man the telephone banks during the event. Mr. Price stated that working out in the storm were the EMS, Police Department, Public Works, and Engineering Department. Mr. Price added that the Water Department worked to keep water service for the City of Lufkin citizens. Mr. Price stated that the Animal Control Department undertook an amazing feat as they took in hundreds of animals in their care.

Mr. Price stated that one group that he really wanted to draw special attention to was Nellie Matthews, Lufkin Pitser Garrison Civic Center Director, and her staff who had the unique responsibility of taking care of the Civic Center while providing support to the "special needs" patients and their caregivers. Mr. Price added that the Civic Center's activities began on Thursday night and continued for at least one week.

Mr. Price stated that seeing Mayor Bronaugh present at the EOC during the Hurricane helped others working along with the City of Lufkin realize that the City of Lufkin employees were supported by both the Mayor and Council. Mr. Price added that the City of Lufkin did an excellent job during the event and the City employees and officials should be applauded for their efforts.

5. PUBLIC HEARING AND A PROCEDURAL RESOLUTION OF THE CITY OF LUFKIN, TEXAS, - APPROVED - SUSPENDING THE EFFECTIVE DATE INDEFINITELY FOR CENTERPOINT ENERGY ENTEX'S REQUEST TO INCREASE RATES WITHIN THE CITY OF LUFKIN UNTIL THE PUBLICATION OF PUBLIC NOTICE IN A MANNER CONSISTENT WITH THE LAW AND THE CITY'S INTERIM ORDER; REQUIRING PROMPT RESPONSES TO DISCOVERY REQUESTS; REQUIRING THE TRACKING OF COSTS RELATED TO THE PETITION FOR REVIEW OF THE INTERIM ORDER; NOTICE OF PUBLIC HEARING AND HEARING IN PROGRESS; DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT AND DECLARING AN EFFECTIVE DATE

Mayor Louis Bronaugh stated that the next item for consideration was a Public Hearing and adoption of a Procedural Resolution of the City of Lufkin, Texas, suspending the effective date indefinitely for CenterPoint Energy Entex's request to increase rates within the City of Lufkin until the publication of Public Notice in a manner consistent with the law and the City's Interim Order; requiring prompt responses to discovery requests; requiring the tracking of costs related to the Petition for Review of the Interim Order; notice of Public Hearing and Hearing in progress; determining that the meeting at which this Resolution was passed in accordance with the requirements of the Texas Open Meetings Act and declaring an effective date.

Mayor Bronaugh then opened the Public Hearing at 5:10 p.m. concerning the adoption of the Procedural Resolution of the City of Lufkin, Texas, suspending the effective date indefinitely for CenterPoint Energy Entex's request to increase rates within the City of Lufkin until the publication of Public Notice in a manner consistent with the law and the City's Interim Order; requiring prompt responses to discovery requests; requiring the tracking of costs related to the Petition for Review of the Interim Order; notice of Public Hearing and Hearing in progress; determining that the meeting at which this Resolution was passed in accordance with the requirements of the Texas Open Meetings Act and declaring an effective date.

Mayor Bronaugh then asked the audience for comments or anyone wishing to speak about the adoption of the Procedural Resolution. Mayor Bronaugh again asked those attending the Council Meeting if there was anyone who wanted to speak concerning the adoption of the Procedural Resolution. Mayor Bronaugh then closed the Public Hearing at 5:12 p.m.

City Manager Paul Parker stated that part of this Resolution sets November 1, 2005, as a Public Hearing giving specific notice and inviting CenterPoint to come before the City of Lufkin City Council. City Manager Parker explained that CenterPoint would have the opportunity to give updated information concerning the test year or publish in the Lufkin Daily News the exact increase for the City of Lufkin. City Manager Parker added the previous announcements on CenterPoint's increase had been more general in covering the entire Region and said that there was no significant increase to the residents. City Manager Parker stated that the City's Ordinance requires exact language for the City of Lufkin and for the amount to be established. City Manager Parker added that the Council needed to vote on the Resolution before them that would require the updated information, require the publication of notice of rates specific to Lufkin, and set November 1, 2005 for the continuation of Public Hearing where CenterPoint would be specifically invited to appear.

Councilmember R. L. Kuykendall moved to approve the Procedural Resolution of the City of Lufkin, Texas, suspending the effective date indefinitely for CenterPoint Energy Entex's request to increase rates within the City of Lufkin until the publication of Public Notice in a manner consistent with the law and the City's Interim Order; requiring prompt responses to discovery requests; requiring the tracking of costs related to the Petition for Review of the Interim Order; notice of Public Hearing and Hearing in progress; determining that the meeting at which this Resolution was passed in accordance with the requirements of the Texas Open Meetings Act and declaring an effective date. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

6. THE QUARTERLY FINANCIAL REPORT

Mayor Louis Bronaugh stated that the next item for consideration was the Quarterly Financial Report. City Manager Paul Parker stated that Dick Long, Financial Advisor for the City of Lufkin would give the Financial Report and asked Mr. Long to remain at the podium through the next three items as they related to the Financial Report. City Manager Parker explained that the Finance Committee had met earlier that day. City Manager Parker added that three members of the City Council helped make up that Committee. City Manager Parker stated that Councilmember Gorden, Councilmember Kuykendall, and Councilmember Robertson serve on the Finance Committee. City Manager Parker stated that this Committee had met earlier that day with the Financial Staff and went through quite a bit of material that Council had before them. City Manager Parker then asked Dick Long to present the report.

Dick Long, Valley View Consulting, LLC, stated that the Council had before them the Quarterly Finance Report that the Finance Committee reviews on a regular basis which was the standard report format that begins with the summary page and sums up what happened during the last quarter. Mr. Long then asked Council to go to the second page which was entitled "Treasury Yield Curves". Mr. Long explained the report and stated that overnight yields went from 1.75% last year to 3.75% and the ten (10) year yield went from a little over 4% to a little less than 4.5%. Mr. Long explained that from the City's investment standpoint the bulk of the money is invested in short term investments. Mr. Long stated that the City would book over one million dollars (\$1,000,000) in interest earnings for the fiscal year. Mr. Long added that in the previous year that amount was closer to six hundred thousand dollars (\$600,000).

Mr. Long then explained the "Historical Yields Chart". Mr. Long stated that it emphasizes the difficulty that the Federal Reserve Bank is having managing interest rates. Mr. Long stated that the Fed's have been trying to slow the economy by forcing rates up, but have only been affectively able to force up the short-term rates and the long-term rates are staying even lower than they were before they started trying to push rates up.

Mr. Long then explained the "Total Portfolio Chart". Mr. Long stated that the City has consistently grown its balances as the needs of the citizens have grown and as the Council has made good financial decisions. Mr. Long explained that the City is bouncing between thirty-five and forty million dollars (\$35,000,000 - \$40,000,000) and added that those balances would more than likely spend down a little as Council approves specific projects.

Mr. Long added that the balances probably won't be replenished until possibly a bond issue comes along in the future.

Mr. Long stated that this was the basic overview and that there was a much more positive outlook on the potential interest earnings for this fiscal year. Mr. Long added that the Committee would work to continue to manage the money safely and based on the cash flow requirements within the City.

City Manager Paul Parker asked Mr. Long to go over the City's yield at this time. Mr. Long stated that the average yield in the portfolio in September was a little less than 3.5% and has increased to approximately 3.75%. Mr. Long added that the average for the year was closer to 2.75% as the City started the year at approximately 1.5% and worked its way up closer to 4%. Mr. Long reiterated that the average for the fiscal year is approximately 2.75%.

City Manager Parker stated that in the "Fund Allocations – September 30th", each fund in the City is shown and how it is allocated through different investments. City Manager Parker added that in the left hand column Council could find the book value for each fund within the City.

Councilmember Jack Gorden stated that the Finance Committee had a good meeting and complimented Dick Long along with the City of Lufkin Staff for doing a great job in managing the finances of the City.

7. THE INVESTMENT POLICY - APPROVED - FOR THE CITY OF LUFKIN, TEXAS

Mayor Louis Bronaugh stated that the next item for consideration was approval of the Investment Policy for the City of Lufkin, Texas. City Manager Paul Parker called on Dick Long to go through the Investment Policy for the City of Lufkin.

Dick Long, Valley View Consulting, LLC, stated that as part of the Public Funds Investment Act and subsequently the City of Lufkin's Policy the Council was to review and approve any changes to the Investment Policy. Mr. Long added that Council had in their packets the finished product. Mr. Long explained that the largest change to the policy was the desire to include the Economic Development Corporation as part of the Investment Policy. Mr. Long added that they are technically a separate legal entity, are covered by the Public Funds Investment Act, and are required to have an Investment Policy. Mr. Long stated that the City manages all of the Economic Development Corporation's funds and the Finance Committee thought from a consistency standpoint, both entities should adopt the same policy. Mr. Long explained that most of the changes in the policy were to include both groups.

Mr. Long then went over the changes made in the Investment Policy. Mr. Long explained that one change was to require Staff Investment Officers to go to continuing education to learn more about investing and doing things properly, to ensure qualified and capable investment management of the portfolio. Mr. Long explained that another change would fall under "Annual Report" and would be to insert the sentence, "This Investment Policy establishes weighted average yield to maturity as the standard portfolio performance measurement." Mr. Long explained that during the last Legislative Session there was a change to the Open Records Act that requires a government to make available to the public on an Open Records Request either internal rate of return on its portfolio or another standard adopted by the government. Mr. Long explained that the added sentence establishes that the City of Lufkin uses weighted average yield to maturity as the performance standard for the City of Lufkin.

Mr. Long then explained that a small paragraph was inserted on item seven (7) dealing with minimum credit ratings and the requirement to possibly liquidate securities. Mr. Long stated that this was not something that the City of Lufkin has faced in its types of investments but was a requirement of the Act to address it so the language was inserted to explain that if and when that happens, the City will handle it.

Mr. Long stated that on page nine (9) there was a short highlighted note inserted. It was concluded that the City wanted the Board of Directors of the Economic Development Corporation to officially adopt this policy and the contract that the City entered into with Mr. Long.

Mr. Long summarized that the Finance Committee was trying to create a policy that would apply to both the City of Lufkin and the Economic Development Corporation as separate legal entities but consistent so the City Staff could manage it and to keep the City and EDC in compliance with the Public Funds Investment Act or the Open Records Act.

City Manager Paul Parker stated that the Finance Committee recommended that the Council adopt the Investment Policy as presented.

Councilmember Dennis Robertson moved to approve the Investment Policy for the City of Lufkin, Texas. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

8. AGREEMENT WITH VALLEY VIEW CONSULTING, L.L.C. – APPROVED - FOR PROFESSIONAL SERVICES

Mayor Louis Bronaugh stated that the next item for consideration was renewing the agreement with Valley View Consulting, L.L.C. for professional services. City Manager Paul Parker stated that the City annually reviews with Valley View Consulting, LLC, the Financial Contract Agreement. City Manager Parker added that Mr. Long presented the contract as it has been in the past. City Manager Parker explained that the past contract agreed to pay eight basis points of the total portfolio not to exceed thirty thousand dollars (\$30,000) annually. City Manager Parker stated that in the discussion with the Finance Committee there was a desire to have Mr. Long also review the Firemen's Pension Fund, which is a separate account. City Manager Parker stated that this review would be to give some financial advice on the Firemen's Pension Fund since the City Council is now responsible for the Pension Fund. City Manager Parker explained that the agreement that the Finance Committee was recommending to Council was basically that the thirty thousand dollar (\$30,000) cap be removed but keep the eight basis points which based on last year would come to approximately thirty-three thousand five hundred dollars (\$33,500). City Manager Parker added that the difference would be for Mr. Long to review the Firemen's Pension Fund accounts and make recommendations to Council on how to better utilize that fund. City Manager Parker stated that the Finance Committee also anticipates that this fund could decrease and therefore may not be an increase for Mr. Long. City Manager Parker explained that the Finance Committee wants, if the Council concurs; to next year see how much additional work this generates for Mr. Long to be able to fulfill this obligation and may come back to Council with a modified version. City Manager Parker reiterated that the Finance Committee anticipates the amount of contract to be approximately thirty-three thousand five hundred dollars (\$33,500) instead of the thirty thousand dollars (\$30,000) paid in the past year. City Manager Parker stated that the recommendation of the Finance Committee was to modify the contract to include the Firemen's Pension Fund Review and to remove the thirty thousand dollar (\$30,000) cap and to keep the eight basis points.

Councilmember Don Langston asked if the Investment Policy in the Firemen's Pension Fund was considerably different. City Manager Parker answered that it was different. City Manager Parker explained that the Firemen's Pension Fund basically uses Merrill-Lynch (Max Alvis) for the financial advisor for the fund. City Manager Parker added that Mr. Alvis assists with the investments for the fund. Councilmember Jack Gorden stated that policy was not significantly different.

Mr. Long stated that the Policy used by the Firemen's Pension Fund was an appropriate policy for a pension fund. Mr. Long explained that the policy would allow equities, which would not be allowed under the City's Investment Policy. Mr. Long added that it also allows long term bond funds and other pension type investments versus cash flow investments that the City would do with its own funds. Councilmember Langston asked if the City's Investment Policy would overlap with the Firemen's Pension Fund Investment Policy. City Manager Parker stated that it would not overlap and that the Firemen's Pension Fund had asked Mr. Long for assistance in the past. City Manager Parker stated that the Pension Fund Board has taken a very diligent look at the fund to bring it to a more sound basis. City Manager Parker added that the Committee had cut some benefits and extended more programs. City Manager Parker explained that this was in accordance and welcomed by the firemen to get more oversight to make sure the fund is more sound.

Councilmember Don Langston moved to renew the agreement with Valley View Consulting, L.L.C. for professional services. Councilmember Dennis Robertson seconded the motion. A unanimous affirmative vote was recorded.

9. BROKER/DEALERS AND TRAINING SOURCES FOR FINANCE COMMITTEE FOR CITY OF LUFKIN

Mayor Louis Bronaugh stated that the next item for consideration was information on Broker/Dealers and Training Sources for Finance Committee for City of Lufkin. City Manager Paul Parker stated this training was also recommended by the Finance Committee but needed no action from the City Council. City Manager Paul Parker then called on Dick Long to explain what the Finance Committee does in their recommendation to the Council for independent training and recommendation for broker/dealers.

Dick Long stated that the Public Funds Investment Act requires the Finance Committee to approve independent sources of training (ongoing education) for the Investment Officers. Mr. Long added that the PFIA also requires an annual review and re-approval of broker/dealers that the City of Lufkin might use to buy or sell securities. Mr. Long stated that the Finance Committee took the list in their earlier meeting and officially adopted the training sources and the broker/dealers that are on the approved list to solicit transactions from. Mr. Long added that this was a notification to the City Council that these were their approved training sources and the list of broker/dealers that are on the list.

10. CONTRACT WITH ALLEN LOGGINS AND SONS – APPROVED - FOR EMERGENCY DEBRIS REMOVAL

Mayor Louis Bronaugh stated that the next item for consideration was a contract with Allen Loggins and Sons for emergency debris removal. City Manager Paul Parker stated that Council was aware of the effects of Hurricane Rita on the City of Lufkin as it related to the amount of debris on the streets of Lufkin. City Manager Parker added that the City Staff had been working diligently since the day of the event with the utilization of all Parks, Streets, Public Works, and Sanitation Departments concentrating on debris removal. City Manager Parker stated that after that initial period, approximately half of Streets and Sanitation are still working on the removal of debris.

City Manager Parker explained that it had become evident that the City of Lufkin still had such a large amount of debris that the City entered into contract with Allen Loggins and Sons, by emergency bid procedures, for \$9 per cubic yard to assist with the debris removal. City Manager Parker added that FEMA stated that the contracts by FEMA would be reimbursed at one hundred percent (100%). City Manager Parker explained that the City should be reimbursed at one hundred percent (100%) for the debris removal contract by FEMA.

City Manager Parker stated that Staff was asking the Council to authorize a \$55,000 total contract to assist with the continual removal of debris. City Manager Parker asked Steve Poskey to give the Council an update on where the City stood in the removal of the debris. Street Superintendent Steve Poskey stated that the City had removed approximately eighty-six thousand (86,000) cubic yards and had approximately forty thousand (40,000) cubic yards to be removed. Mr. Poskey stated that this was an estimate that was made by driving through the City.

Councilmember Lynn Torres asked if the City had to adhere to the October 27, 2005 deadline for reimbursement from FEMA. Mr. Poskey stated that the City would have to adhere to the deadline. City Manager Parker explained that City Staff had been working weekends and would be reimbursed for that overtime by FEMA. City Manager Parker added that the regular work hours would not be reimbursed but the equipment being used was reimbursable.

City Manager Parker stated that City Staff would continue to work on weekends with debris removal along with the contractor, Allen Loggins and Sons. City Manager Parker added that the citizens of Lufkin had been very patient and debris removal was approximately two-thirds (2/3) complete. City Manager Parker stated that citizens that have cleaned their yards are coming behind the City Staff and adding new debris to be picked up. City Manager Parker explained that the new debris would stay on the street until Staff could accomplish

one complete round of the City. City Manager Parker explained that once Staff is able to complete one round of removal there would still be an enormous amount of bags and items that have not been picked up. City Manager Parker added that there was approximately two (2) to three (3) more weeks of work to do to get caught up. City Manager Parker reiterated that the citizens are being patient as they realize the volume of debris there was to initially remove. City Manager Parker stated that Staff recommended that Council authorize the City to continue the contract with Allen Loggins and Sons at nine dollars (\$9) per cubic yard.

Councilmember Don Langston commented that the bid stated that the removal was for nine dollars (\$9) per square yard and needed clarification before Council awarded the bid. City Manager Parker stated that the contract with Allen Loggins and Sons was for nine dollars (\$9) per cubic yard. Assistant City Manager/Public Works Keith Wright clarified that the contract that was signed by Allen Loggins and Sons stated that the removal was for nine dollars (\$9) per cubic yard.

Councilmember Dennis Robertson asked about the timing for removal of debris in the City of Lufkin. Councilmember Robertson asked if the City was being swept by quadrants. Councilmember Robertson asked if there was a schedule that citizens could go by to determine when their area of the City would be cleaned. Mr. Poskey stated that Staff was working in areas that were hit hardest first. Mr. Poskey stated that the Brookhollow, Trailwood, Hanks Street, east of Feagin, and south of Pershing areas were some of the hardest hit in the Lufkin area and were being cleaned first and then Staff would work their way around the City to include all areas. City Manager Parker pointed out that Staff had purposely tried to pick up debris and sweep in all quadrants as they work to hit the sections with most debris. City Manager Parker added that Staff had not been to every location but had at least worked some in each quadrant of the City. City Manager Parker explained that Staff were not working in one quadrant at a time but were working in the north, south, east, and west areas of the City. Mr. Wright added that all quadrants of the City had been worked but in some cases there was additional debris being set out by citizens. Mr. Wright explained that the sweeper had not swept all areas but worst case scenarios were being taken care of first.

Councilmember Don Langston moved to approve the contract with Allen Loggins and Sons for emergency debris removal at nine dollars (\$9) per cubic yard. Councilmember Jack Gorden seconded the motion. A unanimous affirmative vote was recorded.

11. AGREEMENT WITH EAST TEXAS ASPHALT CO., LTD. – APPROVED - FOR HOT MIXED ASPHALT AND LIMESTONE BASE

Mayor Louis Bronaugh stated that the next item for consideration was the agreement with East Texas Asphalt Co., LTD. for hot mixed asphalt and limestone base. City Manager Paul Parker stated that each year the City bids asphalt, limestone base, and other ancillary materials used to maintain the City's Street Program throughout the year. City Manager Parker explained that this year when the City bid its annual asphalt base it became apparent that fluctuation of prices in the oil industry had caused it to become a volatile area. City Manager Parker added that the City received a bid for hot mix for \$44.50 per ton from East Texas Asphalt and \$18.50 per ton for limestone (if the City Staff picked it up) and \$20.50 per ton delivered. City Manager Parker stated that Staff had concerns about the hot mix being \$44.50 per ton. City Manager Parker explained that Staff worried that it might not be wise to accept the \$44.50 per ton bid, based on the volatile nature of the oil industry. City Manager Parker added that Staff discussed the concerns with East Texas Asphalt and they agreed to honor the bid, not to exceed \$44.50 per ton but agreeing to sell the City of Lufkin asphalt at the current plant price throughout the year. City Manager Parker stated that Staff recommended that Council accept the bid from East Texas Asphalt for asphalt, limestone base, and the other ancillary materials.

Councilmember Don Langston moved to approve the agreement with East Texas Asphalt Co., LTD. for hot mixed asphalt and limestone base. Councilmember Jack Gorden seconded the motion. A unanimous affirmative vote was recorded.

12. WORKING CAPITAL FOR FLEXIBLE SPENDING ACCOUNTS – APPROVED - FOR CITY OF LUFKIN EMPLOYEES

Mayor Louis Bronaugh stated that the next item for consideration was to approve the Working Capital for Flexible Spending Accounts for City of Lufkin employees. City Manager Paul Parker stated that this year the City of Lufkin has begun instituting a Flexible Spending Account that allows City of Lufkin employees to put money aside, before taxes, for items such as dental work, eye glasses, and other items not covered in the City's health programs. City Manager Parker explained that this would provide a way for employees to put part of their salary back and draw the money without having to pay the initial taxes and use the funds for medical benefits. City Manager Parker added that the law requires the money must be in place for one-twelfth of the fund to be eligible to begin the program. City Manager Parker stated that Staff was requesting that Council front the account twenty-five thousand dollars (\$25,000). City Manager Parker explained that the money would not be expended but would be working capital until the City could begin drawing the funds from the employees' pay checks.

Mayor Louis Bronaugh asked if the Flexible Spending Account included child care. City Manager Parker stated that child care was one of the options but added that the difficulty in using the fund for child care was it could not also be deducted from the Federal Income Tax and therefore many people have opted not to use the Flexible Spending Account for child care.

Councilmember Jack Gorden asked if this was a new benefit offered to City of Lufkin employees for this fiscal year. City Manager Parker stated that it was a new option and added that this was part of the bid in this year's Health Plan for City employees. City Manager Parker added that this plan was no cost to the City and would offer employees a new option to set money aside for their medical expenses. Councilmember Gorden stated that he thought it was a great benefit and asked if the City had begun signing employees up for the program. City Manager Parker stated that sign-ups had started. Human Resource Director David Koonce stated that the Police and Fire Department had been enrolled and the remainder of the employees would be signed up during the next few months. Mr. Koonce added that the program would actually begin January 2006 and would be based on the calendar year rather than the fiscal year. City Manager Parker stated that the program is anticipated to grow each year. City Manager Parker explained that the first year some employees may be reluctant to join because if the funds are not spent then the money will revert to the City. City Manager Parker added that most employees could plan so most or all of the money would be spent but during the first year many employees would be concerned that the City would take their money. City Manager Parker explained that it was a benefit to the employee and would grow as more employees understood exactly how the plan works. City Manager Parker added that the plan is totally optional to the employee.

Councilmember Don Langston stated that when he and Councilmember R. L. Kuykendall met with the City of Lufkin Health Insurance Committee the question arose about why the City couldn't offer this benefit. Councilmember Langston added that City Manager Parker suggested that the City offer it to the employees and all agreed that it would be a good idea and should be added as another benefit to allow employees to plan their medical expenses throughout the year.

Councilmember Rose Faine Boyd moved to approve the Working Capital for Flexible Spending Accounts for City of Lufkin employees. Councilmember Dennis Robertson seconded the motion. A unanimous affirmative vote was recorded.

13. ARCHITECTURAL AGREEMENT BETWEEN THE CITY OF LUFKIN AND GOODWIN & LASITER, INC. – APPROVED - FOR THE DESIGN, BIDDING SERVICES, AND CONTRACT ADMINISTRATION FOR THE CONSTRUCTION OF A FIRE STATION ON OLD UNION ROAD AND LARGENT STREET AND A RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2005/2006 OPERATING BUDGET (BUDGET AMENDMENT NO. 1), PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL AND 1999 CAPITAL IMPROVEMENTS FUNDS; AND PROVIDING AN EFFECTIVE DATE.

Mayor Louis Bronaugh stated that the next item for consideration was the approval of the Architectural Agreement between the City of Lufkin and Goodwin & Lasiter, Inc. for the design, bidding services, and contract administration for the construction of a fire station on Old Union Road and Largent Street and a Resolution authorizing an Amendment to the 2005/2006 Operating Budget (Budget Amendment No. 1), providing for the supplemental

appropriation of funds in the General and 1999 Capital Improvements Funds; and providing an effective date. City Manager Parker stated the Council had planned for several years to build a fire station on Old Union Road. City Manager Parker added that the land had been previously purchased for the station. City Manager Parker stated that last year the City of Lufkin purchased through a grant a new aerial fire truck that should arrive during the next few months. City Manager Parker added that the new truck would not fit into any of the existing fire stations. City Manager Parker explained that Staff had looked into modification of the Central Fire Station but at that time the Council discussed going forward with building a fire station on Old Union Road and building it large enough to house the aerial truck. City Manager Parker stated that the first step in building the station would be to enter into an architectural contract for the design of the structure and would take approximately four (4) to six (6) months. City Manager Parker added that Staff sent out a request for proposals and received several proposals. City Manager Parker explained that a committee reviewed the proposals and recommended to enter into contract with Goodwin-Lasiter, Inc. for the design of the station. City Manager Parker stated that the total cost for the contract, based on estimated costs for the fire station was approximately \$79,642 or seven percent (7%) of the construction fee. City Manager Parker added that Staff recommended that Council set up an account for ninety thousand dollars (\$90,000) in a Professional Service Budget to cover architectural fees, as well as construction testing and to provide for some contingencies. City Manager Parker stated that Staff has confidence that there is money to build this fire station without going below the twenty-five percent (25%) Fund Reserve Policy. City Manager Parker added that more importantly Staff has confidence that there are funds within the existing debt structure and could recommend adding the project to the debt structure without raising taxes or making an impact in the next year. City Manager Parker stated that as Council would recall, there were some projections that showed the City to have some flexibility within its debt structure. City Manager Parker added that Staff would return with a detailed recommendation once the year was closed out and know what the overall financial funding would be. City Manager Parker stated that at one time Staff wanted to wait and present a completed package with recommended funding as well as the architectural design. City Manager Parker explained that the aerial truck is on its way and there is a need to begin the planning process. City Manager Parker added that even if Council decided to delay the actual construction for a year or two, the funding and design would still be good during that period. City Manager Parker stated that he and Finance Director Doug Wood met with the Financial Advisor Mike Byrd last week on the City's debt structure and felt comfortable that the project could be done within the existing debt structure without affecting the tax rate.

Councilmember Lynn Torres reiterated that the fire station was not just being built to fit the new aerial truck. Councilmember Torres added that the Fire Chief had done a lengthy study of the City of Lufkin and the response times to certain areas of the City and had proposed that Old Union Road was a good area to expand response times. City Manager Parker stated that Councilmember Torres made an excellent point and added that Council had purchased the land for the station several years back. City Manager Parker added that not only the response times were taken into account, but also the access and ingress to the fire station on John Redditt is dangerous for emergency calls and the City has had some close calls at that intersection.

Councilmember Don Langston expressed his concern with the expense of building the station. Councilmember Langston added that it was almost thirty-five percent (35%) higher than typical construction. City Manager Parker stated that Staff would be looking at the square footage and would be looking to the Council for assistance as Staff got into the real design and began to work through and pare down the list. Assistant City Manager/Public Works/City Engineer Keith Wright stated that he had also questioned the expense of the construction with Malcom McKinley at Goodwin-Lasiter, Inc. and that Mr. McKinley had used a book that is published for architects for estimating structures such as fire stations throughout the United States at the going rate per square foot. Councilmember Langston stated that he did not want the budget to reflect thirty percent (30%) more in construction cost than what it needs to reflect. Mr. Wright explained that some specialty items added to the total cost and Staff had some items cut. Mr. Wright added that Staff anticipated seeing better bids than what was estimated and that Goodwin-Lasiter, Inc.'s bid was based on a percentage. Councilmember Langston stated that his only concern was the City should reflect in the design what the true cost would be and not let the design dictate the cost but let the needs dictate the cost. City Manager Parker stated that Staff would take a close look at

building materials, square footage and the entire situation as the process develops. City Manager Parker added that this was just an estimate to begin the process.

Mayor Louis Bronaugh stated that he was concerned with turn radius at the intersection at Largent and Old Union and that the City should get TXDOT involved in the process. Mr. Wright stated that Staff had already talked to TXDOT and would continue discussions with them.

Councilmember Don Langston asked if the City looked at an opportunity to find a way in to Largent as a secondary access to the fire station. Councilmember Langston asked if the City's property physically joins the detention pond site. Mr. Wright stated that the two properties join and the plan is to use part of the detention property. Mr. Wright explained that there was a training levee on the property and the area to the north could be used as fire station property. Mr. Wright added that the City may utilize the same drive as access into the fire station. Mr. Wright stated that Staff was concerned with the turning radius on the large fire truck. Mr. Wright explained that there would be a one-way drive through the dual bay. Councilmember Langston reiterated his concern that there needed to be another access to the fire station. Mr. Wright stated that the City does have access from the detention pond back to Largent. Mr. Wright added that the road would have to be improved but there was access along the training levee from the detention pond on to Largent.

City Manager Parker asked Fire Chief Pete Prewitt about the property located behind the City's property and if they were a willing seller. Fire Chief Prewitt stated that he was not sure if that property was still available but the property to the east had been sold. Chief Prewitt added that with the usage of the detention pond property and the fire station property there should be plenty of property and access.

Councilmember Dennis Robertson asked Chief Prewitt if the City could request a caution light or stop light on to Old Union Road. Chief Prewitt explained that he had written a letter to Herbert Bickley, Director of Operations at TXDOT and had not received a reply. Chief Prewitt added that the City could for sure request an Opticon System on Loop 287 for trucks entering or exiting the Loop. Chief Prewitt stated that he was certain that the City could get a yellow caution light but that his request to Mr. Bickley was for a red light. Chief Prewitt added that he did not believe that a yellow light would be adequate for the needs and the City would need a red light. Chief Prewitt stated that during the last four (4) to five (5) years he had met with two (2) previous engineers from TXDOT and that they both had said that the City could put a red light at the intersection. Councilmember Robertson stated that with the speed of traffic on Old Union he believed that it would be appropriate to put a light at the intersection and should be part of the design stage for the project. Chief Prewitt stated that with City Manager Parker's support and Mr. Wright's expertise, the Fire Department has what it needs for the project. Mr. Wright stated that the light had been discussed with the architect.

Councilmember Robertson asked if there would be a problem with the turn requirement at the Loop and Old Union Road. Chief Prewitt explained that there are adequate lanes for the turn and should not be a problem.

Councilmember Lynn Torres moved to approve the Architectural Agreement between the City of Lufkin and Goodwin & Lasiter, Inc. for the design, bidding services, and contract administration for the construction of a fire station on Old Union Road and Largent Street and a Resolution authorizing an Amendment to the 2005/2006 Operating Budget (Budget Amendment No. 1), providing for the supplemental appropriation of funds in the General and 1999 Capital Improvements Funds; and providing an effective date. Councilmember Dennis Robertson seconded the motion. A unanimous affirmative vote was recorded.

14. Mayor Louis Bronaugh recessed the Regular Session at 6:02 p.m. to enter into Executive Session.

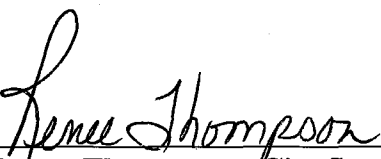
EXECUTIVE SESSION: In accordance with the Texas Government Code Section 551.071 (2) Consultation with City Attorney on any Regular Session Agenda item requiring confidential, attorney/client advices necessitated by the deliberation or discussion of said items (as needed), and real estate, appointment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

Mayor Louis Bronaugh reconvened the Regular Session at 6:34p.m.

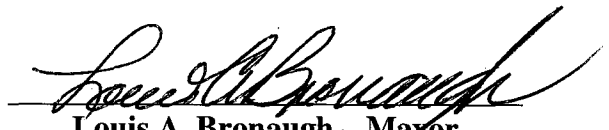
15. City Manager Parker pointed out that Council had before them the Angelina County Appraisal District's Budget that had just been adopted. City Manager Parker added that City Secretary Renee Thompson also had travel checks and information for Council Members who were attending the 2005 TML Conference in Grapevine.

City Manager Parker asked Council if everyone would be in attendance at the November 1st, 2005 meeting other than Lynn Torres. City Manager Parker reminded Council that the CenterPoint Public Hearing would be held at that meeting.

16. There being no further business for consideration, the meeting adjourned at 6:38p.m.



Renee Thompson – City Secretary



Louis A. Bronaugh – Mayor